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Ex-Post Performance Evaluation of USAID's Fiscal Policy Development Activities Evaluation Report

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Ex-Post Performance Evaluation of USAID's Fiscal Policy Development Activities Evaluation Report

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Cover photo: The El Salvador Ministry of Finance is the focus of the reforms being implemented by the Fiscal Policy Development Activities. The photo is from: <http://ultimahora.sv/wp-content/uploads/2016/11/haciendaelsalv.jpg>

DISCLAIMER

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ABSTRACT

The USAID-funded Tax Policy and Administration Reform (TPAR) and Fiscal Policy and Expenditure Management (FPMP) programs sought to strengthen fiscal administration processes and supporting information technology (IT) systems in El Salvador in order to contribute to a modern fiscal policy management system and increased tax collections. The TPAR and FPMP performance evaluation examined the extent to which they individually and jointly contributed to achieving these objectives and the likely sustainability of their achievements. The evaluation also examined questions related to how external factors contributed to program achievements and the program's coordination with other donor organizations.

The evaluation concludes that TPAR and FPMP made strong contributions to improving fiscal policy management processes and supporting IT systems within the Ministry of Finance (MOF) and its several Directorates, which in turn have both directly and indirectly contributed to increased tax collections in the country via increased voluntary compliance, increased collection of tax arrears, and reduced tax evasion. The administrative and IT reforms enacted with program support are, for the most part, in the process of being institutionalized within the MOF Directorates, implying good prospects for long-term sustainability once USAID's assistance has ended.

TPAR and FPMP also contributed to strengthening MOF's technical capacity, improving fiscal transparency, and engaging the private and public sectors for the purpose of fiscal policy legal reform. In doing so, the programs benefited in many cases from incremental to substantive contributions from other donor organizations and MOF's own initiative, and ongoing support from the Government of El Salvador (GOES) and MOF.

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ACRONYMS

Acronym	Description
AECID	Spanish International Cooperation Agency
ARENA	Nationalist Republican Alliance
CMS	Content Management System
COMPRASAL	E-Procurement System
COR	Contracting Officer's Representative
CSMS	Case Selection Management System
CSU	Case Selection Unit
DAI	DAI Global LLC
DECAMH	Training and Human Talent Development Department
DGA	Customs General Directorate
DGCG	General Directorate for Government Accounting
DGII	General Directorate for Internal Revenue
DGP	Budget General Directorate
DGT	Treasury General Directorate
DINAFI	National Directorate for Financial Administration
DPEF	Fiscal and Economic Policy Directorate
DRM	Domestic Resource Mobilization Program
E3	USAID Bureau for Economic Growth, Education and Environment
EQ	Evaluation Question
ET	Evaluation Team
EU	European Union
FAQ	Frequently Asked Question
FGD	Focus Group Discussion
FMLN	Frente Farabundo Martí for National Liberation
FPEMP	Fiscal Policy and Expenditure Management Program
FSU	Fiscal Studies Unit
FTP	Fiscal Transparency Portal
GDP	Gross Domestic Product
GIZ	German Society for International Cooperation
GOES	Government of El Salvador
HRM	Human Resource Management
KII	Key Informant Interview
IDB	Inter-American Development Bank
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
JSIIT	Integrated Tax Information System developed in Java
LAC	Latin America and the Caribbean
LTO	Large Taxpayer Office
ME&A	Mendez England & Associates
MELI	Monitoring, Evaluation and Learning Initiative
MINED	Ministry of Education
MOA	Ministry of Agriculture
MOE	Ministry of Economy
MOF	Ministry of Finance
MOH	Ministry of Health
OAS	Oracle Application Server
OTA	Office of Technical Assistance of the United States Treasury

Acronym	Description
PAC	Annual Procurement Plan
PBX	Private Branch Exchange
PMEP	Performance Monitoring and Evaluation Plan
ROB	Results-Oriented Budgeting
SAFI	National Financial Management System
SIIT	Integrated Tax Information System
SOW	Statement of Work
TOC	Theory of Change
TPAR	Tax Policy & Administration Reform Project
TPU	Transfer Pricing Unit
TSA	Treasury Single Account
UACI	Institutional Procurement Contracting Units
UIP	Portal Innovation Unit
UNAC	National Procurement Unit
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

INTRODUCTION

This Executive Summary presents an overview of the primary findings, conclusions, and recommendations from the performance evaluation of the United States Agency for International Development in El Salvador's (USAID/El Salvador) fiscal policy development activities. The purpose of the evaluation was to: 1) assess the contribution of USAID's investments in reforming El Salvador's fiscal policy administration via its support of the Tax Policy and Administration Reform (TPAR) and Fiscal Policy and Expenditure Management (FPEMP) programs; 2) evaluate the sustainability of program results; and 3) identify areas of implementation that will best achieve the Mission's goals with future fiscal policy investments. The evaluation answered the following three primary evaluation questions (EQs):

1. Considering appropriate attribution and based on the elimination of alternative explanations of results, to what extent has USAID and other stakeholders' dollar amount investment contributed to the shared outcome of the Government of El Salvador's (GOES) increased tax collection over the evaluation period?
2. To what extent have USAID's investments contributed to achieving sustainable results (including unintended results of USAID's efforts) and GOES' fiscal policy goals?
3. To what extent has USAID's coordination with other donors led to a joint implementation of fiscal policy reforms?

BACKGROUND

TPAR ran from August 2005 through September 2010, with a total funding of \$5,274,232. Its primary objective was to improve and modernize the Ministry of Finance's (MOF) tax policy and administration system to enable GOES to maximize tax collections and minimize tax evasion, without increasing tax rates. FPEMP began in June 2011 and ended in June 2017, with a total funding of \$10,989,994. The objectives of FPEMP were to: 1) provide the MOF with improved tax policy and administration systems; 2) strengthen public expenditure management systems to increase tax collection and minimize tax evasion and elusion rates; and 3) rationalize GOES' spending of public funds in the MOF.

EVALUATION METHODOLOGY

The evaluation used a mixed-methods data collection design consisting of: 1) document review; 2) secondary data review; 3) key informant interviews (KIIs); and 4) mini-surveys integrated into the KII discussion guides. Overall, the evaluation team (ET) conducted 46 KIIs with 50 individuals, and completed 45 mini-surveys with key informants drawn from the following stakeholder groups: DAI Global LLC (DAI), implementing organization of both TPAR and FPEMP; MOF and eight MOF Directorates; and other GOES ministries and donor organizations working on fiscal policy reform in El Salvador belonging to the MOF Fiscal Policy Donor Committee.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

EQ I Findings

Macro-economic and political factors have made a negative contribution to income tax collections. Notwithstanding these factors, tax collections have increased over the life of TPAR and FPEMP, with legal tax reforms being the primary contributing factor and MOF tax administration reforms being a smaller but also important contributing factor. TPAR and FPEMP have, in turn, contributed to improved MOF tax administration through activities that aimed to increase voluntary compliance and collection of tax arrears, and reduce tax evasion.

TPAR/FPMP activities contributing to increased voluntary compliance include: service kiosks, E-filing system, decentralization of taxpayer solvency statements, and the creation of the Taxpayer Assistance Call Center and Large Taxpayers Office (LTO). TPAR/FPMP activities contributing to increased collection of tax arrears include: the creation of the Treasury Collections Call Center and Treasury Collections Department, and program contributions to reform the law on tax collections. TPAR/FPMP activities contributing to reduced tax evasion include: Case Selection Management System (CSMS) 2, massive audit plans, tax evasion crackdown, and the creation of the Case Selection Unit (USC), Transfer Pricing Unit (TPU), and Criminal Tax Investigation Unit.

EQ I Conclusions

TPAR and FPMP have been strong contributors to a wide variety of fiscal policy reforms that have contributed directly to improved tax administration within the MOF and its Directorates and, indirectly, to increased income tax collections via increased voluntary compliance, increased collection of tax arrears, and reduced tax evasion. Aside from the fiscal policy reforms, TPAR and FPMP were also strong contributors to a large number of other reforms. These reforms notably include information technology (IT) systems reforms and institutional capacity strengthening that have, in their turn, contributed to strengthening MOF and Directorate tax administration, improving fiscal transparency, and engaging the private sector and public sectors for the purpose of fiscal policy legal reform. In many of these reform activities, the programs benefited from incremental to substantive contributions from other donor organizations and MOF’s own initiative. Whereas TPAR occurred during a period of political and economic instability, owing to the change in government and economic crisis, FPMP has benefited from a relatively stable political and economic environment, ongoing support from the GOES, MOF as well as from the MOF rank-and-file (for the most part).

EQ 2 Findings

TPAR/FPMP activities that show signs of becoming institutionalized, thus contributing to the long-term sustainability prospects, include: call centers, Fiscal Transparency Portal (FTP), self-service kiosks, decentralized solvency statements, massive audit plans, tax evasion crackdown, treasury single account (TSA), USC, LTO, TPU, and Criminal Tax Investigation Unit. TPAR/FPMP activities that remain in process and for which it is too early to determine their sustainability include: Treasury Collections Department, Results Oriented Budgeting, and adoption of International Public Sector Accounting Standards.

The following table shows how each of the program-supported IT systems evaluated meet six key IT system sustainability criteria.

IT System	Institutionalized	End-Users Trained	IT Personnel Enabled	End-User Manuals Available	Technical Documents Available	IT Platform Capacity & Support
JSIIT	Yes	Yes	Yes	No	No	Yes
Call Centers	Yes	Yes	Yes	No	No	No
CSMS 2	Yes	Yes	Yes	No	No	Yes
COMPRASAL 2	Yes	Yes	Yes	No	No	Yes
FTP	Yes	N/A	Yes	N/A	No	No
SAFI 2	N/A	N/A	N/A	N/A	N/A	N/A

Programs’ results and sustainability have been affected, both positively and negatively, by a variety of external factors. External factors positively affecting programs’ results and sustainability include: stable GOES and MOF’s support for programs’ activities; contributions of other donor organizations working on fiscal policy reform; own initiative undertaken by the MOF and its Directorates; and the recognized seriousness of El Salvador’s fiscal situation, which increased, at the margin, GOES’ and MOF’s support for the types of IT, administrative, and other fiscal policy reforms implemented by TPAR and FPMP as well as the other donor organizations.

External factors negatively affecting programs’ results and sustainability include: the fire at MOF’s headquarters, which has slowed down activity implementation and denied both MOF and programs staff and consultants access to key resources; resistance to change among MOF staff due both to concerns about job security and general

resistance to change; adverse Supreme Court rulings, which have reversed important legal tax reforms; and poor economic growth, which has adversely affected tax collections notwithstanding administrative and legal reforms achieved by programs' assistance.

A number of TPAR and FPEMP activities show good signs that they are becoming institutionalized, thus implying a good likelihood that they will be sustained over the long-term. Programs' activities put into place a number of features that have contributed to this result. First, the programs provided the MOF with a vision of how to implement and achieve a modern public finance administration system accompanied by implementation methodology drawing that created credibility for the programs and generated political support within the GOES and MOF to undertake the fiscal policy reforms. Second, the programs provided the MOF with up-to-date IT and other methodologies, and helped institutionalize the new systems and practices through the creation of new administrative units. Finally, the programs used a participatory methodology to design and implement IT and other systems, and effectively transferred knowledge to MOF's staff, supported by administrative practices that support system implementation, maintenance, updating, and sustainability.

EQ 2 Conclusions

USAID's investments have made a number of significant contributions to achieving sustainable results within the MOF and its Directorates in terms of both administrative and IT system reforms. Moreover, most of these reforms show signs of becoming institutionalized into the day-to-day operations of the Ministry. In addition, all represent significant improvements over what existed prior to TPAR and FPEMP. For those reforms that have not become institutionalized, most show promising signs in this direction, with the caveat that the favorable conditions promoting fiscal policy reforms and the MOF's support for them continue. With regards to the IT systems developed with the programs' support, dangers to their long-term sustainability include the lack of a repository for end-user and technical documentations and, in some cases, weak or missing IT platform capacity and support.

External factors have both positively and negatively influenced the outcomes and sustainability of program-supported fiscal policy reforms. On balance, however, the positive factors have proved more influential, as evidenced by the large number and diverse types of reform activities successfully implemented by TPAR and FPEMP. Key among these positive factors were the ongoing support of GOES and MOF, the initiative taken by the MOF itself, and the contributions of other donor organizations.

In summary, the evidence indicates that the reform activities implemented with TPAR's and FPEMP's support are likely to be institutionalized and sustained over time once USAID's funding ceases. However, much work remains to be done until that time, as the MOF remains, and will continue to remain, resource and capacity constrained, and will struggle to maintain all of the program reform activities with its existing resources, staff and technical capacity.

EQ 3 Findings

TPAR and FPEMP have successfully collaborated with other donor organizations to implement a large number and wide variety of activities, including activities related to public finance administration, IT system development, and engagement with policymakers and other stakeholders on policy and legal reform. Through the Fiscal Policy Donor Committee, donors have successfully managed to avoid duplicating their efforts, and the MOF's involvement and Committee Coordinator have helped ensure that donors are collectively working towards the objectives of the MOF's 5-Year Strategic Plan. The Committee also serves as an efficient conduit for channeling Directorates' requests for assistance to donors and vice versa. The Donor Committee has served primarily as a project management function, but its purpose is evolving to include policy advocacy and mutual learning among Committee members.

The Donor Committee is operationally sustainable as evidenced by: 1) the commitment among its members and the MOF to continue its operations; 2) its branding identity in MOF's publications; and 3) the success it has

achieved to date coordinating donor fiscal policy efforts. The Committee, however, is not institutionally sustainable, as neither its existence nor the Donor Coordinator position have been formalized by the MOF.

Stakeholders within the MOF and its Directorates see TPAR and FPMP as having provided significant value added to their fiscal policy reform efforts. In particular, the programs have added value by providing: 1) a vision of a modern public financial management system to the MOF and GOES that was previously lacking; 2) a continuity of support, which has been critical in bringing to fruition activities that often span multiple years; 3) a high level of credibility with stakeholders by virtue of its high-quality technical assistance across multiple administrative and technical areas; and 4) flexible, customized technical assistance to meet the MOF's needs even if it required going beyond the original terms of its statement of work.

EQ 3 Conclusions

TPAR and FPMP actively coordinated with other donor organizations to jointly implement a large number of fiscal policy reform activities. In some cases, other donors made significant contributions to the activities, while in other cases, their contributions were more incremental in nature, with the programs being responsible for the bulk of the reform activity. Nonetheless, the evidence indicates that the programs were able to accomplish significantly more via coordination with other donors than it could on its own.

The Fiscal Policy Donor Committee is an effective project management mechanism for coordinating donor work to avoid duplication, and ensure that donors are working jointly toward MOF's strategic objectives. The Committee has not traditionally served as a mechanism for facilitating collaboration or joint learning, but its purpose has been evolving more in that direction. Bringing on the MOF's representative to coordinate the Committee was key to consolidating its function as a project management mechanism. However, the existing arrangement lacks formal institutional authority and thus suffers from a lack of institutional sustainability (even if it is operationally sustainable) because it is subject to its members' commitment to continue their active participation.

TPAR and FPMP have brought to the table a number of distinct advantages, relative to other donor organizations, that have added to their perceived value added at the MOF, including: an ability to articulate and enact a vision of reform; continuity of support; high-quality technical assistance across multiple administrative and technical areas; and a flexible approach to work, focused on meeting the express needs of the MOF and its Directorates.

Recommendations

1. The MOF should establish and maintain a central repository for technical documentation of every IT system in order to improve technical operation and support efficiency.
2. The MOF should establish and maintain a central repository for end-user documentation, support knowledge base, frequently asked questions, and training manuals in order to achieve a sustainable operation, as well as technical support efficiency.
3. The MOF should train its specialists as backups for critical IT positions or hire additional personnel as necessary to fulfill this critical role in order to safeguard systems' availability and operation.
4. The MOF should perform an analysis of the current size and technical capacity of the IT workforce in order to ensure that all aspects of the MOF's operations are covered and that all IT positions that are crucial for business operations have a backup.
5. The MOF should ensure that all critical system components (hardware and software) have the support of their corresponding vendors and their warranties are current.
6. The MOF should ensure that the underlying technologies supporting the operational systems have adequate capacities to accommodate growth, high availability characteristics and, in the case of call center technologies, a disaster recovery plan in order to ensure operational continuity.
7. The MOF should provide continuous training to IT personnel in technologies supporting MOF operations as technological platforms evolve quickly.

8. The MOF should use a unified development framework for National Financial Management System (SAFI II) development.
9. The MOF should ensure that Directors are informed on the reform progress and empowered to take a leading role in IT system creation and implementation, as well as decision-making.
10. The MOF should continue developing electronic forms and make available those developed by FPEMP as soon as possible, which will contribute to better taxpayer information.
11. The MOF should increase the number of kiosks and tax attention centers, as well as implement additional strategies, to further reduce the transaction costs involved with tax compliance.
12. The MOF should seek to provide the General Directorate for Internal Revenue (DGII) and Treasury General Directorate (DGT) with legal tools to do their work.
13. The MOF should evaluate which massive audit methods of reaching taxpayers are more cost effective (e.g., emails, phone calls, or letters).
14. The MOF should increase analytical capabilities of auditors and provide them with tools to analyze and process information better (e.g., software and training).
15. Donor cooperation should make use of a formal project management methodology and guidelines to generate continuous feedback on the status of reform activities.
16. The MOF should consider formalizing the position of Donor Committee Coordinator and investing it with the level of formal institutional authority.
17. The MOF needs security protocols to safeguard against contingencies, like the July 2017 fire in Tower 2, and prevent the loss of critical IT resources and other resources that may adversely affect daily operations and project activities in the future.

I.0 EVALUATION BACKGROUND AND PURPOSE

I.1 TPAR AND FPMP

This report presents the findings, conclusions, and recommendations emanating from the ex-post performance evaluation of the Tax Policy and Administration Reform (TPAR) Program, and Fiscal Policy and Expenditure Management Program (FPMP), funded by the United States Agency for International Development (USAID) in El Salvador. Implemented by the international development firm DAI Global LLC (DAI), TPAR ran from August 2005 through September 2010, with a total funding of \$5,274,232. Its primary objective was to improve and modernize the Ministry of Finance's (MOF) tax policy and administration system so as to enable the Government of El Salvador (GOES) to maximize tax collections and minimize tax evasion without increasing tax rates.

Also implemented by DAI, FPMP began in June 2011 and ended in June 2017, with a total funding of \$10,989,994. The objectives of FPMP were: 1) to provide the MOF with improved tax policy and administration systems; 2) strengthen public expenditure management systems to increase tax collection and minimize tax evasion and elusion rates; and 3) rationalize GOES' spending of public funds in the MOF. FPMP had three components and corresponding objectives, each of which is a subject of this evaluation. Component A (Objective 1) focused on enhancing public expenditure management through improved efficiency in the use of resources and stronger public financial management. Component B (Objective 2) sought to improve revenue mobilization through sound tax policy and better revenue administration. Component C (Objective 3) sought to strengthen private sector engagement through greater outreach, enriched communication mechanisms, and increased transparency.

I.2 EVALUATION PURPOSE

The purpose of the evaluation was to review a decade of USAID investments in reforming El Salvador's fiscal policy administration, identify how sustainable USAID's results have been, and determine how best to continue its fiscal policy support investments in the future. [See Annex I for the evaluation Statement of Work (SOW)]. In addition, the evaluation will serve to:

- Provide empirical evidence on changes in fiscal policy, especially tax administration, over the years while considering USAID's contribution; and
- Identify areas of implementation that will best achieve the Mission's goals with future fiscal policy investments.

I.3 EVALUATION AUDIENCE

The principal audience for the evaluation are the USAID/El Salvador Economic Growth Office, Regional Program Office, and Mission Management, which will use the findings, conclusions, and recommendations to determine how best to continue investments in fiscal policy efforts in the future and design the next fiscal policy activities, as well as to report on the programs' achievements and lessons learned to key external stakeholders. Other important audiences for the evaluation include other USAID Missions in the Central America region, which are planning to implement similar activities in the future; USAID Bureau for Latin America and the Caribbean; USAID Bureau for Economic Growth, Education and Environment (E3); GOES and the MOF; and other donors working in El Salvador in the area of fiscal policy.

I.4 EVALUATION QUESTIONS

The evaluation answers three primary evaluation questions (EQs):

1. Considering appropriate attribution and based on the elimination of alternative explanations of results, to what extent has USAID and other stakeholders' dollar amount investment contributed to the shared outcome of GOES' increased tax collection over the evaluation period?

2. To what extent have USAID’s investments contributed to achieving sustainable results (including unintended results of USAID’s efforts) and GOES’ fiscal policy goals?
 - 2.1 To what extent have USAID’s investments in information technology (Taxpayer Call Center, Fiscal Transparency Portal, Audit Case Selection and Management System) contributed to achieving sustainable results vis-à-vis the USAID Mission’s expected results and GOES’ fiscal policy goals?
 - 2.2 How have external factors, such as the change in government in 2009 and the seven years (2009-2016) of continuous Farabundo Martí National Liberation Front (FMLN) administrations, influenced outcomes and affected the sustainability of the results of the fiscal policy reforms?
 - 2.3 To what extent is GOES stakeholders’ engagement likely to continue, be scaled up at national and municipal level, replicated, or institutionalized after USAID funding ceases?
3. To what extent has USAID’s coordination with other donors led to a joint implementation of fiscal policy reforms?
 - 3.1 What has been the MOF’s reaction to USAID’s activities and investments compared to that of other donors?

2.0 EVALUATION METHODOLOGY

2.1 DATA COLLECTION METHODS

The evaluation used a mixed-methods data collection design consisting of the four qualitative and quantitative data collection methods listed below.¹ The data collection methods were selected based on what would achieve the highest quality and rigor in answering the EQs given the purpose for the evaluation and existing evaluation resources.

1. Document review
2. Secondary data review
3. Key informant interviews (KII)s
4. Mini-surveys

Each of these four data collection methods is described at length below. (See Annex 2 for an Evaluation Matrix that shows the data sources, data collection methods, and data analysis methods proposed to answer each of the above EQs.)

Document review: The evaluation team (ET) reviewed a number of documents pertaining to the TPAR and FPMP programs. These included documents provided by DAI and collected by the ET during its own literature search and from various sources during its evaluation fieldwork. A bibliography of documents reviewed for the evaluation is presented in Annex 3.

Secondary data review: The ET reviewed two sources of secondary data for the evaluation. One source was the program results included in the FPMP Performance Monitoring and Evaluation Plan (PMEP). The FPMP PMEP includes 52 output and outcome indicators grouped by program component collected and reported on an annual basis to USAID/EI Salvador. Second, to understand the economic context in which TPAR and FPMP were operating, the ET collected and reviewed a set of macro-economic indicators related to EI Salvador’s economic growth, tax collections, national budget, and investment.

Key informant interviews: KIIs are semi-structured individual or small group (2-3 persons) interviews conducted with key informants representing principal program stakeholder groups. As seen in Table 1, the ET conducted a total of 46 KIIs with 50 individuals representing four key program stakeholder groups:

¹ In addition to the above four data collection methods, the evaluation design had proposed to conduct focus groups discussions (FGDs) and a site visit to the EXPRESATE Center to observe and talk to students in attendance. EXPRESATE is an interactive walk-through exhibit for students, located at the MOF central offices, aiming to create awareness about fiscal matters and citizen responsibilities in areas such as taxation, public spending and investment, and government accountability. Unfortunately, the EXPRESATE Center was closed because its facilities were being used to house MOF personnel whose offices were affected by a fire that occurred in July 2017. In addition, owing to the often technical or otherwise specialized nature of the interview/discussion topics, they did not lend themselves to the FGD format. As a result, the evaluation team (ET) did not perform any FGDs during the evaluation fieldwork.

DAI (TPAR and FPMP); MOF, including individuals from eight MOF Directorates;² other GOES ministries; and the Fiscal Policy Donor Committee.³ (See Annex 4 for a list of persons interviewed for the evaluation along with their titles and organizational affiliations, and Annex 5 for an English-language version of the KII discussion guide.) KIIs and all other fieldwork for the evaluation took place from October 25–November 22, 2017.

Table 1: Number of KIIs and People Interviewed by Stakeholder Group

Stakeholder Group	Number of KIIs	Number of People Interviewed
DAI	11	11
MOF	26	30
Other GOES Ministries	2	2
Donor Committee	7	7
Total	46	50

Mini-Surveys: Mini-surveys are short, closed-ended questionnaires embedded in the KII discussion guides. All mini-survey questions used a 5-point Likert scale, with a 1 indicating “Disagree Completely” with the relevant statement, and a 5 indicating “Agree Completely.” Overall, the ET completed 45 mini-surveys across the stakeholder groups listed in Table 1. (See Annex 6 for an English-language version of the mini-survey questionnaire.)

2.2 SAMPLING METHOD

The ET used purposive sampling methods to select KII participants. The objective in purposive sampling is to focus on particular characteristics of a population that are of interest, which will best enable evaluators to answer the EQs. (As the ET was interested in talking to the persons with the best first-hand knowledge of the relevant topics, the interviewee’s sex was not used as a selection criterion.) In this case, the ET sought to achieve as comprehensive a sample as possible of key informants—either directly involved in or with oversight responsibility for the major TPAR and FPMP activities—belonging to the DAI management team, different MOF departments, and other GOES ministries. The ET also interviewed a representative from each of the different donor organizations participating in the El Salvador Fiscal Policy Donor Committee.

2.3 DATA ANALYSIS METHODS

Qualitative data analysis involved coding the data using Atlas.ti software with the purpose of identifying themes and sub-themes, and assessing their relative importance in answering the EQs. Quantitative data analysis consisted of calculating summary statistics from the mini-survey results.

To help answer EQ 1, the ET conducted a contribution analysis of the data collected during the evaluation fieldwork. Contribution analysis offers a pragmatic and methodologically rigorous approach to apply the principles of attribution to situations in which the program is one of many potential contributory causes, and where it is not possible to measure attribution directly via creation of a scientifically-valid counterfactual. Thus, in lieu of assessing attribution, contribution analysis assesses the contribution that program activities make to observed outcomes. Annex 8 describes the ET’s contribution analysis methodology and results.

² The ET interviewed key informants from the following MOF Directorates (along with their Spanish-language acronyms): General Directorate for Internal Revenue (DGII); Customs General Directorate (DGA); Budget General Directorate (DGP); Treasury General Directorate (DGT); National Directorate for Financial Administration (DINAFI); National Procurement Unit (UNAC); Fiscal and Economic Policy Directorate (DPEF); and Training and Human Talent Development Department (DECAMH). Throughout the report, the Spanish-language acronym for each MOF Directorate is used.

³ Members of the fiscal policy Donor Committee include: USAID; German Society for International Cooperation (GIZ); European Union (EU); Inter-American Development Bank (IDB); Spanish Agency for International Development Cooperation (AECID); U.S. Treasury Office of Technical Assistance (OTA); and World Bank.

2.4 METHODOLOGICAL LIMITATIONS

The evaluation methodology involved the following methodological limitations:

- Absence of a counterfactual to assess attribution. As discussed above, the nature of both TPAR and FPEMP make the construction of statistically valid counterfactual necessary to “attribute” outcomes to program activities impractical. To address this limitation, the ET conducted a contribution analysis methodology to generate an evidence-based and rigorous approach for estimating the program’s unique contribution to observed outcomes among other competing explanations.
- Evaluation findings are based largely on subjective perceptions of key informants interviewed using qualitative data collection methods. Due to a lack of time, the ET was not able to verify all perceptions and anecdotes cited by interviewed stakeholders. The evaluation sought to compensate for this limitation through triangulation achieved by generating data from multiple sources, using multiple data collection methods.
- Difficulty assessing the sustainability of observed results. USAID defines sustainability as “*the capacity of a host country entity to achieve long-term success and stability and to serve its clients and consumers without interruption and without reducing the quality of services after external assistance ends.*”⁴ The evaluation, however, was implemented while many examined activities remain ongoing, whether at the MOF’s own initiative or as part of FPEMP’s follow-on Domestic Resource Mobilization (DRM) program. This made it difficult for the ET to determine whether certain observed outcomes have been, or are likely to be, sustained over the long-term. To address this limitation, the ET asked probing questions related to sustainability, wherever relevant. This allowed the ET to estimate the “likelihood” of sustainability, where sustainability cannot be directly observed, and the factors contributing to this likelihood.
- The potential for respondent and/or interview bias. Notwithstanding best efforts to avoid or mitigate potential biases existing among key informants, they remain a risk, particularly with regards to qualitative data collection methods, which rely heavily on respondent perceptions and interviewer interpretation. The desire to attract follow-on programming among certain types of respondents is one such source of bias. More generally, KII respondents have their own biases that must be recognized and considered when analyzing their responses. The ET sought to compensate for this limitation through the application of best practices in data collection, cross-team validation, and systemic data analysis that synthesizes multiple data sources, using well-established data analysis methods supported by advanced data analysis software.
- MOF staff turnover. Many TPAR or FPEMP activities took place years ago or have been in process over multiple years. Thus, some staff working on those activities has turned over in the interim and was not available to be interviewed, while some newer staff had no recollection of or information on the relevant program activities.

2.5 EVALUATION TEAM

The ET consisted of the following:

- Dr. Gary Woller, Team Leader. Dr. Woller was responsible for overseeing and coordinating all activities related to the evaluation, and for ensuring the production and completion of quality deliverables in a professional manner, in compliance with the evaluation SOW.
- Maynor Cabrera, Tax Specialist/Economist. Mr. Cabrera was responsible for providing guidance to the Team Leader on fiscal issues. He contributed to all aspects of the evaluation design, preparation, fieldwork, data analysis, and reporting within his sphere of expertise.
- Miguel Carranza, Information Technology (IT) Systems Expert. Mr. Carranza was responsible for providing guidance to the Team Leader on IT and systems issues. He contributed to all aspects of the evaluation design, preparation, fieldwork, data analysis, and reporting within his sphere of expertise.

⁴ <https://www.usaid.gov/what-we-do/global-health/hiv-and-aids/technical-areas/aid-investment>

In addition, Rafael Alfaro at DAI and Cindy Abarca at the Monitoring, Evaluation and Learning (M&E&L) Initiative led by Mendez England & Associates (ME&A) provided invaluable assistance to the ET in setting up interviews with key informants during the fieldwork.

3.0 FINDINGS AND CONCLUSIONS

3.1 EQ 1: CONSIDERING APPROPRIATE ATTRIBUTION AND BASED ON THE ELIMINATION OF ALTERNATIVE EXPLANATIONS OF RESULTS, TO WHAT EXTENT HAS USAID AND OTHER STAKEHOLDERS' DOLLAR AMOUNT INVESTMENT CONTRIBUTED TO THE SHARED OUTCOME OF GOES' INCREASED TAX COLLECTION OVER THE EVALUATION PERIOD?

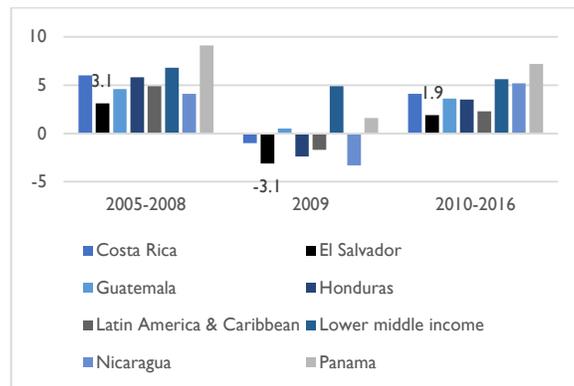
3.1.1 Findings

Factors Contributing Negatively and Positively to GOES' Increased Tax Collections

Macro-economic and political factors have made a negative contribution to income tax collections: Evaluating the impact of USAID's fiscal policy interventions on increased tax collection must first consider the macro-economic and political factors that have adversely affected tax collections in El Salvador over the life of TPAR and FPMP (2005-2016). These factors include low economic growth rates and the repealing of tax laws through constitutional appeals.

Economic growth in El Salvador, as measured by gross domestic product (GDP), is low when compared with other countries in the Latin America and Caribbean (LAC) region with similar levels of per capita income (see Figure 1).

Figure 1: Economic Growth Rates of Selected LAC Lower Middle-Income Countries 2005-2016

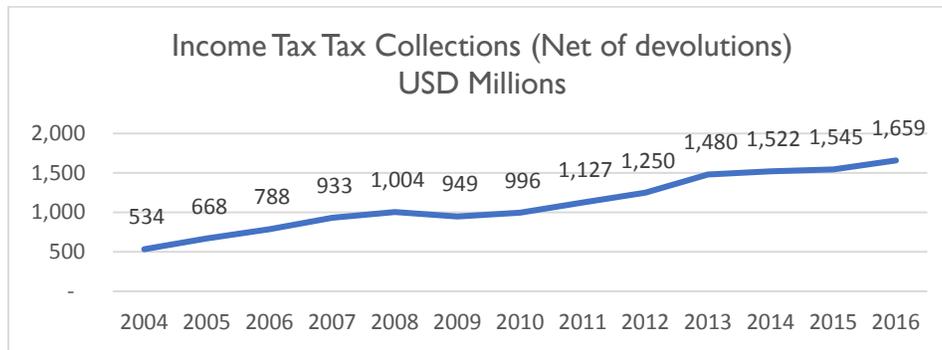


Source: World Development Indicators

El Salvador's relatively low economic growth rates—together with a widespread culture of tax evasion, weak internal tax administration/enforcement, and a weak enabling/legal tax environment—have, in turn, contributed to relatively low rates of income tax collections. In addition, legal reforms facilitating increased income tax collections have also suffered some setbacks. In February 2014, the El Salvador Supreme Court suspended an initiative proposed by President Sanchez Cerén incentivizing the payment of hundreds of millions in back taxes owed to the state. Then, in April 2015, the Court ruled against a 1 percent minimum income tax passed under the FMLN because it levied the tax on gross revenue instead of profits.

Legal tax reforms have been the primary factor contributing to increased income tax collections: Notwithstanding the above adverse macro-economic and political factors, total net income tax collections have demonstrated a steady upward trend from 2005-2016, corresponding to TPAR and FPMP operations, increasing from \$535 million in 2005 to \$1.7 billion in 2016 (Figure 2).

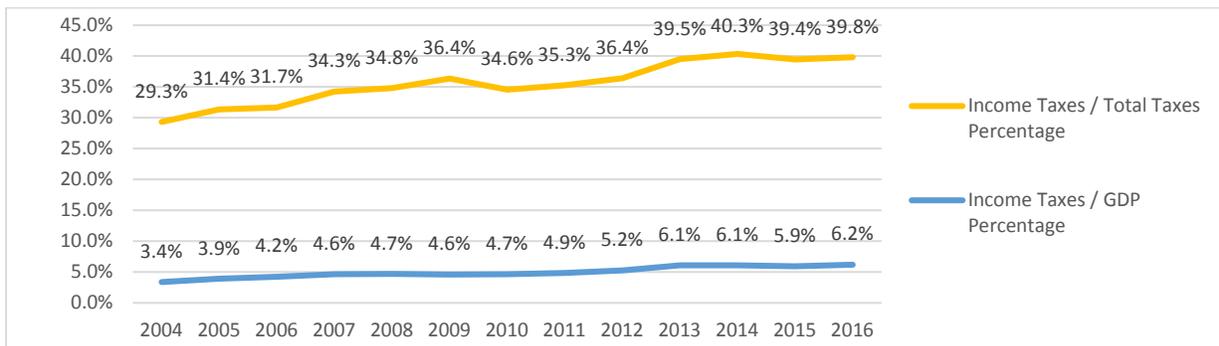
Figure 2: Total Net Income Tax Collections 2005-2016



Source: Central Reserve Bank of El Salvador

Over the same period, the overall income tax burden (income tax collections as a percentage of GDP) increased from 3.4 percent to 6.2 percent, while the ratio of income tax collections in total tax collections (personal income tax plus corporate income tax) rose from 29.3 percent to 39.8 percent. This ratio indicates an increased importance of income taxes in overall tax collections (Figure 3). The MOF Fiscal Studies Unit (FSU) estimates that approximately three-quarters (1.4 percentage points) of the 1.9 percentage point increase in the income tax/GDP ratio from 2005-2010 is explained by legal tax reforms.⁵

Figure 3: Income Taxes as a Percentage of Total Taxes 2005-2016



Source: Central Reserve Bank of El Salvador

MOF tax administration reforms have made a smaller but also important contribution to increased income tax collections: The FSU estimates that MOF's tax administration reforms are the largest contributing factor explaining the remaining one-quarter (0.5 percentage points) of the increase in the income tax/GDP ratio from 2005-2016. These tax administration reforms were undertaken by the MOF on its own initiative, with TPAR's and FPEMP's support and with the support of other donor organizations working in on fiscal policy reform in El Salvador.⁶

TPAR and FPEMP Contributions to Increased GOES Tax Collections

TPAR/FPEMP contributed to improved MOF tax administration through activities that aimed to increase voluntary compliance and collection of tax arrears, while also reducing tax evasion: According to key informants interviewed for the evaluation, TPAR and FPEMP contributed to improved MOF tax administration, and increased income tax collections, in three areas (Table 2, below). First, programs' activities contributed to increase the voluntary compliance among taxpayers by increasing the convenience and reducing the transaction costs of complying with their income tax obligations via innovations such as the Taxpayer Assistance Call Center, self-service kiosks, E-filing, decentralization of taxpayers' solvency statements, and the creation of the Large Taxpayers Office (LTO).

⁵ Relevant legal tax reforms include: Laws Number 233, 234, 235, 237, and 239 in 2009; Law Number 462 in 2010; Laws Number 957 and 958 in 2011; Law Number 764 in 2014; and Laws Number 161 and 162 in 2015.

⁶ The term donor organization here refers generally to all bi-lateral and multi-lateral international development organizations, non-governmental organizations, etc. working on fiscal policy reform in El Salvador. Included among this group are: the World Bank, IDB, and International Monetary Fund (IMF), which are technically more lending organizations than donor organizations.

Second, the programs contributed to strengthening the MOF’s capacity to collect tax obligations and arrears in terms of processes, technologies, and human resources with the creation of the Treasury Collections Call Center and Treasury Collections Department, and the enactment of reforms to tax collection laws.

Third, the programs contributed to provide new tools to the MOF to counteract tax evasion via the development of the case selection management system (CSMS), massive audit plans and tax evasion crackdown (*plan de choque*), and the creation of the Transfer Pricing Unit (TPU) and Criminal Tax Investigation Unit. Each of the above program contributions is described at greater length below.

Table 2: TPAR/FPMP Activities Contributing to Improved Tax Administration and Increased Tax Collection

Voluntary Compliance	Collection of Tax Arrears	Tax Evasion Actions
<ul style="list-style-type: none"> • Taxpayer Assistance Call Center • Self-service kiosks • E-filing • Decentralization of taxpayer solvency statements • LTO 	<ul style="list-style-type: none"> • Treasury Collections Call Center • Treasury Collections Department • Reform of law on tax collections 	<ul style="list-style-type: none"> • CSMS 2 • Case Selection Unit • Massive audit plans • Tax evasion crackdown • TPU • Criminal Tax Investigation Unit

TPAR/FPMP Supported Activities Contributing to Improved Voluntary Tax Compliance

The activities described below each contributed at the margin to reducing the time and monetary costs required for taxpayers to comply voluntarily with their tax obligations, which is expected in turn to increase the overall level of voluntary tax compliance in the country.⁷

Taxpayer Assistance Call Center: The Taxpayer Assistance Call Center and self-service kiosks have played important contributory roles in helping taxpayers understand and comply with tax laws. Previously, the MOF had two dedicated phone lines for the entire country to respond to taxpayer inquiries, meaning that many taxpayers had to come to the General Directorate for Internal Revenue (DGII) offices in San Salvador for assistance. Once there, however, they were subject to long lines with no guarantee that they would speak to the right person or that the person providing them assistance had the requisite training or knowledge to provide correct advice.⁸

The idea behind the Taxpayer Assistance Call Center was to increase voluntary tax compliance by increasing access to information about tax laws, and by providing a central point of contact that was adequately staffed with qualified personnel capable of handling the volume of taxpayer inquiries and providing correct advice. With the creation of the call center, taxpayers now have increased access to a reliable source of information on how to pay their taxes and incur lower transaction costs to receive this information.

Self-service kiosks: Self-service kiosks allow taxpayers to make inquiries about tax statements, consult about solvency and status on tax returns, present declarations with value zero, and also obtain information about fiscal obligations. According to the MOF’s Taxpayer Assistance Unit, during 2016, taxpayers conducted 18,295 transactions using the self-service kiosks.

The Taxpayer Assistance Call Center was a contribution of TPAR. TPAR had the initial idea for the call center, led the design of the call center and call center technology, and provided training to call center staff. The self-service kiosks were a DGII initiative supported by FPMP. The programs developed the kiosk software and provided seven self-service kiosks, with the Inter-American Development Bank (IDB) providing nine additional kiosks and the World Bank two additional kiosks, for a total of 18 kiosks in different locations across the country.

⁷ See, for example, Glenn Jenkins and Edwin Forlemu, (1993), “Enhancing Voluntary Compliance by Reducing Compliance Costs: A Taxpayer Service Approach,” International Tax Program, Harvard University.

⁸ Key informants at the MOF, for example, cited anecdotes about taxpayers receiving advice on their taxes from security guards or other MOF personnel who, although well meaning, lacked the training or experience to provide correct advice.

E-filing: The electronic payment of taxes via e-filing has reduced the time necessary to pay taxes. FPEMP and DGII each contributed different electronic declaration forms for online tax payment. In the past, taxpayers had to visit DGII headquarters to pay taxes and present declarations which, as described above, could involve a non-trivial transaction or monetary costs, to receive information that was not always helpful or correct.

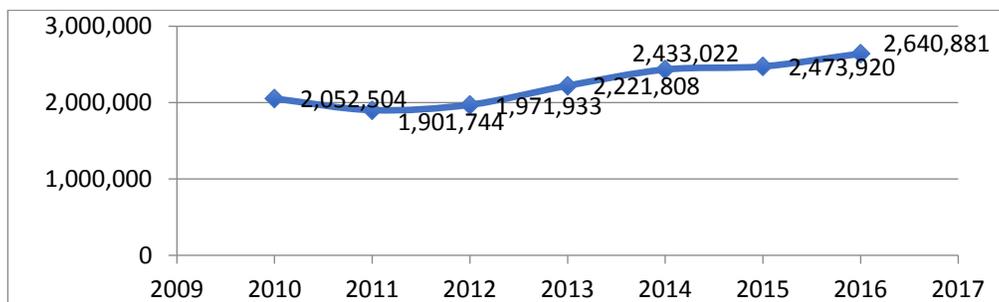
At the outset, e-filing was an initiative of the DGII; however, the DGII lacked the human resources to develop more electronic declaration forms and it wanted to move the process along more quickly. Consequently, DGII asked FPEMP for help. In 2016, FPEMP developed the following forms: F06 Excise Taxes Form; F10 Vehicle Tax; F09 Movable Goods Transfers; F982 Exchange Information Form; F944 Capital Gains; and F971 Financial Statements.

Key informants credit the e-filing system as a primary contributor for improving El Salvador’s performance in the World Bank’s 2017 Doing Business study, which saw the country’s ranking in the ease of paying taxes improve significantly, from 166 out of 212 in 2016 to 61 out of 212 in 2017, after averaging 142 from 2006-2016. The average number of hours required to pay taxes also showed significant improvement, falling to 180 hours in 2017 from over 300 hours during 2006-2016.⁹

Decentralization of taxpayer solvency statements: With FPEMP’s assistance, the MOF made two important administrative reforms with regards to taxpayer solvency statements. First, it published online tax statements for all taxpayers. Previously, online statements were available only for authorized users, such as banks, the National Procurement Unit (UNAC), and the National Registry Center. Second, beginning in 2012, it enabled online requests of tax solvency. During 2017, taxpayers made 180,000 solvency requests, 90 percent of them online, compared to zero online solvency requests prior to 2012. Previously, taxpayers had to travel to DGII offices in San Salvador to make solvency requests. The new system now allows taxpayers to sign online, using a digital signature that can be picked up in any taxpayer assistance center around the country.

Large Taxpayers Office: FPEMP contributed to improving the service for large taxpayers via reclassifying who qualified as a large taxpayer, thus reducing the number of large taxpayers in the country from 2,000 to 800, and assisting—along with the German Society for International Cooperation (GIZ), the Spanish International Cooperation Agency (AECID), and the European Union (EU) under the direction of the DGII’s Planning Unit—in the creation of an LTO where large taxpayers can receive better and more intensive services to facilitate their tax payment. FPEMP provided technical assistance to the office staff, in addition to office equipment and furniture. FPEMP collaborated in developing the Sub-Directorate of large taxpayers within the MOF, including the provision of furniture and equipment. Since its establishment, the LTO has provided assistance to over 18,000 requests on an annual basis and contributed to an increase in annual income tax collections from \$2.0 million at its inception to \$2.6 million in 2016 (see Figure 4).

Figure 4: LTO Tax Collections 2010-2016



Source: FPEMP Final Report

TPAR/FPEMP-Supported Activities Contributing to Improved Collection of Tax Arrears

Treasury Collections Call Center: The Treasury Collections Call Center has provided the MOF a tool to pursue collections from taxpayers with outstanding tax obligations. Prior to the call center, DGII

⁹ World Bank, Doing Business 2017: <http://espanol.doingbusiness.org/Custom-Query>.

employees/auditors made phone calls using manual systems and facilities at the DGII offices. This approach did not have a system to track phone calls or an online phone directory to call taxpayers; it only had two phone lines and worksheet lists to call taxpayers. In contrast, the Collections Call Center has its own facilities and 10 tele-operators, each of whom has received program training. The call center contacts delinquent taxpayers to collect tax debt and to remind taxpayers about upcoming payments as well as to answer inquiries taxpayers might have with regards to their past due tax liabilities.

The Collections Call Center: 1) provides the MOF a better platform for control; 2) has increased the coverage, efficiency, and effectiveness of the collections process; and 3) has freed workload from DGII officials who now focus on high profile cases. All of these improvements have contributed to increased tax collections compared to before the call center. Moreover, in the absence of a legal structure permitting coercive tax collections, the Collections Call Center has proven effective at increasing incremental tax collections compared to before the call center. In just the first year of implementation, the call center collected an additional \$10 million in tax arrears, while tax arrears collected have surpassed \$20 million annually since the call center's inception.

Treasury Collections Department: The Treasury Collections Department began operations in January 2017. Among its other duties, it works with the Prosecutor's Office to prosecute tax crimes. The idea and impetus for creating Treasury Collections Department was largely an FPEMP initiative. FPEMP contributed the administrative and functional design of the department, and provided equipment and furnishings for its office.

The Treasury Collections Department has since forged closer links with the Tax Unit of the Prosecutor's Office for administrative collection. In the past, the Prosecutor's Office worked by itself in administrative collections without the Treasury General Directorate's (DGT) support. The existing system only allowed the DGT to pursue "persuasive" or voluntary debt collection methods over six months, after which the debt was sent to the prosecutor for judicial collection. This system of judicial recovery, however, only yielded a small recovery rate of approximately 2.5-3.0 percent.¹⁰ Now, there is greater collaboration between DGT officials and the Prosecutor's Office in matters of tax enforcement, such as freezing accounts, making seizures, and ensuring the payment of tax obligations.

Key informants in the MOF claim that the Treasury Collections Department has already contributed to: increases in tax collections; reductions in tax arrears; improvements in controls on tax debt; and improvements in tax collection management. According to the Treasury Director, for example, treasury collections increased from \$5 million in 2015 to \$15 million during the first 10 months of 2017. Notwithstanding these contributions, the work of prosecuting tax crimes is still hampered by the lack of an enabling legal environment, such as the absence of coercive measures to collect taxes and the fact that the responsibility for tax collections is fragmented among three different GOES institutions: MOF, Prosecutor's Office, and Courts. Again, due largely to FPEMP's initiative, the MOF advanced legal reform to facilitate the tax crimes prosecution.

Reform of law on tax collections: FPEMP supported legal reform to the current tax arrears collection system. The proposed reform gave the MOF the power of coercive collections, or the repossession of taxpayers' assets to cover their debts, using administrative rather than judicial autonomy. FPEMP drafted the legal reform and submitted it to the MOF, which was passed on to the Legislative Assembly. According to the DGT, "*With the law, this [legal process] will be strengthened more, since it gives more field of action in judicial matters. That field is now completely closed, but it could be opened in the future.*"

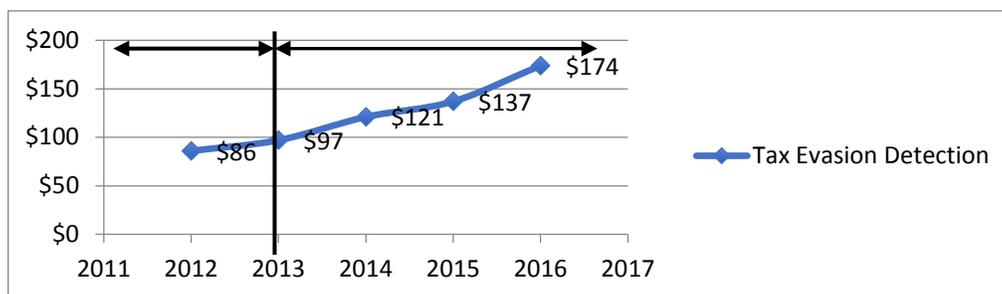
Unfortunately, the bill that was sent to the Legislative Assembly has yet to be approved. According to DAI, however, the bill included provisions that, were it approved, would likely be ruled unconstitutional by the Supreme Court. FPEMP's follow-on program, DRM, is working to get a modified version of this law passed without the problematic provisions.

¹⁰http://www.mh.gob.sv/portal/page/portal/PMH/Institucion/Ministro_de_Hacienda/Presentaciones/Presentacion_Proyecto_Ley_de_Cobro_Deudas_Tributarias_06.06.16_v3_.pdf

TPAR/FPMP-Supported Activities Contributing to Reduced Tax Evasion

Figure 5 shows the trend line in tax evasion detection in El Salvador from 2012-2016. As seen there, tax evasion detections have steadily trended upward—increasing from \$86 million in 2012 to \$174 million by 2016. Program activities contributing to the results shown in Figure 5 are described below.

Figure 5: Tax Evasion Detection from 2012-2016 (US\$ Millions)



Source: Ministry of Finance. Arrows indicate timeperiods when CSMS 1 (2010-2013) and CSMS 2 (2013-2017) were used.

CSMS 2: During TPAR, the program helped the MOF develop CSMS 1. The development started in 2008, and the system was put in production by 2010. CSMS 1 was a web-based system that systematized the mass case selection process by homogenizing criteria for selection. Since the system was developed on the now deprecated Oracle Application Server, and it experienced technical difficulties after some code modifications, the MOF requested program assistance in migrating it to the new JBoss¹¹ platform (CSMS 2) and upgrading it to a new version that would incorporate new algorithms for case selection improvements and work flow functionality for the different case selection stages.

According to DGII's IT team, the main challenge it faced during creation and implementation of CSMS 2 was the lack of IT personnel, owing largely to the time lag involved in hiring new staff, although it did ultimately hire two new programmers for its IT team. FPMP's IT team created the use cases for the system model, provided technical support to end-users, and trained the end-users in system functionality. According to the Inspection Unit Director, the development of CSMS 2 encountered obstacles stemming from resistance to change by the operational units. Also, it was hard to assimilate new methodologies and protocols that the unit IT staff was not used to performing.

CSMS 1 was a case registration and management system in which cases were manually selected and assigned, whereas in CSMS 2, the case selection and assignment processes are done by the system algorithms (i.e., without user intervention), thus eliminating human discretion, increasing transparency in the process and, according to the CSU Director, improving the efficiency of the case management workflow.

The CSU was in charge of developing the system requirements. The Inspection Unit did not participate in the creation of the system and, thus, according to its Director, the system is lacking some necessary functionality, such as reports on case status and performance indicators for auditors.

CSMS 2 is being released in phases, starting with a massive case selection process in 2013. The first fiscalization plan for large taxpayers was released in January 2014. Since then, DAI and the Inspection Unit have released more types of case scheduling plans and five units in the CSU (large taxpayers, medium taxpayers, other taxpayers, East Zone Fiscalization, and West Zone Fiscalization) are now part of the process. The MOF is currently working on developing use cases for the fiscalization of "substantive" (non-massive) cases and a new risk management module. The DGII development team will program this module after the system is handed over completely.

Case Selection Unit: The CSU is part of DGII and was created during TPAR in 2009. CSU received technical assistance and training from the programs on tax audit techniques and CSMS operation. The staff at the CSU have since been managing CSMS, as well as developing different algorithms for: risk-based case selection, assignment of cases to DGII auditors, and the transfer of cases to the Fiscal Compliance

¹¹ The JBoss Enterprise Application Platform is a subscription-based/open-source Java EE-based application server runtime platform used for building, deploying, and hosting highly-transactional Java applications and services.

Division. The CSU is a key player in preventing discretion in case selection and increasing revenue and process transparency. Additionally, the unit has been strengthened since its creation, and its processes are well immersed in the current operation of DGII, all of which contribute to its long-term sustainability. On a less positive note, there is only one IT Technician position in CSU, despite the fact that this position is crucial for end-user support and case selection systematization.

Massive or extensive audit plans: Massive or extensive audit plans refer to the execution of processes with large volumes of information involving sending emails, making phone calls, and sending physical notes to taxpayers with delinquent tax obligations made possible with CSMS 2. Massive audit plans were also part of the tax evasion crackdown (see below).

Before the massive audit plans, DGII audits were limited in coverage because a substantive audit could only reach relatively few taxpayers, and awareness of tax administration monitoring was modest.¹² FPEMP assisted the MOF with the massive audit plans by equipping a physical place where taxpayers can receive information about how to comply with their tax obligations or to solve compliance issues.

Tax evasion crackdown: The tax evasion crackdown includes three actions and three complementary strategies. The actions include: 1) complement the substantive audit with the massive audit; 2) redirect the formal audit to a comprehensive audit (discovery of taxpayers' hidden businesses); and 3) seek voluntary payment while avoiding compulsory means where possible. The complementary strategies include: 1) control of large taxpayers; 2) control of medium and small taxpayers; and 3) mechanisms to enforce informal taxpayers (e.g., entities that are unregistered, do not leave a record of their operations in public or private data sources, do not keep accounting books, etc.). For large taxpayers, the crackdown involves a specialized or substantive focused on evasion. For medium taxpayers, the crackdown involves a massive audit with an emphasis on case selection. Finally, for informal taxpayers, the crackdown involves data mining and information extraction, together with forensic audits for small, medium, and large taxpayers that are not complying with their tax obligations.

To conduct its audits for the tax evasion crackdown, the DGII now accesses, among other things, information on real estate transactions to value unreported income or capital gains, public procurement documents, and import and export records. The DGII has also entered into agreement with third parties (e.g., banks) for the exchange of information, and is creating electronic formats so that external entities can share information electronically with the DGII.

As of two years ago, practices related to bank secrecy imposed a constraint on the DGII's access to banking information. A joint legal analysis conducted by FPEMP and DGII, however, determined that there were no legal limitations for banks to provide taxpayer banking information provided that the taxpayer has a process open. Thus, the crackdown also established an information request mechanism for taxpayers' banking information.

Prior to the crackdown, audits were done using only the financial statements provided by taxpayers, while taxpayer profiles were incomplete, and the tax audit only could track inconsistencies in the taxpayer provided financial statements. Now, DGII is using third-party information sources to audit economic activities, such as vehicle registries, public procurement transactions, real estate records, and bank financial information, to construct an economic profile of taxpayers and to identify non-reported transactions.

Criminal Tax Investigation Unit: The creation of the Criminal Tax Investigation Unit was motivated by law reform. TPAR contributed the original design of this unit, which was created with the Office of Technical Assistance of the United States Treasury (OTA) to give assistance in 2011. TPAR donated furniture and computers to the unit, trained unit staff, and provided technical assistance to selected unit personnel.

Prior to TPAR, DGII had little experience investigating criminal tax cases due to the burdensome administrative procedures required to prosecute anybody for tax evasion. It was thus rare that the MOF ever moved past these administrative requirements to prosecute tax evasion.

¹² The substantive audit is an audit procedure that examines the financial statements and supporting documentation to see if they contain errors. These tests are needed as evidence to support the assertion that the financial records of an entity are complete, valid, and accurate.

Transfer Pricing Unit: In addition to ensuring and controlling compliance with the delivery of transfer pricing documentation, the TPU conducts transfer pricing audits to monitor compliance of controlled transactions with the arm's length rules for taxpayers, and provides support and necessary clarifications to taxpayers in order to ensure greater levels of compliance with the associated obligations. The programs supported DGII in the creation of the TPU with study tours to Argentina and Mexico, brought international experts from those countries to train MOF staff in the unit's operation, and provided computer equipment of unit offices.

Mini-Survey Results: TPAR/FPMP Have Contributed to Improved Organizational Performance, Public Expenditure Management, Tax Collections, and Fiscal Transparency Compared to Before the Programs

The consensus among all stakeholders interviewed is that program activities and their associated results in support of GOES' fiscal policy goals either would not have been possible without TPAR/FPMP assistance or would/may have been possible over a much longer time period and, possibly, at a lower level of quality. This is mainly due to lack of resources or technical know-how within the Ministry to implement the required practices and develop the necessary systems to support them.

These stakeholders' perceptions are reflected/confirmed in the mini-survey results shown in Annex 9. The survey questions refer to the perceived programs' contributions in improving outcomes related to the respondents' organizational performance, MOF's public expenditure management, tax collections, and fiscal and tax transparency. As seen in the survey results, stakeholders very strongly agreed that USAID's assistance had improved their organizations' performance, tax collections, and fiscal and tax transparency compared to the situation before the assistance, while also agreeing that USAID's assistance had improved the MOF's public expenditure management compared to before the programs.

3.2 Conclusions for EQ 1

TPAR and FPMP have been strong contributors to a wide variety of fiscal policy reforms that have, in turn, contributed directly to improved tax administration within the MOF and its Directorates, and indirectly to increased income tax collections via increased voluntary compliance and collection of tax arrears, and reduced tax evasion. Aside from the fiscal policy reforms, TPAR and FPMP were also strong contributors to a large number of other reforms. These reforms notably include IT systems reforms and institutional capacity strengthening that have, in turn, contributed to strengthening MOF tax administration, improving fiscal transparency, and engaging the private sector and public sectors for the purpose of fiscal policy legal reform. In many of these reform activities, the programs benefited from incremental to substantive contributions from other donor organizations and MOF's own initiative. While El Salvador's economy was adversely affected by the international economic crisis and low economic growth during TPAR (2005-2010), FPMP conversely benefited from a relatively stable external political and economic environment during 2011-2017. (See Annex 7 for a summary of the programs' contribution to each of the major initiatives discussed in this report; and Annex 8 for a description and results of the contribution analysis conducted in association with EQ 1.)

3.3 EQ 2: TO WHAT EXTENT HAVE USAID'S INVESTMENTS CONTRIBUTED TO ACHIEVING SUSTAINABLE RESULTS (INCLUDING UNINTENDED RESULTS OF USAID'S EFFORTS) AND GOES' FISCAL POLICY GOALS?

3.3.1 Findings

Most TPAR/FPMP Activities Show Signs of Institutionalization and Sustainability While Others are in Process or Stalled and Thus Cannot Be Assessed for Institutionalization and Sustainability.

TPAR and FPMP activities can be grouped into three categories in terms of their sustainability, or sustainability prospects: 1) activities that show signs of becoming institutionalized within the MOF, which bodes well for their long-term sustainability; 2) activities that are too new or still in the development phase but moving progressively forward, for which it is too early to make determinations about their sustainability; and 3) activities that have encountered roadblocks and are temporarily stalled in their

development, and their eventual outcome is uncertain. (The sustainability of IT systems is discussed under EQ 2.1.) As used here, institutionalization implies that: the activity has been integrated in the day-to-day operations of the relevant MOF Directorate; there exists a commitment among management and staff to continue with it; and a minimally sufficient amount of ongoing funding support has been allocated for it. Table 3, below, summarizes which activities fall under each of the three sustainability categories above, as determined by evidence collected during the evaluation, followed by a narrative discussion of the same. (Discussion of the IT systems and their sustainability is found under the findings for EQ 2.1.)

Table 3: Sustainability Status of TPAR and FPMP Supported Activities

Becoming Institutionalized	Under Development	Temporarily Stalled
<ul style="list-style-type: none"> • Call centers • Fiscal Transparency Portal • Self-service kiosks • Decentralized solvency statements • Massive audit plans • Tax evasion crackdown • Treasury Single Account • USC • LTO • TPU • Criminal Tax Investigation Unit 	<ul style="list-style-type: none"> • Treasury Collections Department • Results Oriented Budgeting • International Public Sector Accounting Standards (IPSAS) 	<ul style="list-style-type: none"> • Competency-Based Human Resource Management (HRM)

TPAR/FPMP Supported Activities Showing Signs of Institutionalization and Sustainability.

A number of TPAR and FPMP supported activities show signs of becoming institutionalized within the MOF. These include: new practices in tax administration, including better tax control approaches supported by CSMS 2; and better taxpayer information and follow-up systems, including call centers, self-service kiosks, and the decentralization of taxpayer solvency statements. The Fiscal Transparency Portal (FTP) already had multiple years of operation before receiving program support and appears, by all accounts, poised to continue operating over the long-term, providing an enhanced level of fiscal transparency to users.

CSMS 2 has allowed for the implementation of massive audit plans, which the DGII has been implementing since 2014 and which are already part of DGII’s normal inspection protocol. Massive audit plans are cost effective and DGII personnel see their value so it is likely that they will continue to be implemented over the long-term.

The tax evasion crackdown plan was developed for the first time during 2016, making use of external information sources that had not been available or used before this time. The processes established by the tax evasion crackdown have become institutionalized within the DGII, and now all officers work with the criteria established by the crackdown. Under the DRM, work will continue on improving the analysis information of the taxpayers’ economic profile (economic map) using third-party information sources, which still depend on having better information from taxpayers, and on improving the substantive audit process.

Another institutionalized program contribution is the creation of the treasury single account (TSA). When FPMP began, GOES had around 1,600 bank accounts, while various ministries had idle balances sitting in commercial bank accounts. An FPMP diagnosis of treasury operations uncovered significant costs associated with the poor cash flow and other inefficiencies resulting from this dispersion of GOES funds, including large and unnecessary borrowing costs to cover cash shortages, high opportunity costs caused by idle cash in bank accounts, poor reliability in medium-term spending, and high short-term borrowing costs (e.g., \$17.35 million plus in the cost of short-term borrowing for 2012).

At FPMP’s suggestion and with assistance from FPMP, OTA, and International Monetary Fund (IMF), the MOF consolidated all of GOES’ bank accounts into a single account. The creation of the TSA has

significantly improved the efficiency of GOES' treasury operations. For example, under the TSA, the time required to approve payments has fallen from 10 days for a check or electronic transfer to 2-3 hours for a direct wire transfer to be made to a recipient's account. In addition, the creation of the TSA has minimized idle bank balances, thereby reducing the need for short-term borrowing due to decentralized and inefficient cash management.

Also showing signs of becoming institutionalized within the MOF are the various units created with program assistance (and described above): CSU, LTO, TPU, and Criminal Tax Investigation Unit, each of which has been operating now for 8, 5, 8, and 12 years respectively.

TPAR/FPMP-Supported Activities That Are New or Still Under Development. A number of program activities are new or still under development; therefore, it is still premature to reach informed conclusions about their institutionalization and likely sustainability. An activity that falls into this category is the Treasury Collection Department, which was only created as of January 2017. Tax collection reform is expected to provide the necessary legal strength to this department that will increase its effectiveness and institutionalization within the DGT over time.

Results-oriented budgeting (ROB) is a budget process in which: 1) budget formulation revolves around a set of predefined objectives and expected results; 2) expected results justify the resource requirements which are derived from and linked to outputs required to achieve such results; and 3) actual performance in achieving results is measured by objective performance indicators. The goal of ROB is a budget process that promotes the appropriate use of performance indicators at each stage of the budget cycle to inform decisions on resource allocations while improving efficiency of resource usage.

FPMP collaborated with the MOF to assist the Ministries of Health (MOH), Agriculture (MOA), Economy (MOE), and Education (MINED) to identify and design programmatic budgets consistent with an ROB approach. Budget program structures developed with FPMP's support included five budget programs at the MOA and MOE and three budget programs at the MOH. FPMP further completed quality assessments for the MOH and MINED (in the latter case in conjunction with the EU fiscal project), each of which produced a set of recommendations for improving the relevant budget systems and public value creation.

Other assistance provided by FPMP related to ROB included: organizing a study tour to Argentina with two Budget General Directorate (DGP) technical staff members, one MOF technical staff member, and the MOE Financial Director to learn about budget formulation and budget execution methodologies; and hosting an ROB workshop for the MOF, MOH, and MINED. The study tour and workshop were implemented under the umbrella of the Trilateral Initiative framework between the Governments of the United States (U.S.) and Argentina, and GOES. Full ROB implementation now awaits the completion of the National Financial Management System (SAFI) II budget sub-system after which it will be assumed a priority for future USAID assistance under DRM.

International Public Sector Accounting Standards (IPSAS) represents the international gold standard for government accounting systems. The MOF's desire to adopt IPSAS pre-dates FPMP's involvement but, since then, FPMP has played an important supporting role, including supporting the MOF's decision to pursue an "adoption" strategy over a "harmonization" strategy for IPSAS.¹³ Adopting IPSAS, however, is a long-term process with an expected completion in 2026. FPMP has supported the MOF in a variety of ways to move progressively toward this objective, including developing a new chart of accounts in accordance with IPSAS, supporting the General Directorate for Government Accounting (DGCG) in the completion of the public sector accounting framework, and developing the General Accounting Policy Manual.

¹³ Adoption entails a substantive change in the nucleus of the accounting system that transforms government accounting into the core integrator of public financial management functions and is considered best practice. In contrast, harmonization involves merely changing the form of the accounting system.

TPAR/FPMP-Supported Activities That Are Stalled in Their Development.

FPMP worked closely with the Training and Human Talent Development Department (DECAMH) to build tax administration capacity within the MOF via a strengthened training department and improved human resource management based on the Competency-Based Human Resource Management (HRM) methodology. The objective of this assistance was to: strengthen the technical capacity of MOF staff, and thereby improve their operational efficiency and productivity; outline a clear professional career path for MOF staff; and strengthen the Administrative General Directorate's capacity to provide ongoing capacity building and training under the umbrella of the Competency-Based HRM methodology.

The application of the Competency-Based HRM methodology follows the three steps described below. By the end of FPMP, achievements under each step was as follows:

1. Needs assessment: FPMP consultants, working in tandem with DECAMH and counterpart teams from each MOF Directorate, analyzed and identified technical gaps in 314 employee profiles.
2. Curricula design and development: FPMP supported the development of course curricula based on the identified technical gaps to train MOF staff in applying the Competency-Based HRM methodology. FPMP further supported the development of a curricula matrix, training modules, career training plan, and a pilot for applying the Competency-Based HRM methodology in each MOF Directorate.
3. Development of career plans, a training of trainers plan, and performance evaluation: FPMP supported the development of five career plans and a training plan formulation process, working with 109 staff members, including 50 women, from the following five Directorates: DGII, Customs General Directorate (DGA), DGP, General Directorate for Public Investment, and DGCG.

Unfortunately, the implementation of Competency-Based HRM has met with significant resistance from the MOF employees' union, which feared that it was a precursor to approving and implementing a Civil Service Law that threatened employees' job security. This resistance resulted in the cessation of activity implementation in May 2015, and while DECAMH officials are optimistic that implementation will recommence shortly, the activity remains in limbo with an uncertain future.

3.4 EQ 2.1: TO WHAT EXTENT HAVE USAID'S INVESTMENTS IN INFORMATION TECHNOLOGY (TAXPAYER CALL CENTER, TRANSPARENCY PORTAL, AUDIT CASE SELECTION AND MANAGEMENT SYSTEM) CONTRIBUTED TO ACHIEVING SUSTAINABLE RESULTS VIS-À-VIS THE USAID MISSION'S EXPECTED RESULTS AND GOES' FISCAL POLICY GOALS?

3.4.1 Findings

Primary MOF IT Systems Developed With TPAR/FPMP Support.

The primary program-supported MOF IT systems include: Integrated Tax Information System developed in Java (JSIIT), call center technology, CSMS 2, E-Procurement System (COMPRASAL 2), and SAFI 2, each of which was, or is being, developed with program support. Each of these systems was implemented in hardware and software platforms whose resources are allocated and managed by the IT personnel in their relevant Directorates, as explained below.

Program Supported IT Systems Were Developed Using Use-Case Analysis Technique.

The programs worked closely with their counterparts in the different MOF Directorates to develop a set of modern and robust IT systems covering multiple aspects of MOF administration. During the IT systems requirement analysis, program IT consultants opted for the "use-case analysis" technique as the primary form for gathering end-user requirements. This up-to-date methodology has encouraged end-user participation, since the primary goals of use-case analysis are: designing a system *from the user's perspective*, communicating system behavior in the *user's terms*, and specifying *all externally visible behaviors*.¹⁴

Since end-users are involved in the system definition process, the system behavior properly resembles expectations in order to support the processes defined in conjunction with expert consultants. In order to be able to use this methodology appropriately, the programs trained MOF IT personnel and key

¹⁴ https://en.wikipedia.org/wiki/Use-case_analysis

operational users working with the program consultants. Key informants mentioned that their development teams are already using this technique as part of their system creation and modification processes.

Prior to TPAR/FPMP, MOF IT Systems Did Not Reflect International Best Practices and Had Outdated Platforms.

Prior to the programs' intervention, the IT systems in place at the MOF helped implement the practices and processes of the MOF Directorates. Nevertheless, even when the operation of those systems was institutionalized and the necessary users were trained in their use, these systems did not provide the necessary transparency, user accountability, or stability, nor did they reflect the best practices later recommended by program consultants (e.g., practices that were commonly used in other government institutions around the world). Furthermore, previous systems were developed under outdated platforms no longer under vendor support (e.g., Fox, PowerBuilder), using less efficient and out-of-date architectural models (e.g., client server architecture) and with performance problems directly affecting user operations.

The IT teams in the Directorates were prepared to support and improve these systems because of the longevity of their use within MOF; however, the documentation necessary to improve, support, and modify the systems effectively was not available. In some cases, the MOF was paying more expensive licenses to use technological platforms, since they had already been deprecated by their vendor and therefore had no support responsibility by the vendors in case of a bug or system crash, putting operational continuity at risk.

IT Practices at the MOF Both Promote and Hinder IT System Sustainability.

According to the National Directorate for Financial Administration (DINAFI), the hardware platforms supporting the program-assisted IT systems have high availability characteristics and, with the exception of the call center technology, have a disaster recovery plan in place. Both are critical characteristics for ensuring secure MOF operation continuity and system sustainability. Furthermore, in order to support user operations and facilitate the sustainability of program-assisted IT systems, DINAFI has implemented a Help Desk system that centralizes support request for all the systems implemented under DINAFI's IT platform. End-users enter support tickets and are assigned to the appropriate support channels. To guarantee issue resolution and escalation, IT Directors at the MOF can assign priorities to support tickets.

On a less positive note, several key informants mentioned that programs do not always provide consistent and timely follow-up with key users and directors at the MOF. Nor do Directors have a common tool for monitoring activity progress or program follow-up. To the extent this occurs, it potentially threatens programs' sustainability in terms of equipping MOF staff to resolve issues as they arise and institutionalize changes within the relevant Directorates

Six Criteria of IT System Sustainability

Taking the above into account, and drawing on information provided during KII, the ET has identified the following six characteristics of IT systems that contribute to their long-term sustainability.

1. **Institutionalization:** Refers to the process of embedding some concept (for example a belief, norm, social role, particular value, or mode of behavior) within the relevant organization. In this regard, the ET evaluated the degree to which each program-supported IT system is used during day-to-day operations in its corresponding Directorate.
2. **End-user training:** Refers to whether end-users have been trained in the operation of a given system in order to support its day-to-day activities and processes.
3. **IT personnel enablement:** Refers to whether IT personnel have been trained in the methodologies, programming languages, and technologies used by a given system in order to correct, modify, or upgrade it.
4. **End-user manual availability:** Refers to the availability of a centralized repository for system operations manuals, or a knowledge base for common problems, which is readily accessible to all system end-users for reference, training, or general inquiries.
5. **Technical documentation availability:** Refers to the availability of a centralized repository for the technical documentation necessary for the correction, modification, or upgrading of a system by current and future IT personnel. This documentation includes, but is not limited to: entity-

relationship diagrams; database diagrams; data dictionary; system architecture diagram; and use-case documentation.

6. **IT platform capacity and support:** Refers to the extent that underlying hardware and software platforms are able to support the implemented systems without degradation in performance or affecting end-user operations or system availability given future modification or growth in user requirements. Also refers to the contractual support provided by third-party vendors of a given software or hardware solution, and the actuality of the warranty for a given component.

Below, the report reviews the status of each program-supported IT system with regards to the above six sustainability criteria.

JSIIT

JSIIT was a primary program deliverable during TPAR, and it is the main IT system for DGII operations. JSIIT was preceded by the Integrated Tax Information System (SIIT), which was first developed using FOX and then PowerBuilder¹⁵ on an Informix Database. According to some users, this previous system took a long time to load at the beginning of the workday and experienced continuous crashes.

Institutionalization: JSIIT was handed over to DGII IT team after TPAR ended in 2009. According to the IT Director at DGII, the practices and methods implemented in JSIIT have been in use by the Directorate's end-users since it was implemented. In this regard, the system has been fully institutionalized.

End-user training: Current JSIIT users have been fully trained in its use.

IT personnel enablement: The current IT development team at DGII is also trained in the technologies (i.e., development frameworks) and languages (i.e., JAVA) currently used by the system so they can modify, correct, and upgrade it as needed. Additionally, the DGII IT team has trained its new personnel in this technology.

End-user manual availability: There is no central repository of end-user documentation available, so end-users have to enter a ticket in the service desk system in case they need support. There is no knowledge base users can consult prior to entering the Help Desk ticket in order to speed up issue resolution. Additionally, new end-users have to rely on training provided by current employees since no central repository for training materials is available.

Technical documentation availability: There is no centralized up-to-date repository for system technical documentation available. This could cause technical support incidents, while modifications or upgrades to the system would be handled less efficiently.

IT platform capacity and support: During the KIs, DGII personnel mentioned that the vendor for Oracle Application Server (OAS), the current software platform that supports JSIIT, has already deprecated the platform. This means that Oracle will no longer provide upgrades, patches, corrections, or support to these platforms. Therefore, DGII is in the process of migrating to JBoss, an application server that is fully supported by the vendor (Oracle) and is currently in use in other MOF systems. This migration is critical and is scheduled for December 2017 as there is budget allocated for OAS licensing in 2018, and the systems on this platform could stop working when the current license expires. Additionally, vendors increase the licensing cost for deprecated products in order to discourage their use, so by continuing to use the OAS platform, DGII could incur additional costs.

The IT Director for DGII mentioned that they already received an "observation" from the *Corte de Cuentas* (GOES institution in charge of auditing and transparency of government resources use).¹⁶ According to the IT personnel in DINAFI, their hardware has the necessary resources to support the migration without

¹⁵ Outdated platforms no longer under vendor support that were previously used.

¹⁶ An observation is a notification stating that the recipient might be doing something illegal, is not following procedures, or may be breaking some internal policy and thus possibly liable to sanctions. In this case, the observation noted that DGII is currently using a deprecated software (Oracle Application Server) for which the vendor no longer gives technical support in case of software failure nor provides patches for bugs or security issues, notwithstanding DGII continues to pay a license to use fee for the software.

performance degradation. Additionally, IT personnel at DGII possess the capacity to perform the migration.

Call Center Technology

The programs helped create several call centers as part of the MOF's strategy for process improvement: Taxpayer Assistance, Treasury Collections, Fiscal Compliance, Procurement, and internal MOF telephone switchboard. In order to support this strategy, DAI started implementing call center technology during TPAR. The programs provided call center agents with headsets, computers, servers, and specialized hardware cards in order to implement an open source, software-based telephone system, to support call center operations. In turn, the MOF provided the networking for the systems in addition to the resources to install, configure, and implement the system, and it has been administering all call center technology from their inception.

The call center's Technical Chief has improved and updated the call center system software many times, without affecting user operations. He is fully prepared to support and improve the current platforms and technologies in the call center, even though he has not received any formal training on any of the platforms he supports, and has learned all this by himself by reading online manuals.

The Technical Chief is now part of the MOF's administrative team. He is essentially an autonomous MOF staff member responsible for making technical decisions and changes/upgrades to the call center information technologies. In doing so, he does not report to any IT Department, IT Directorate, or IT committee, thus no one with a technical background checks his work. This arrangement represents a risk, since there is no higher technical authority checking call center IT operations and overseeing or authorizing changes to the platforms.

Currently, the Collections Call Center has no system providing staff a single point of access to tax payers' information. They have to collect the information manually from different sources (e.g., SITEP – Main system for DGT, National Registration Center, National Registry for Natural Persons, and Motor Vehicles). Currently, call center staff only have access to CSMS 2, but they are not using it fully due to a technical issue with the information loading process. Additionally, the program has not yet handed over the system to the DGII.

Moreover, many collections operations are still being done manually. For example, for the elaboration of staff productivity metrics, call center staff have to collect the data manually from a report generated by the phone system and then consolidate and format the data in MS Excel. Another example is when the DGT sends a file with all the people that owe money to the government (tax ID number, name, and amount owed) at the beginning of the month, the call center manually validates the information in the systems (SITEP and JSIIT), and then divides the work among staff members so they can contact the taxpayers. When the information is incomplete or missing, staff has to manually check against third-party data sources (e.g., Social Security, Department of Motor Vehicles, National Registry of Natural Persons, and National Registration Center). This validation process sometimes takes more than a couple of days and adversely affects staff productivity.

Institutionalization: The MOF's use of the call center technologies is now part of its day-to-day operations. The Chief of the Call Center confirmed that the current call center platform has no disaster recovery strategy in place, and that no hardware exists to replace the current specialized components in case of failure. Furthermore, there is no documented recovery procedure for setting up the system in case of a contingency; it all depends on the Chief's availability and knowledge of the components.

End-user training: All user groups using the technology are trained in the day-to-day operation of the systems they operate.

IT personnel enablement: During TPAR, the program provided guidance and necessary documentation that enabled the call center Technical Chief to set up the open source private branch exchange (PBX) platform and configure the necessary hardware for the call centers.

End-user manual availability: There is no central repository for end-user manuals or reference guides. New users depend solely on training by the existing personnel.

Technical documentation availability: There is no central repository for technical documentation regarding the current system configuration and components, nor is there backup for administrative passwords and system configuration. This represents a risk for sustainability, especially since only one technician is in charge of the platform. In case the current person is not available, there is no documentation in place so that other technician can provide support.

IT platform capacity and support: The phone system at the Collections Call Center is not integrated with any of the systems that the call center uses to extract or input information, further reducing productivity. Since call center staff have to collect the information from many sources and double-check some information, this makes the process longer and increases its susceptibility to human error. The call center's goal for next year is to standardize the collections process, provide more payment alternatives to taxpayers, and utilize a standard script in the calls.

The hardware supporting the operation for all call centers is past its recommended lifespan of three to five years and has no high availability characteristics, while there is no local vendor support for the critical components (server and the specialized hardware cards). This represents a high risk for call center system availability, sustainability, and operation continuity. Additionally, some of the network problems generated due to the MOF fire directly and adversely affected the quality of the communications at the UNAC call center. The MOF's infrastructure team is yet to determine the precise cause of network failure in the network.

CSMS 2

Prior to USAID's assistance, the MOF's Inspection Unit used a system called *Control de Gestión* to perform its daily work. This system was developed with a client server model using Power Builder on an Informix Database. This old system did not help in the case selection process, thus analysts at the Inspection (*Fiscalization*) Unit at the DGII were responsible for manually selecting and processing cases using Excel spreadsheets. This manual processing introduced human discretion and error in the case selection process and was not transparent.

Institutionalization: According to DGII's IT personnel, the development of CSMS 2 is finished, and end-users have been operating the system for some time to support day-to-day operations.

End-user training: Prior to releasing the system, the program trained end-users in system operations and also assisted in the system launch. Key users in the CSU actively participated during the operational model and use case creation phases; this helped them have a better grasp of system operation and configuration.

IT personnel enablement: DGII is now in the process of receiving the system from the project's IT personnel. DGII hired two programmers specifically for receiving and supporting the CSMS 2. The fire at the MOF, however, delayed the implementation of these tasks in July of 2017 until they were resumed again at the end of October 2017. The new developers have been trained by DAI's IT consultants in development methodologies and frameworks, as well as coding techniques in order to support system operations.

Current support for the operation of the system, as well as escalation for bug reporting, has been centralized in one key IT support technician from the CSU.¹⁷ The CSU IT technician supports two types of calls: problems/questions regarding system functionality (e.g., how to do specific tasks in the system); and system bug escalation to DAI's IT team. In order to speed up incident resolution, all support issues are reported through email or direct phone call. After the system is handed over, users reporting technical issues will use the service desk platform in DINAFI. The CSU was also in charge of training for new users in the Inspection Unit.

End-user manual availability: At the time of the interviews, the IT personnel at DGII reported that no end-user documentation had been handed over at this stage of the process.

Technical documentation availability: At the time of the interviews, the IT personnel at DGII reported that no technical documentation had been handed over to the IT department at this stage in the process.

¹⁷ It is useful to note that while this USC IT support technician has been trained by DAI, she has no previous IT experience.

IT platform capacity and support: CSMS 2 was implemented using DAI's recommended development framework and using JBoss, the latest Application Server implemented by DINAFI. This platform is in full support by the software vendor, and according to DINAFI and DGII, all support contracts and warranties are current and acquired through a local vendor.

Some users at the call centers reported that CSMS usually works fine, but they have experienced outages with some frequency. According to the IT team at DGII, this might be due to a problem with an outdated user authentication platform that will be soon replaced by DINAFI. In order to prevent further adverse outcomes of system operation, the system and its components must be stabilized and any existing bugs corrected.

COMPRASAL 2

Prior to receiving program assistance, UNAC had no IT system and did all its processes manually. These challenges generated delays in the process and excessive paperwork, and lacked transparency and accountability. In order to make procurement requests public, UNAC manually published PDF documents to the web. This was not an IT system but a web page referred to as "COMPRASAL (v.0)."

The first version of the COMPRASAL system (v.1) had two modules: a web portal and a module for publishing the procurement requests to the web portal. These modules were developed in 2003 with help from the IDB. All the workflow for the procurement requests was made manually. The World Bank conducted an evaluation of the procurement program in 2010 and, as a result of this evaluation, formulated an action plan to change processes and systems. Then, in 2013, the MOF updated UNAC's manual of procedures to adapt it to new reforms in the law for public acquisitions.

In 2014, FPEMP generated a proposal and action plan to develop the new procurement IT system, incorporating all the findings from the World Bank evaluation. FPEMP subsequently developed COMPRASAL v.2 as a workflow system for keeping track of the whole procurement process and automating the publishing of procurement requests to the Internet. The system incorporates practices and procedures currently promoted by UNAC to all participating institutions.

The first module, Annual Procurement Plan (PAC) Formulation, was put in production in 2015. In 2016, the PAC Execution went live. Later, during 2016, the (*libre gestión*) purchasing module was put into production as well. According to the UNAC IT Chief, the system is working in 90 percent of the government purchasing offices. The rollout plan was designed taking into account that the MOF did not have enough personnel to do a massive implementation. Therefore, the roll-out is occurring in stages.

According to the UNAC Director, the main challenge faced during implementation of COMPRASAL 2 has been resistance to change among UNAC staff. The purchasing units wanted to keep working in the same way. Nevertheless, this challenge has been counteracted by the fact that the MOF's direction has not changed since the process has begun (UNAC reports directly to the Minister) thus guaranteeing the continuity of objectives and stable program development since the Minister is familiar with the program and supports it.

The following modules of COMPRASAL are not yet implemented and have been assigned to UNAC's IT team for implementation and end-user training: 1) biddings and contests (*licitaciones y concursos*), development for this module has finished and is in the testing phase; 2) direct contracting (*contratación directa*); and 3) contract management.

Institutionalization: According to the UNAC IT Chief, the system was partially implemented in 90 percent of the government purchasing offices by the end of FPEMP, albeit each of the three modules [Annual Procurement Plan (PAC) formulation, PAC execution, and open purchasing] was not fully functioning. The current units where the system modules are deployed are using the system as an integral part of their purchasing processes.

End-user training: FPEMP supported a large number of trainings for GOES officials in addition to municipal government staff and public sector vendors. Overall, the programs trained 604 GOES officials and municipal staff in the PAC Module and 359 in the open purchasing module, in addition to 169 public sector vendors in the open purchasing module. UNAC IT staff trained by FPEMP have since taken over training GOES procurement staff and public sector vendors.

IT personnel enablement: According to UNAC officials, COMPRASAL 2 has been fully handed over to its IT team. The programs trained UNAC's three IT personnel in the relevant technologies and development frameworks who are handling support of current modules, end-user training, and roll out of new modules for all the relevant government entities. UNAC says that the team is well prepared to handle system modification, corrections, and upgrades, which gives sustainability to the system in the long term. Nevertheless, UNAC also emphasized that more IT personnel are needed in order to guarantee a timely and sustainable deployment of all modules in the different offices and GOES institutions and to perform system support activities.

End-user manual availability: Currently, there is no central repository for end-user documentation for operation of COMPRASAL 2.

Technical documentation availability: The UNAC IT Manager noted that while the code versioning of the COMPRASAL 2 system is stored in Tuleap—which is the MOF's documentation repository managed by DINAFI—UNAC has yet to receive any formal technical documentation for the system. (For a definition of what is meant by “technical documentation” in this context, see above.)

IT platform capacity and support: COMPRASAL was implemented using DAI's recommended development framework and is running on JBoss, the latest Application Server implemented by DINAFI. This platform is fully supported by the software vendor and, according to DINAFI and DGII, all support contracts and warranties are current and acquired through a local vendor.

In order to get support for the system, the users from the government purchasing offices call the service desk provided by DINAFI, or they enter a ticket into the Help Desk system. The support ticket is then assigned to the relevant department in UNAC (IT, legal, or other) as necessary. The UNAC Call Center was developed with assistance from the programs (which provided computers and furniture for the call center), and it channels support requests from purchasing units and the general public. All support calls are registered in the service desk tool and directed to the appropriate personnel (IT or other). The UNAC Call Center uses the same PBX (phone plant) as the other call centers.

According to the UNAC IT Chief, most of the support tickets are in regard to system operation or user mistakes. He estimates that only three percent of tickets end up in a code modification; therefore, it can be assumed that the system delivered is stable. UNAC has the source code repository in a server provided and backed up by DINAFI. UNAC's IT team uses a code versioning software to control changes to the system and a bug tracking system to correct and document code corrections. This helps sustainability by safeguarding the source code in case of a disaster or system failure, and by keeping track of modifications to the original system.

Fiscal Transparency Portal

DINAFI originally created a version of the FTP in 2011 on its own initiative. Since then, the Portal Innovation Unit (UIP in the Spanish-language acronym) of DINAFI has had the responsibility for managing the portal, although other GOES Directorates have been piggybacking on the portal to publish information about their Directorates as well.

This initial version of the portal provided “static” information on budget execution (income and expenditures) to external users in a PDF format that did not allow queries or searches, and this information was not updated regularly. According to key informants at UIP, the MOF acquired the current platform (Oracle Portal) in 2006, but this platform is now obsolete. This technology, moreover, was designed for intranets, not the Internet, so it has limitations for use as an Internet platform. However, the initial version of the portal did not experience many performance problems mainly due to the nature of the information it published and the small number of users consulting it.

Over time, however, the MOF realized that it was necessary to increase the scope of information published by the portal (e.g., adding information on investment, external debt, and tax collections), while also making the portal more accessible to the citizens, including making it more user friendly for navigation. The decision regarding what information to publish at the portal was made in meetings between DAI's IT team, USAID, and the information owner at MOF.

Programs' assistance for the portal focused in three main areas:

1. The programs coordinated help from a Brazilian government agency, which shared its experience increasing the citizen accessibility and making the portal sustainable by creating an organizational unit tasked with supporting the portal.
2. The programs hired a marketing agency in order to make the portal more user friendly and to translate the technical language into citizen language. It turned out, however, that the agency lacked experience working in the technical areas covered by the portal requiring UIP to train the agency in the relevant technical language. In the end, the agency did a poor job owing to its lack of experience in this area.
3. The programs created a data extraction tool in order to gather the relevant information from all the internal source systems in the MOF. Once the information is reviewed by the SAFI Supporting Unit, it is published on the portal (v.2)

Additionally, UIP is working to increase portal citizen accessibility even more by working with a Mexican consultant. “Google analytics” is being used to generate statistics about the portal, with the UIP sending statistics every two months on portal utilization to relevant parties. Table 4 shows the portal users statistic from 2010 through February 2016.

Table 4: Fiscal Transparency Portal User Statistics

Year	Users	Sessions	Pages Visited	Average Users	Average Sessions	Average Pages Visited
2010	16	20	425	0	0	6
2011	105,152	122,299	565,496	288	335	1,549
2012	139,717	157,849	593,426	382	431	1,621
2013	116,678	131,763	423,697	320	361	1,161
2014	134,998	150,813	466,600	370	413	1,278
2015	102,584	115,046	354,317	281	315	971
2016	71,782	81,535	280,345	196	223	766
2017*	13,215	15,488	61,449	224	263	1,042
Total	684,142	774,813	2,745,755	295	334	1,185

*Through Feb 29, 2017.

Source: Ministry of Finance.

Institutionalization: The practices that support and maintain the information flow to the FTP have been institutionalized and the underlying legislation to support the practices is in place.

End-user training: End-user training is not relevant to the portal. Nevertheless, as part of the citizen accessibility efforts, the portal includes glossary in order to foster understanding of some terms used in the information that could be ambiguously understood. Additionally, a site map is built in to the portal containing the overall web portal structure in order to aid navigation. The general public is instructed to contact the MOF at transparencia.fiscal@mh.gob.sv. Nevertheless, no clarification has been made regarding the nature of the emails that are received at this email address.

IT personnel enablement: The current version of the FTP is fully supported by UIP personnel. Three IT analysts support the technical operation of the programs and applications that support information flow and web publishing.

End-user manual availability: The FTP is accessible to the general public, and it was designed to be user friendly. No apparent clarifications or user manuals regarding its use are required for operation.

Technical documentation availability: UIP developed a Content Management System (CMS) in order to manage portal content, and the MOF launched the second version of the portal in 2013 using the CMS developed by UIP. However, no central technical documentation repository is available on the applications supporting the process.

Since the current platform (Oracle Portal) supporting the portal is obsolete, and the MOF is in the process of decommissioning it, UIP is in the process of creating a second CMS that will run on JBoss (the new portal platform). According to the UIP, the new CMS incorporates new technologies not only aimed at the migration process but also at improving user experience, responsiveness, speed, usability, and

scalability. The new version of the portal is expected to be released at the beginning of 2018 and will be integrated in SAFI 2 when finished.

IT platform capacity and support: It is imperative that the technological platform supporting the portal be migrated into the new JBoss platform in order to reduce operational risks, increase system availability, reduce operational costs, and have vendor support.

SAFI 2

The MOF has been working on SAFI 2 development for over six years. During this time, it has experienced significant delays during its development, especially with regards to system development activities. Meanwhile, the current system, SAFI I, continues as the primary integrated IT platform using Power Builder and Oracle.

Four donor organizations have cooperated in the development of SAFI 2: 1) the EU, which has provided business consultants for the budget subsystem migration; 2) the World Bank, which has provided technical resources to increase database and server performance [e.g., Hewlett-Packard (HP) servers for JBoss] as part of its \$20 million loan to the GOES; 3) USAID, which has provided various types of technical assistance; and 4) the IDB, which has provided support to develop the Human Resource Module.

According to DAI, SAFI 2 was not part of its original program scope of work. In response to the MOF's request for assistance, however, the program decided to expand its scope to work on SAFI 2 as it sees the system as crucial to materializing the proposed changes in public financial administration. Indeed, all stakeholders interviewed for the evaluation agreed that SAFI 2 is a critical component of the GOES' public financial administration reform.

SAFI 2 consists of three main modules: Budget, Treasury, and Accounting. COMPRASAL is considered a satellite system for SAFI 2. An additional satellite system for SAFI 2 is the Investments and Public Credit system, which has been planned, but for which no development has been made to date. The conceptual model for all three SAFI 2 modules is finished, and the program is currently in the development phase. The DINAFI IT team is developing the Budget Module, while DAI is developing the Treasury and Accounting Modules at the request of the MOF. The primary causes of delay in developing SAFI 2 include: the lack of unified technical coordination; conflicting visions for an operational model among program donors (principally the World Bank and DAI); changes in the use case definitions; changes in the technological development frameworks; the lack of resources in the different MOF Directorates; and requirement definitions taking too long.

A particularly significant cause of delay in developing SAFI 2 was the change in the development platform framework. When the development teams at DAI and DINAFI started working on IT projects in 2012, they agreed on a development framework in order to speed up development times and foster collaboration. Both teams had a common repository for version control and bug tracking as well. Having a homogeneous set of tools and technologies supporting system operations is important in order to foster sustainability for the system after assistance from USAID finishes.

Nevertheless, in the latter part of 2015, DINAFI unilaterally, and without notification, changed the framework for developing the budget module. Among other implications, this meant that the code for the budget module residing in the common platforms had to be removed and all the integrations for treasury and accounting had to be redone by the program development team thus delaying the development process. According to DINAFI, it changed some components from the agreed standard because it determined that there were other technologies that had better performance and were more standardized and mature, which contribute to system stability.

DAI and DINAFI eventually agreed on an integration method using database views, which is not technically ideal, but which allowed them to salvage the current differences in technologies and methodologies. However, this incident also affected the overall development timeline, as collaboration and communication became cumbersome among development teams.

The DAI development team created a "code generator" tool to speed up the development process for some components, mostly for the user layer. In this manner, developers could focus on the programming of business logic. Nevertheless, after the changes in 2015, both teams are utilizing different tools and

frameworks for the development process, which could make maintenance of the system difficult after it is put in to production, since it would require that the IT personnel at the MOF be trained in both technologies (or have separate personnel to support each module). This, in turn, potentially affects system sustainability due to the scarce resources at the MOF.

By the end of FPMP, development for all SAFI modules was underway, and the integration testing for all modules was still to be performed. For the budget module, the MOF has conducted a pilot test for the budget formulation sub-module in various GOES ministries, including the MINED, MOE, MOA, and MOH.

Sustainability of SAFI 2: The information to assess SAFI 2's sustainability is not available since the system remains in development and has yet to be implemented.

By way of summary, Table 5 shows how the program-supported IT systems fare on the above six sustainability criteria.

Table 5: Sustainability of Program-Supported IT Systems

Year	Institutionalized	End-Users Trained	IT Personnel Enabled	End-User Manuals Available	Technical Documents Available	IT Platform Capacity & Support
JSIIT	Yes	Yes	Yes	No	No	Yes
Call Centers	Yes	Yes	Yes	No	No	No
CSMS 2	Yes	Yes	Yes	No	No	Yes
COMPRASAL 2	Yes	Yes	Yes	No	No	Yes
FTP	Yes	N/A	Yes	N/A	No	No
SAFI 2	N/A	N/A	N/A	N/A	N/A	N/A

3.5 EQ 2.2 HOW HAVE EXTERNAL FACTORS INFLUENCED AND AFFECTED THE SUSTAINABILITY OF THE RESULTS OF FISCAL POLICY REFORMS?

3.5.1 Findings

External Factors that Have Positively Influenced Program Results

Stable GOES and MOF support: The change of government in 2009 gave a favorable boost to TPAR and FPMP. According to numerous key informants, MOF's interest in the program was renewed under FMLN. Furthermore, the relative stability of MOF's direction over the life of FPMP, and the fact that the civil service ranks in the MOF (and GOES more generally) below the level of the Directorate are staffed largely by career professionals as opposed to political appointees, have both contributed to the continuity of objectives and stability in program development and, thus, overall program and results sustainability.

Contributions of other donor organizations working on fiscal policy reform: Program work on developing the various IT systems has benefited significantly from the contributions of other actors (principally those of MOF Donor Committee members) in the definition of system conceptual models and processes. For example, the SAFI 2 conceptual model was built with the aid of the World Bank, and the COMPRASAL 2 model was developed with help from the IDB.

In addition to IT system development, program activities have also benefited on numerous occasions from collaborative or complementary work undertaken by other donor organizations. One example is ROB for which GIZ and the World Bank assisted in creating the conceptual model, while FPMP provided technical assistance to determine the technical framework to develop the system, taught seminars on the topic, and lobbied with the different Directorates and GOES institutions for implementation. Other examples include: IDB and World Bank collaboration to provide self-service kiosks; GIZ, AECID, and EU assistance to create the LTO; and OTA support to create the Criminal Investigation Unit and TSA.

Overall, donor participation has been critical to the successful implementation of the various fiscal policy reforms in terms of providing a vision for reform, technical assistance, and new systems, ways of doing things, and financial or human resources that would not have been accessible to the MOF on its own.

“Without donor cooperation, it would not have been possible to have the same outcomes in terms of budget and financial administration reform. This reform needed a lot of resources and without international assistance, things would have moved at a slower pace.” – MOF Official

Own initiative undertaken by MOF and MOF Directorates: The GOES and MOF have actively sought program and other donor assistance to help them address the numerous fiscal challenges that they have. In terms of IT system development, for example, the MOF requested program assistance to: implement the software to support all of these IT processes; review best practices; provide specialized functional consultants for operation areas; train end-users in use case creation; train IT personnel in programming languages; and develop framework operations. In addition, numerous MOF stakeholders also pointed to the key leadership role played by the program in helping to materialize assistance from other donors working on fiscal policy reform.

Beyond its requests for assistance, MOF has, at times, demonstrated significant initiative in implementing activities. For example, after receiving technical assistance from program consultants in developing and implementing Competency-Based HRM, the DECAMH team has demonstrated considerable commitment and own initiative to implement the system within the MOF up to the point that work on the activity was suspended due to resistance from the MOF’s labor union. Other examples include: the self-service kiosks and FTP, both of which were built on substantive previous MOF development work; and the e-filing system for which the MOF developed the initial electronic declaration forms before asking FPMP for help developing additional forms.

Seriousness of El Salvador’s fiscal situation: According to key informants, El Salvador’s economic situation—as measured, for example, by its low GDP growth rates, high debt levels, and low tax collections—is dire. The seriousness of the situation has more or less proportionately increased the MOF’s desire to find solutions to the situation which, in turn, increases its support for the types of reform activities being implemented under TPAR and FPMP. Along these same lines, the MOF, via the MOF Donor Committee, is now asking USAID, DAI, and other donor organizations to undertake advocacy efforts with GOES, the National Assembly, and other public and private stakeholders in order to help them understand just how serious the situation is, what its implications are, and what possible solutions are to address it.

External Factors That Have Adversely Influenced Program Results

MOF fire: An important external factor influencing recent outcomes and affecting the sustainability of program results is the fire at the MOF’s headquarters. Due to the fire, the MOF closed the damaged office building (Tower 2), and has denied access to the building and all IT resources (e.g., PCs, laptops, and servers) in the building. The loss of this IT equipment has adversely affected program consultants’ ability to do their job and has thus delayed the handover of deliverables. DAI required assistance from its home offices in order to restore some of the code from a backup, since the current code was in a machine located in the facilities affected by the fire. Additionally, program staff or consultants embedded at MOF offices had to relocate to offices off-site from the Ministry, adversely affecting the frequency and quality of their interactions with MOF staff, while the programs had to secure additional IT equipment to replace equipment destroyed by the fire in order to continue with software development and other activities.

Resistance by MOF staff: A common theme that emerged during the interviews was that MOF staff were, at least initially, resistant to the reforms promoted by the project, preferring instead to maintain long-held ways of doing things. The most explicit manifestation of this phenomenon was the resistance of the MOF’s labor union to the Competency-Based HRM initiative. Such resistance to change, however, was to be expected, particularly given the size and scope of reforms being promoted by the programs. In the end, and with the exception of Competency-Based HRM, evidence indicates that the programs have been effective in overcoming staff resistance to implement its vision of reform within the MOF owing to a large degree to the factors discussed under EQ 2.3.

Other examples of staff resistance specifically noted by key informants were resistance among DGII staff with regards to the implementation of CSMS 2 and among UNAC staff with regards to the implementation of COMPRASAL 2. In both cases, staff initially resisted the change in the normal way of doing things,

although in each case, the resistance was overcome, and both IT systems have since been institutionalized within the respective Directorates.

Adverse Supreme Court rulings: The Supreme Court rulings discussed above related to the payment of back taxes and the minimum income tax have, temporarily at least, constrained the MOF's ability to raise tax collections to the level necessary to address the country's fiscal difficulties.

Poor economic growth: As discussed under EQ 1, the country's relatively low rates of economic growth have depressed income tax collections below what they might otherwise have been, particularly given the numerous administrative and legal reforms being implemented by the MOF with program support.

3.6 EQ 2.3: TO WHAT EXTENT IS GOES STAKEHOLDERS' ENGAGEMENT LIKELY TO CONTINUE, BE SCALED UP AT THE NATIONAL AND MUNICIPAL LEVEL, REPLICATED, OR INSTITUTIONALIZED AFTER USAID FUNDING CEASES?

3.6.1 Findings

MOF Directorates Are Institutionalizing Changes Made as a Result of TPAR/FPEMP Assistance.

As discussed above, many of the programs activities show signs of becoming institutionalized within the MOF and the relevant Directorates. This is perhaps the single best leading indicator of long-term sustainability, and it attests to the overall effectiveness of the programs' intervention strategy and approach. Interviews revealed widespread acknowledgement among key informants of the importance of the reforms the programs have helped to implement, and recognition that they are making important contributions to improving administrative processes within the Ministry and Directorates. This is true even where activities are experiencing delays or struggling to gain traction. An example of the latter is Competency-Based HRM which, although experiencing a prolonged hiatus due to labor union resistance, still retains the committed support of senior management within DECAMH who are working behind the scenes to institutionalize the methodology preparatory to its anticipated resumption.

To achieve these results, TPAR and FPEMP put in place a number of important features in the MOF and its Directorates that have increased the likelihood that program-supported activities are sustained, replicated, and/or scaled-up over the long-term. These are described below.

TPAR/FPEMP Provided Vision, Credibility, and Expertise and Generated Political Support to Undertake Reforms

To begin with, TPAR and FPEMP provided the MOF with a vision and a set of methodologies on how to create a public finance administration system that implements international best practices and standards, while using modern IT systems to control and support operations. By exposing key staff and operational personnel to best practices from other countries and international standards—via consultancies, study tours, one-on-one mentoring, or other means—the programs gave credibility to their vision for a more modern, transparent, and robust public financial system.

The programs placed consultants in key areas within the different MOF Directorates where they worked with MOF personnel to analyze the current situation, prepare diagnostics, and prescribe the necessary changes to processes, systems, and human resources. By working hand in hand with the MOF personnel, the programs earned credibility for their work and developed the capacity of MOF personnel to implement the proposed changes. Key informants, for example, consistently cited the contribution of the international consultants, along with their knowledge of international best practices, as important contributors to reforms adopted within the MOF as a result of programs' assistance.

Additionally, the work methodology adopted by the programs and programs' consultants generally helped ease the burden of change at all organizational levels and generated political support for the proposed changes from senior MOF officials down to technical staff within the relevant Directorates.

TPAR/FPMP Provided Effective Methodologies Supported by the Creation of New Administrative Units

TPAR and FPMEP further provided Directorates with more up-to-date methodologies for developing IT systems or administrative processes, and played an important catalytic role either in getting projects on the agenda and implemented and/or in increasing the rate and scale of their implementation. Additionally, in order to leverage IT and other administrative reforms adopted with program assistance, the programs facilitated the creation of new units within the MOF, including the Fiscal Studies Unit, Tax Crime Investigation Unit, CSU, Treasury Collections Department, and call centers. These new units serve as catalyzing agents for the changes implemented as well as the institutionalization of best practices. Some of these units, like the CSU, are directly responsible for IT system behavior, giving the process more transparency, end-user accountability, and independence from the IT teams at the MOF. Therefore, process results are directly under the responsibility and control of the specialized units, and systems are able to more closely contribute to achieving sustainable results.

TPAR/FPMP Provided Hands-On and Collaborative Technical Assistance That Effectively Transferred Knowledge and Capacity to Operate Systems

The IT systems implemented and handed over to the IT teams at the MOF are operating within the different Directorates as part of their day-to-day operations. Additionally, the systems were developed using a methodology that involved the end-users and consultants collaboratively to develop a conceptual model for incorporating international best practices and local ways of operation. During the interviews, Departmental Directors noted that these systems have helped them to improve the transparency and efficiency of their operations through the adoption of best practices brought to them by the programs and programs' consultants. Directors uniformly insist that they plan to continue maintaining and support these IT systems over the long-term.

The programs have provided the IT teams within the different Directorates a variety of technical assistance via one-on-one interactions and other means (e.g., workshops) in IT methodologies, technologies, frameworks, and programming languages. This knowledge transfer has been strengthened via the use of a hands-on learning methodology in which the program IT consultants accompany the IT personnel in supporting the day-to-day system operations after the initial hand over. Additionally, the programs provided end-users training in a system model definition methodology (use cases), which helped to develop systems that accurately reflect operational practice, thereby further contributing to system sustainability.

During the KIIIs, the different IT departments at the MOF Directorates confirmed that they are using the three-system implementation model suggested by the programs in order to release corrections and modifications to the live systems. According to this model: 1) programs are created in a "development system;" 2) functionally is tested in a "quality assurance system;" after which 3) changes are released to the live "production system." Additionally, IT departments are using a version control system in order to manage system modifications and coordinate the developers working on a given system project. These are two factors that help long-term system sustainability by minimizing downtime and maximizing system availability.

Mini-Survey Results: TPAR/FPMP Results in Terms of Organizational Performance, IT Systems, Public Expenditure Management, Tax Collections, and Fiscal Transparency Are Sustainable

When asked the extent to which they agreed that each of the above would be sustained after programs' assistance ends, respondents consistently answered at or near the mid-point between "Agree" and "Strongly Agree." Thus, key informants overall are optimistic that improvements achieved in fiscal policy reform with programs' support will be sustained over the long term once program assistance ends.

3.7 CONCLUSIONS FOR EQ 2, 2.1, 2.2, AND 2.3

USAID investments have made a number of significant contributions to achieving sustainable results within the MOF and its directors in terms of both administrative and IT system reforms. Most of these reforms, moreover, show signs of becoming institutionalized into the day-to-day operations of the Ministry. In addition, all represent significant improvements over what existed prior to TPAR and FPMP. For those

reforms that have not become institutionalized, most show promising signs in this direction with the caveat the favorable conditions promoting fiscal policy reforms and the MOF's support for them continue. With regards to the IT systems developed with programs' support, dangers to their long-term sustainability include the lack a repository for manual and technical document and, in some cases, weak or missing IT platform capacity and support.

External factors have both positively and negatively influenced the outcomes and sustainability of program supported fiscal policy reforms. On balance, however, the positive factors have proved more influential, as evidenced by the large number and diverse types of reform activities successfully implemented by TPAR and FMPEMP. Key among these positive factors were the ongoing support of GOES and MOF, the initiative taken by the MOF itself, and the contributions of other donor organizations.

In summary, the evidence indicates that the reform activities implemented with TPAR's and FMPEMP's support are likely to be institutionalized and sustained over time, once USAID funding ceases. However, much work remains to be done until that time as the MOF remains, and will continue to remain, resource and capacity constrained, and will struggle to maintain all of the program reform activities with its existing resources, staff, and technical capacity.

3.8 EQ 3: TO WHAT EXTENT HAS USAID'S COORDINATION WITH OTHER DONORS LED TO A JOINT IMPLEMENTATION OF FISCAL POLICY REFORMS?

3.8.1 Findings

TPAR and FMPEMP Have Successfully Collaborated with Other Donors on Numerous Occasions

Over the course of TPAR and FMPEMP, USAID has forged close and collaborative relationships with the other major donor organizations working on fiscal policy reform. In turn, these relationships have led to a number of successful collaborations, many of which are reported above. By way of quick summary, cases of successful collaborations between the program and other donor organizations include the following: Taxpayer Assistance Call Center (GIZ); self-service kiosks (IDB, World Bank); decentralization of taxpayer solvency statements (AECID, GIZ); LTO (AECID, GIZ, EU); massive audit plan (GIZ); TPU (GIZ); Criminal Tax Investigation Unit (OTA); COMPRASAL 2 (World Bank); TSA (OTA); Fiscal Sustainability White Paper (AECID, GIZ); and stakeholder fiscal policy seminars (all Donor Committee members, see below).

SAFI 2 (EU, IDB, World Bank) is another prominent example of collaboration, but was left off the preceding list, as it is one case in which collaboration between the programs and other donors (particularly the World Bank in this case) was less successful which, in turn, has contributed to significant delays in system development. To some key informants, it would have been better to assign to a single donor, preferably USAID, responsibility for SAFI 2 development; however, SAFI 2 stands out as an anomaly in what is an otherwise long list of successful collaborations between the program and other donor organizations.

Origins of the Fiscal Policy Donor Committee and Increased Role of the MOF in the Committee

Fiscal policy reform in El Salvador is unique (at least in the ET's experience) as an example of successful, formal coordination among donors working in the same policy space. Formal coordination in this case occurs via the donors' participation in the Fiscal Policy Donor Committee. The Donor Committee is further unique in that it is the result of own-initiative taken by donors to create a more formal structure to coordinate their fiscal policy activities, as opposed to a structure imposed by an external entity (e.g., MOF) for a similar purpose.

The Donor Committee's roots stretch back to 2010 when different donors working with the Funes Administration on fiscal policy reform were invited by the MOF to participate in the Ministry's strategic plan. According to key informants, up to that point, donor efforts were scattered without a coherent or consistent strategic focus. In response to the MOF's invitation, donors created a Donor Committee for the purpose of aligning their activities with the MOF's strategic plan and avoiding duplication of efforts. Initially operated as a donor initiative, the donors invited the MOF to participate in the Committee in

2013 and, in 2014, they invited the Ministry to join the Committee as a permanent member in a coordinating role. Since then, the MOF has filled the role of Committee Coordinator.

The Committee's decision to formalize the MOF's role as Committee Coordinator reflected its decision to solidify the MOF's participation in the Committee, and to empower it as the coordinating agency for donor fiscal policy reform efforts. At the same time, members perceived that forging a closer relationship with the MOF was necessary to increase feedback and guidance from the MOF, and that formalizing the MOF's role in the Committee would enhance their own visibility and credibility in the fiscal policy space. Moreover, working through a single coordinating entity at the MOF was a more efficient way for members to engage with the different Directorates at the MOF, as opposed to coordinating with each one individually.

"In a sense, the committee has become like a front for the different Directorates, so that instead of talking to one Directorate by itself, we can reach a lot more Directorates by going through the committee, because the committee with many dollars makes more noise." – Donor Committee Member

"With the new arrangement, there is a direct line to the Vice Minister through the committee." – Donor Committee Member

As the Minister's representative to the Donor Committee, the Coordinator is responsible for ensuring that donors are working coherently, and without duplication of effort, to achieve the MOF's priorities as described in its new Strategic Plan. The Committee Coordinator acts as the conduit through which the MOF and MOF Directorates make requests for assistance to Committee members, and through which Committee members propose and initiative work with the MOF.

The Purpose of the Donor Committee is Evolving

From its inception, the Committee has functioned with the active, ongoing participation of its member organizations, and has demonstrated relatively strong vitality and sustainability over this period. Committee members rotate six-month terms as the Committee Chair responsible for convening and setting the agenda for Committee meetings.

According to Committee members, the Donor Committee has traditionally acted more as a project management entity as opposed to a planning, collaboration, or mutual learning entity. Committee members have continued to develop their own intervention strategies and activities independent of other Committee members, in which case the Committee has served as a mechanism for sharing their plans with other members and ensuring that other members are not planning similar activities. To the extent that Committee members do collaborate on activities, this collaboration has, for the most part, been a product of side discussions among its members rather than the product of agreements reached during Committee meetings or as a result of Committee deliberations.

As such, Committee members agree that the Committee has proven valuable in terms of coordinating donor fiscal policy assistance, avoiding duplication of donor efforts, and ensuring that donors work collectively toward fulfilling the MOF's strategic plan. USAID has played key roles in the Donor Committee, albeit they have done so more as contributors among equals as opposed to "leaders" driving the Committee's agenda and activities. Members also agree that donor coordination efforts in fiscal policy have been, on the whole, successful. Since the MOF came on board in the coordinator role, it has successfully channeled members' activities so that they are consistent with the MOF's strategic plan and policy priorities.

Under the MOF's leadership, however, the Committee has been transitioning from a project management committee to one with an increasing focus on policy dialogue and advocacy (while retaining its project management function). In recent months, for example, the Committee Coordinator has explicitly requested Committee members to take an active role advocating with GOES for fiscal policy and legal reform given the country's serious fiscal situation. In response to this request, Committee members collaborated to put on two fiscal policy reform seminars for key policy stakeholders (e.g., GOES, National Assembly, academics, business, etc.) in June and July of 2017, in which donors and their invited guests discussed the economic problems facing the country and possible solutions to address them.

According to Committee members, the Committee is also taking on more of a learning role with more emphasis being placed on mutual learning. As noted by one member, *“Mutual learning has not really been a huge function of the committee, it has been mostly about sharing information on what different donors are doing. But the mutual learning is increasing. For example, members are making presentations to other members and the MOF of their work for learning purposes and not just to coordinate what they are doing.”*

Key Informants Raise Concerns About Donor Committee Sustainability

Views regarding the sustainability of the Donor Committee are mixed among its members. Some members noted that the current MOF’s representative to the Donor Committee is a Departmental Head at the same organizational level of other Department Heads working with the various donor programs. As such, he lacks institutional authority to compel, or otherwise motivate, cooperation among the other Department Heads, who are his peers. According to these members, the long-term sustainability of the Donor Committee thus depends on creating a formal position of Committee Coordinator (or some other title) at an organizational level above Department Head with recognized institutional authority over the Department Heads.

“The Ministry Directorates are very weak institutionally and work on their own islands, or in their own silos. The organization overall is not strong enough to keep some of these people under control. This is why it is necessary to have someone in the coordinator position who has recognized authority and influence, not only with the departments but also with the Minister and Vice Minister.” – Donor Committee Member

Notwithstanding the institutional placement of the Donor Committee in the MOF, each Committee member interviewed agreed that his/her institution, and those of other Committee members, was committed to ongoing participation in the Donor Committee over the foreseeable future. None saw any risk that the Committee would cease to function any time soon, or that the other members were any less committed than they were to continue participating in the Committee. As evidence of the Committee’s permanence, one member pointed to documents summarizing the proceedings of the two recent fiscal policy seminars (see above) noting that, *“The Committee is already formally recognized as the ‘Mesa de Cooperantes’ in official documents.”*

The Donor Committee is Operationally Sustainable But Not Institutionally Sustainable

Key informant responses related to Donor Committee sustainability evoke a distinction between what may be called “operational sustainability” and “institutional sustainability.” Operational sustainability refers to the commitment of Committee members to continue participating in the Committee and coordinating their fiscal policy interventions. On this criterion, the Donor Committee appears to be sustainable, as judged by each participant’s avowed commitment to continue participating on the Committee, the MOF’s participation in and stated commitment to the Committee, the success the Committee has achieved to date coordinating the members’ diverse fiscal policy initiatives, the perceived added value members see the Committee generating, and the branding of the Committee in official MOF documents.

In contrast, institutional sustainability refers to the extent to which the Committee has been institutionalized via the creation of a formalized administrative structure with recognized operational processes and lines of authority. On this criterion, the Donor Committee is less sustainable. While Committee members have created a formal administrative structure via the rotating Committee Chair arrangement, this administrative structure exists solely at the discretion of Committee members and lacks permanence; the Committee could be disbanded or cease to function at any time depending on members’ preferences. Similarly, within the MOF, the Committee Head position remains an informal, ad hoc arrangement that lacks permanence in addition to any recognized institutionalized authority. As Committee members acknowledged, that the Committee functions well as an internal MOF coordination entity is to a significant extent a function of the person leading it and his informal status within the Ministry.

Mini-Survey Results: USAID Assistance Has Improved Donor Coordination, Which Stakeholders Expect to Be Sustained After Program Conclusion

When the mini-survey asked the extent to which key informants agreed that USAID had improved donor coordination and the extent to which donor coordination efforts are sustainable, respondents answered near the mid-point between “Agree” and “Strongly Agree” in both cases. Thus, key informants overall

believe that USAID has improved donor coordination, and they are optimistic that donor coordination will be sustained over time.

3.9 EQ 3.1: WHAT HAS BEEN THE MOF REACTION TO USAID'S ACTIVITIES AND INVESTMENTS COMPARED TO THAT OF OTHER DONORS?

3.9.1 Findings

Key informants were generally reluctant to compare USAID's assistance directly to that of other donor organizations working with the MOF on fiscal policy reforms. Nonetheless, during KII, a number of consistent themes emerged related to how different key informants within the MOF perceive DAI and the technical assistance it has rendered under both TPAR and FPEMP.

TPAR and FPEMP Provided a Vision of a Modern Public Financial Management System

Aside from any particular technical expertise that TPAR and FPEMP brought to the table, key informants consistently mentioned that the two programs have provided a clear vision of what a modern public financial management system looks like. This vision has both motivated MOF's management and staff and provided a roadmap forward, both of which were lacking before the programs.

"USAID has provided processes and practices that have made the Directorates more efficient and effective, but as important, USAID has provided a new vision and ways of doing processes." – MOF Official

"The change in policy, vision, strategy, procedures, focus and best practices for improving the fiscalization process were the most relevant contributions of USAID, even more than hardware and software." – MOF Official

"USAID provided UNAC a new vision and the resources to implement it." – MOF Official

DAI Has Provided a Continuity of Support Lacking From Other Donor Organizations

DAI has provided a continuity of support to the MOF compared to other donor organizations that tend to provide more sporadic or time-bound support. DAI has been working with the MOF since the beginning of TPAR in 2005 and continuing on now with DRM. This continuity has proven advantageous in bringing activities to fruition, particularly considering that a number of activities have extended over multiple years and have required a reliable, consistent partner to develop and implement.

"This is permanent because it is the second continuous project. The World Bank, although it was not done, left." – MOF Official

DAI Is Credible and Provides High-Quality Technical Assistance Across Multiple Technical Areas

Key informants uniformly see DAI as highly credible due to its technical expertise and its willingness to listen and respond to expressed needs. The MOF, moreover, has productive relationships with DAI staff and consultants that help facilitate knowledge transfer, collaboration, and effective communication.

"One of the most relevant types of support provided by USAID is that the program brings a certain 'presence' that makes people cooperate in the effort." – MOF IT Specialist

"The consultants that came in from the other donors did not adjust to the needs of the MOF but came with their own model. FPEMP put itself in the place of the MOF. Their assistance has been tailored to the needs of the MOF." – MOF Official

DAI has capabilities, or is able to draw on capabilities, that cut across a wide diversity of technical areas. This capability has allowed DAI to provide technical assistance to the MOF in multiple areas of need in contrast to other donor organizations, which tend to be more specialized in the types of technical assistance they can provide.

"USAID can work on a lot of issues. And they give the Ministry a menu of options. USAID has not hesitated to generate proposals. USAID has versatility in different topics." – MOF Official

“FPEMP’s strength throughout the implementation of its subsystems of SAFI 2 has been its flexibility, adaptability and responsiveness to the technical assistance to the MOF. In addition, throughout the process of development, FPEMP built a technically strong and efficient team of IT programmers.” – MOF Official

“TPAR and FPEMP have brought good practices to the MOF at an international level. FPEMP’s cooperation broadens the spectrum, because they are very good consultants and experts in the international arena.” – MOF Official

DAI is Flexible Compared to Other Donors and Focuses on Meeting MOF’s Needs Rather than Implementing a Pre-Determined Agenda

In contrast to other donors that are less flexible in going outside the strictures of their agendas to accommodate the Ministry’s needs, DAI is perceived as being flexible and willing to adjust the scope of its activities to meet the MOF’s needs. In other words, while DAI’s end objectives are not flexible, the means it is willing to apply to achieve those objectives are flexible to the extent that the programs have been willing to expand the scope of their activities beyond their initial scope, as new developments arise or the situation warrants. An example of this is DAI’s responsiveness to the MOF’s request to develop the accounting module for SAFI 2 even though this was not in DAI’s original scope of work.

“FPEMP remained nimble by responding to additions to their scope of work without faltering on existing activities. Various examples of this can be seen throughout the project, including module development of SAFI 2 and COMPRASAL II.” – MOF Official

“Another benefit of USAID is flexibility. With others, the scope is well defined, but with USAID, there is flexibility to address issues that were not seen at the time.” – MOF Official

3.10 CONCLUSIONS FOR EQ 3 AND 3.1

TPAR and FPEMP coordinated actively with other donor organizations to jointly implement a large number of fiscal policy reform activities. In some cases, other donors made significant contributions to the activities, while in other cases, their contributions were more incremental in nature, with the programs being responsible for the bulk of the reform activity. Nonetheless, the evidence indicates that the programs were able to accomplish significantly more via coordination with other donors than they could of on their own.

The Fiscal Policy Donor Committee is an effective project management mechanism for coordinating donor work to avoid duplication and ensure that donors are working jointly toward MOF strategic objectives. The Committee has not traditionally served as a mechanism for facilitating collaboration or joint learning, but its purpose has been evolving more in that direction. Bringing on the MOF’s representative to coordinate the Committee was key to consolidating its function as a project management mechanism, but the existing arrangement lacks formal institutional authority and, thus, suffers from a lack of institutional sustainability even if it is operational sustainable subject to its members commitment to continue active participation in it.

TPAR and FPEMP have brought to the table a number of distinct advantages relative to other donor organizations that have added to their perceived value added at the MOF, including an ability to articulate and enact a vision of reform, continuity of support, high-quality technical assistance across multiple administrative and technical areas and a flexible approach to working focused on meeting the express needs of the MOF and its Directorates.

4.0 RECOMMENDATIONS

Drawing on the findings and conclusions presented above, the ET offers USAID the following recommendations to inform its future fiscal policy support investments. While the recommendations are

addressed to the MOF, most suggest possible future areas for USAID intervention under DRM or under future fiscal policy reform programs.

1. The MOF should establish a central repository for technical documentation of every IT system in order to improve technical operation and support efficiency. This repository should be updated regularly in order to reflect the most recent version of the system. A central repository will serve as a quick reference guide for problem solving and software upgrades, as well as a training tool for new IT personnel coming into the MOF to maintain the system. This is a tool for IT departments at the MOF to safeguard the knowledge and assistance provided by the programs, support future upgrades, and guarantee system operation in case of personnel rotation.
2. The MOF should establish a central repository for end-user documentation, support knowledge base, frequently asked questions (FAQs), and training manuals in order to achieve a sustainable operation, as well as technical support efficiency. This repository should be regularly updated in order to reflect the most recent process implemented in the system. This documentation would serve as first point of support for end-users' questions before contacting the IT Department or the Help Desk.
3. The MOF should train its specialists as backups for critical IT positions in order to safeguard systems availability and operation. Having more than one person with the knowledge of critical system operation reduces maintenance risk by minimizing the single point of failure (e.g., the IT Specialist) thereby increasing sustainability of the system landscape.
4. The MOF should perform an analysis of the current size and technical capacity of the IT workforce in order to ensure that all aspects of the MOF's operations are covered. Additionally, the MOF should ensure that all IT positions that are crucial for business operations have a backup in case the primary source of support is absent (e.g., sick, on vacation, left the job). This means that someone else in the team must be trained to perform operations, or that critical positions have two persons assigned to them and trained to operate them.
5. The MOF should ensure that all critical system components (hardware and software) have the support of their corresponding vendors and their warranties are current. Where the option is available, authorized local vendors should be favored over overseas vendors in order to have local support and guarantees for critical components and availability of replacements in case of a contingency. As an alternative, whenever possible, the MOF could also create a repository of spare parts to reduce reaction times, or provide coverage for cases when it is foreseen that the manufacturer is no longer going to provide replacement parts.
6. The MOF should ensure that the underlying technologies supporting the operational systems have adequate capacities to accommodate growth, high availability characteristics, and, in the case of call center technology, a disaster recovery plan in order to ensure operational continuity.
7. The MOF should provide continuous training to IT personnel in technologies supporting MOF operations as technological platforms evolve quickly. Measures should be taken to ensure that the technical knowledge of supporting personnel is kept current.
8. During the interviews, it was determined that the development teams at DAI and the MOF are using different sets of development frameworks for SAFI 2 creation. Even though the frameworks are not incompatible, and alternative means of interfacing between modules were developed, this poses a potential problem for future system support. The use of heterogeneous development environments requires more IT personnel for support or IT personnel trained in both frameworks. Given the MOF's limited IT resources, it would be more efficient to have a unified development framework.
9. Directors need to be continuously informed on project progress and empowered to take a leading role in IT system creation and implementation, as well as decision-making. Lack of involvement by Directors creates the risk of increasing program timeline.
10. The MOF should continue developing electronic forms and make available those developed by FPMP as soon as possible, which will contribute to better taxpayer information. To date, only four forms are available, while FPMP has developed six more. However, an additional 28 forms have been identified that could be created in electronic format. The development of electronic forms is crucial to lower compliance costs, but also this will help to improve taxpayers' records for use in the massive audits.

11. The MOF should increase the number of kiosks and tax attention centers, as well as implement additional strategies, to reduce further the transaction costs involved with tax compliance. The MOF needs to keep working on how decentralize and facilitate process for taxpayers.
12. The MOF should seek to provide the DGII and DGT with legal tools to do their work. In this regard, it is important that the reforms to streamline collection, transfer price auditing, and tax crimes prosecution.
13. Massive tax audits have increased coverage of tax audits using information from taxpayers. However, it is important for MOF to evaluate which methods of reaching taxpayers are more cost effective (e.g., emails, phone calls, or letters). It will also be important to keep track of trends of taxpayer responses to measure if the effectiveness remains for some time and if it is necessary to change strategies.
14. Using third-party information sources has been expanding the scope of tax audits in MOF. However, in order to have better use of these sources of information, it will be important to increase analytical capabilities of auditors and provide them with tools to analyze and process this information (e.g., example analytics software and training).
15. Donor cooperation should make use of a formal project management methodology and guidelines such as those proposed by the Project Management Institute (PMI)¹⁸ in the Project Management Body of Knowledge (PMBOK).¹⁹ The MOF needs continuous feedback on the status of project activities in order to speed up the decision process and improve problem-solving times. One method to achieve this is to create a central dashboard or repository of program activities, providing key stakeholders real-time status updates on project activities.
16. The MOF should consider formalizing the position of Donor Committee Coordinator and investing it with the level of formal institutional authority necessary to elicit the cooperation of MOF Department Directors. One possibility suggested by Donor Committee members, among other possibilities, is to locate the position in the organizational hierarchy between the Departmental Head and Vice Minister level.
17. The MOF needs to have security protocols to avoid contingencies like the July 2017 fire in tower two. This will help to prevent the loss of critical IT resources and other resources that may adversely affect daily operations and program activities in the future.

¹⁸ https://en.wikipedia.org/wiki/Project_Management_Institute

¹⁹ https://en.wikipedia.org/wiki/Project_Management_Body_of_Knowledge

ANNEXES

ANNEX I: EVALUATION STATEMENT OF WORK

STATEMENT OF WORK (SOW)

USAID/EI Salvador Ex-post Performance Evaluation of USAID's Fiscal Policy Development Activities

A. Purpose of the Evaluation

The purpose of this ex-post performance evaluation of USAID's fiscal policy programming in El Salvador is to review over a decade of USAID interventions to identify how sustainable USAID's results have been and determine how best to continue investments in the future. In addition, the evaluation will serve to:

- Provide empirical evidence on changes in fiscal policy, especially tax administration, over the years while considering USAID's attribution, and
- Identify areas of implementation that will best achieve the Mission's goals with future investments.

This performance evaluation will include two USAID activities: the Tax Policy and Administration Reform project, which was implemented from August 2005 to April 2010, and the Fiscal Policy and Expenditure Management Program (FPMP), which began implementation in June 2011 and will continue through June 2017. The evaluation itself will review documentation and implementation from August 2005 to March 2017.

The principal audience of this evaluation internally will be the Economic Growth Office, the Regional Program Office and USAID Mission Management. Other USAID Missions in the Central America region are planning to implement activities to improve public financial management in the future. As such, they, USAID's Bureau for Latin America and the Caribbean (LAC), and USAID's Bureau for Economic Growth, Education and Environment (E3) will also be interested in the results of this evaluation. Externally, other donors working in fiscal policy as well as the Government of El Salvador (GOES) will be interested in the evaluation process and results.

Findings, conclusions, and recommendations will be used by USAID to determine how best to continue investments in fiscal policy efforts in the future and design the next fiscal policy activities. In addition, evaluation results will be used for reporting to stakeholders; for example, LAC may use the results for Congressional outreach. The evaluation will be undertaken through a collaborative, utilization-focused approach. The main participants in the evaluation will be USAID's current implementing partner Development Alternatives, Inc. (DAI), the El Salvador Ministry of Finance (MOF), other program users and beneficiaries, donors, and USAID.

B. Background Information about USAID's Fiscal Policy Development

USAID began implementing its first fiscal policy activity, the Tax Policy and Administration Reform project, in August 2005, through its implementing partner, DAI. The activity ended in September 2010 with a total funding amount of \$5,274,232. The second USAID activity, the Fiscal Policy and Expenditure Management Program, began in June 2011 and is slated to end in June 2017, with a total funding amount of \$10,770,994. It is implemented by the same partner, DAI.

Activity	Implementing Partner	Award Number and Dates	Funding
Tax Policy and Administration Reform	DAI	GEG-I-00-04- 00001-00 August 1, 2005- September 30, 2010	\$5,274,232.00
Fiscal Policy and Expenditure Management Program	DAI	AID-519-C-11- 000001 June 10, 2011-June 9, 2017	\$10,989,9994

Within USAID/El Salvador's Country Development Cooperation Strategy (CDCS) 2013-2017, the current FPMP contributes to Development Objective 2, "Economic growth opportunities in tradables expanded."

Furthermore, FPMP contributes to Intermediate Result (IR) 2.1 “Business enabling environment improved,” and specifically to Sub-IR 2.1.2 “Tax revenue and expenditure administration strengthened.”

The FPMP also contributes to the achievement of Objective 3 of the U.S. Government Strategy for Engagement in Central America (CEN Strategy), “Improved governance,” and the fourth Line of Action in the Plan of Alliance for Prosperity in the Northern Triangle,²⁰ “Strengthening institutions to increase people’s trust in the state.” This evaluation also will contribute to the LAC Learning Agenda by generating evidence from the El Salvador context that can be applied to the broader Central and Latin America region.

General Activity Descriptions

The objective of the 2005-2010 Tax Policy and Administration Reform project was to improve and modernize the MOF’s tax policy and administration system so that the GOES would have sufficient and efficient quality resources to maximize tax collections and minimize tax evasion without increasing tax rates. The project expected GOES to increase tax revenues equivalent to 2.5-3 percent of the Gross Domestic Product (GDP) by 2009; reduce tax evasion and avoidance in Value Added Tax (VAT), income tax and excise tax by 50 percent; and successfully implement new tax reforms. DAI, in turn, was expected to provide: database support; automated systems for tax evasion analysis, tax collection, sales control, and invoice printing, among others; a methodology to measure tax evasion; a high-quality tax investigation office to combat tax fraud; analysis on tax collection; training and technical assistance; and hardware and software.

From 2004 to 2008 MOF’s tax revenues nearly doubled, from \$1.8 billion to about \$3 billion, and the number of registered taxpayers also increased. Through DAI, USAID provided technical support in the implementation of the tax administration modernization in four key areas: restructuring and launching of new offices, deployment and implementation of the new IT system, training and strengthening of MOF personnel’s technical skills, and implementation of the new Case Selection and Management System to automate the audit process. In addition, USAID supported the GOES in implementing its 2004 and 2009 tax reforms.

Despite gains and efforts made by the GOES during USAID’s first activity, challenges remained to further improve tax revenue and expenditure management, as well as promote transparency in budget formulation and administration processes. MOF requested further USAID support to reconcile taxpayer current accounts, review and order the taxpayer registration system, implement new fiscal reforms, and modernize the public expenditure system.

This request led to USAID’s follow-on activity, the Fiscal Policy and Expenditure Management Program (FPMP), which began in June 2011. The purpose of FPMP was to provide the MOF with improved tax policy and administration systems as well as strengthened public expenditure management systems to increase tax collections, minimize tax evasion and elusion rates, as well as rationalize Government spending of public funds in the Ministry of Finance. Component A of the activity has focused on improving and making more transparent the public expenditure management system. Component B has concentrated on cleaning taxpayer records and supporting tax policy reform and effective administration. Component C has centered on assisting the private sector to understand and comply with new reforms.

C. Evaluation Questions

The following evaluation questions, **in priority order**, have been identified by USAID. They should be answered by the evaluation team and clearly presented in the Final Report in terms of how they relate to the evaluation purpose.

- I. Considering appropriate attribution and based on the elimination of alternative explanations of

²⁰ <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=39224238>

results, to what extent has USAID and other stakeholders' dollar amount investment contributed to the shared outcome of GOES' increased tax collection over the evaluation period?

2. To what extent have USAID's investments contributed to achieving sustainable²¹ results (including unintended results of USAID's efforts) and GOES' fiscal policy goals?
 - 2.1 To what extent have USAID's investments in Information Technology (taxpayer call center, transparency portal, Audit Case Selection and Management System) contributed to achieving sustainable results vis-à-vis the USAID Mission's expected results and GOES' fiscal policy goals?
 - 2.2 How have external factors, such as the change in government in 2009 and the seven years (2009-2016) of continuous FMLN administrations, influenced outcomes and affected the sustainability of the results of the fiscal policy reforms?
 - 2.3 To what extent is GOES stakeholders' engagement likely to continue, be scaled up at national and municipal level, replicated, or institutionalized after USAID funding ceases?
3. To what extent USAID's coordination with other donors has led to a joint implementation of fiscal policy reforms?
 - 3.1 What has been the MOF reaction to USAID's activities and investments compared to that of other donors?

D. Evaluation Method(s), Data Collection, and Analysis

For the USAID fiscal policy performance evaluation, a non-experimental mixed-methods design that combines a comprehensive, rigorous analysis of existing quantitative data with customized qualitative techniques designed to elicit primary data from a wide range of counterparts, partners, beneficiaries, and stakeholders is recommended. This approach allows for triangulation of complementary data to elucidate linkages between activity inputs, outputs, and outcomes. The evaluation team should consider a range of possible methods and approaches for collecting and analyzing the data to address the evaluation questions thoroughly. The use of participatory methods and activities that will enhance collaboration and dialogue among counterparts is required.

The finalized evaluation method(s) and approaches, data collection plan and analysis will be included in the Evaluation Plan submitted to USAID for revision and approval before field visits and data collection begin (see Deliverables section below). The method(s) proposed should comply with the USAID Evaluation Policy.

The data collection plan for this evaluation will include, **at a minimum**: a desk review of relevant documents; review of activity performance monitoring data and macro data tracked by the MOF; key informant interviews and/or focus group discussions; and direct observation through site visits (if applicable). USAID expects both qualitative and quantitative data to be collected; and the results will be coded, triangulated, and analyzed for content. The evaluation team is encouraged to propose additional/alternate data collection and analysis methods in the Evaluation Plan that they consider can yield stimulating, robust evidence in answering the evaluation's questions and capturing USAID contribution to improving fiscal policy.

Specific interview, survey and/or focus group protocols will be appended to the Evaluation Plan and finalized with approval from USAID; the questions should be used to answer the evaluation questions listed in this document and address the purpose of this evaluation.

All data collected in response to the evaluation questions must have as much level of disaggregation as

²¹ Sustainable refers to the likelihood that the activities/results achieved with assistance of the U.S. Government will continue to exist after USAID's funding ends, and the factors/characteristics that did or did not contribute to their continuation.

possible. At minimum, and per USAID Gender Equality and Female Empowerment Policy,²² all data must be disaggregated and analyzed by sex, as well as analyzed for any differences between effects on men and women or male and female participation.

Desk review of relevant documents

USAID will provide the evaluation team with all relevant available strategy and activity-specific documents for both activities, such as statements of work with expected results, performance reports stating the results achieved, prior assessments, etc. The evaluation team must review these documents and other existing literature to be provided by USAID and others in preparation for the initial team planning meetings and before meeting with local stakeholders for interviews. The evaluation team is expected to review these, make their own literature research and review, and create a Review Matrix to be delivered to USAID as part of the final Evaluation Report, which indicates how key information extracted from reviewed documents and other methodologies used link to each evaluation question. Desk review will be particularly relevant for data collection and analysis on the 2005-2010 USAID activity.

As minimum, the following document relevant to the evaluation shall be reviewed by the evaluation team:

- USAID Country Development Cooperation Strategy 2013-2018
- U.S. Government Strategy for Engagement in Central America
- Plan of Alliance for Prosperity in the Northern Triangle
- Tax Policy and Administration Reform project description and final report
- FPEMP description
- FPEMP annual internal assessments
- FPEMP Monitoring and Evaluation Plans
- Quarterly and/or annual performance reports of FPEMP
- Ministry of Finance's quinquennial strategic plan
- Donors Matrix

These documents will be provided to the evaluation team by USAID. Some of them maybe publicly available in Internet or in the USAID's Development Experience Clearinghouse (DEC): <http://dec.usaid.gov>

Review of performance indicators FPEMP has an activity-specific Monitoring and Evaluation Plan and has collected data on a number of standard and custom indicators during activity implementation. This monitoring data collected for USAID Annual and Quarterly reports and the implementing partner will provide one source of data on progress toward objectives and outcomes. The evaluation team may use monitoring data on performance indicators as part of the evaluation analysis and should report on it in the Final Evaluation Report as much as it relates to the evaluation questions stated in this Statement of Work and satisfies relevant data quality standards. In addition, MOF collects data related to fiscal policy, which should be analyzed, assessed for quality, and included to the maximum extent possible when answering the evaluation questions.

Key informant interviews, surveys, focus group discussions The evaluation team will interview stakeholders, through key informant interviews, group interviews, short surveys, and/or focus groups, from the institutions listed below at a minimum, as well as any from others deemed relevant to this evaluation. The evaluation team will include both men and women in the stakeholder consultation processes. USAID or its implementing partner will provide key informant contact information once the evaluation begins.

²² USAID Gender Equality and Female Empowerment Policy
(https://www.usaid.gov/sites/default/files/documents/1865/GenderEqualityPolicy_0.pdf)

Preliminary list of contacts:

1. USAID staff including the current and previous COR
2. DAI personnel
3. MOF authorities
4. Embedded activity support staff at the MOF
5. Fiscal policy donor roundtable
6. Municipal government officials
7. Think tanks (e.g., FUNDE, FUSADES)
8. Private sector representatives

A sampling plan describing the selection process for organizations and stakeholders for key informant interviews, surveys, and focus group discussions (including sex disaggregation) is expected to be included in the Evaluation Plan and Final Evaluation Report. If possible, the evaluation team, with the support of MOF, will contact tax payers who may have utilized, or been aware of, the activities and/or some of the services provided as a result of USAID assistance.

Site visits and direct observation The evaluation team will arrange to visit the MOF, as appropriate. Any other relevant site visit selection should be based on a sampling plan developed for the Evaluation Plan and included in the Final Report.

The evaluation team may attend events hosted or sponsored by FPMP during the field work period of the evaluation to conduct direct observation. The evaluation team can use these events to talk with stakeholders, conduct interviews, and collect additional data as evidence to answer the evaluation questions. USAID and the implementing partner will provide the evaluation team with a list of events once the evaluation begins.

Team planning meetings

An initial team-planning/kick off meeting will be held in El Salvador between USAID and the evaluation team before the submission of the Evaluation Plan so that USAID can clarify any questions from the evaluation team, expectations, and guidelines. The expected results of this meeting are to:

- Clarify each team member's role and responsibilities
- Confirm the anticipated timeline and deliverables
- Discuss data collection tools and methodologies by evaluation question to be presented in the Evaluation Plan
- Identify communications logistics and how the evaluation team, USAID, and the implementing partner will communicate with each other, such as purposeful, random, or a combination of approaches.

Additional meetings may be held as deemed necessary by USAID and/or the evaluation team.

E. Deliverables

It is estimated that not more than 90 calendar days of services from the starting date of the evaluation (initial/kick-off meeting) will be required to complete a high-quality evaluation as required under this SOW. During that timeframe, the evaluation team shall submit the following deliverables:

- I. An **Evaluation Plan**, in Word, font Times New Roman, size 12, to be completed by the evaluation team after the Team Planning Meetings, no later than 10 working days after the initial meeting. USAID will receive the Evaluation Plan via electronic mail and review it to provide comments no later than five working days after receiving the document. The Evaluation Plan will provide details of how the

various deliverables, tasks, and activities will be undertaken. It must include at least:

- Activities descriptions and logic (theory of change/development hypothesis);
- Evaluation design,²³ and the explanation of why one design or mix of designs selected is the most appropriate, its limitations, and how these limitations will be addressed;
- A Matrix²⁴ summarizing the following information per each evaluation question:
 - Method(s) for data collection, data source, the explanation of why one method or mix of methods selected is the most appropriate, its limitations and the ways to address them;
 - Technique(s) for data analysis, the explanation of why one analysis technique or mix of analysis techniques selected is the most appropriate, its limitations and the ways to address them.²⁵
 - Data management plan, describing the capture of data (for example, interview notes or live recording), storage and transfer, and how all data will be handled in such a manner as to protect the identities of informants in any situation where there are comments could potentially have a negative impact on their employment or security;
 - Timeline and/or Milestone Plan, including tentative starting time for data collection and duration of each activity conducted under the evaluation;
 - Drafts of data collection protocols, such as questionnaires or focus group moderator guide(s), interview scripts, etc.;
 - Evaluation team composition and roles; and
 - Location for the evaluation and site visit plan (in case that the evaluation team plans to conduct site visits other than at the MOF).

If the Evaluation design includes key informant interviews, surveys, and/or focus group discussions, the Evaluation Plan should include the following information:²⁶

- How the interviews/surveys will help to answer the evaluation questions
- Who will conduct the interviews/surveys and why they are qualified to do so
- What the rationale and methods are for deciding the number, timing, and location of the interviews/surveys
- How the participants will be selected and recruited
- How the interviews/surveys will be recorded
- How the interview/survey data will be analyzed and presented

The Evaluation Plan, particularly the data collection and analysis protocols, as well as interview and focus group guides must be approved by USAID prior to the start of data collection and the field work. All interview protocols must be submitted in English and Spanish. The evaluation team will have another five working days to make any changes. Once the Evaluation Plan is approved, the evaluation team will submit to USAID an electronic copy of it in PDF. Any subsequent change to the Evaluation Plan must be approved by USAID.

²³ Some examples of evaluation designs for performance evaluations include snapshot design, cross-sectorial design, before-and-after design, time-series design, case study design, panel design, etc.

²⁴ Some examples of matrix formats are available in <https://usaidealarninglab.org/library/evaluation-design-matrix-templates>.

²⁵ Some examples of data analysis techniques include parallel, conversion, sequential, multilevel, data synthesis, content analysis, etc.

²⁶ For additional information on Focus Group Interviews, see "USAID's Technical Note: Focus Group Interviews."

2. Brief **weekly bullet reports of activities**, submitted the COR of this evaluation by electronic mail due every Monday by the close of business.
3. A **Draft of the Final Report** in Word, font Times New Roman size 12, submitted for review due no later than 25 working days after the approval of the Evaluation Plan via electronic mail. USAID will be responsible for distributing it to the implementing partner and other stakeholders, such as the MOF, for comments. USAID will consolidate all comments and send the draft back to the Evaluation Team within 10 working days. At a minimum, and in accordance with the USAID Evaluation Policy and ADS 201, the draft report must include the following sections:
 - Executive Summary of the purpose, background, evaluation questions, findings, conclusions, and recommendations;
 - Evaluation purpose and questions;
 - Through description of the evaluation design and any challenges/limitations,²⁷ with emphasis on the timelines and methods for data collection and data analysis;
 - Relevant data analysis tables;
 - Findings and conclusions drawn from the analysis of the findings;²⁸
 - Action-oriented, practical and specific recommendations with defined responsibilities for the action; and
 - Appendices:
 - a. Original SOW, annotated with any changes approved by USAID
 - b. Evaluation and data collection team composition and roles, with conflict of interest disclosures for all real or perceived conflicts of interest, if necessary
 - c. Data collection protocols and instruments, including questionnaires and checklists
 - d. Review matrix of documents consulted
 - e. Meeting notes
 - f. Complete schedule of evaluation activities, meetings, and interviews
 - g. List of individuals and organizations contacted and sites visited
 - h. Tables, graphs, pictures taken during site visits, maps
4. A **Draft Report Briefing** for USAID and other stakeholders that USAID consider necessary on the contents, findings, conclusions, and recommendations included in the Final Report. According to the audience, the Draft Report briefing may be conducted in English or Spanish. Only the Team Leader needs to be present for this briefing; however, local evaluation team members may also attend. The Draft Report Briefing will be used by the evaluation team as feedback exercise to adjust the Final Report.
5. A **Final Report** in PDF, font Times New Roman size 12, no longer than 40 pages in its body, excluding the cover page; Table of Contents; List of Acronyms; and Appendices. The approved Final Report must adhere to USAID's Evaluation Policy and Automated Directives System (ADS)

²⁷ The evaluation team must identify: a) steps taken to mitigate any limitations, and b) how/whether the limitations affect any particular findings, conclusions, or recommendations.

²⁸ In moving from findings to conclusions, the analysis must be clear as to how findings are synthesized through different techniques such as divergence, convergence, and amalgamation; propensity; weighting; etc.

201 and should be submitted in English and Spanish and have incorporated USAID's comments, as appropriate. The Final Report will be due to USAID 10 working days after the Evaluation Team receives comment. Three high-quality printed, bound copies in English and Spanish of the Final Report must be submitted to USAID within 5 working days of acceptance of the Final Report.

6. A **One-Page** summary of the evaluation purpose, findings, conclusions, and recommendations. The One-Page summary will be prepared in English and Spanish in PDF.
7. Any **raw data** (qualitative or quantitative) collected in electronic form (DVD or flash drive, in original format of Word, Excel, etc.) is due no later than 5 working days after the acceptance of the Final Report. As per ADS 540, the evaluation team must submit to the Development Data Library (DDL) at www.usaid.gov/data, in a machine-readable, non-proprietary format, a copy of any datasets that are used (or of sufficient quality) to produce an Intellectual Work.
8. A **Final Presentation** with PowerPoint slides to USAID (and potentially to any other stakeholders that USAID considers relevant) as the Final Report is being finalized no later than 5 working days after the acceptance of the Final Report. Only the Team Leader needs to be present for the final presentation; however, local evaluation team members may also attend. The evaluation team will upload the final presentation to the DEC and submit an electronic copy of the final presentation to the COR of this Evaluation.
9. Other deliverables as identified during the Team Meeting and agreed to by USAID and the evaluation team.

All reports and papers will be considered draft versions until they are approved by USAID. These draft documents must be labeled with the word "DRAFT" in watermark.

Findings must be presented as analyzed facts, strong qualitative and quantitative evidence and data, and not based on anecdotes, hearsay, or the compilation of people's opinion. To ensure unbiased findings, there is no guarantee that findings will be modified based on USAID suggestions. The evaluation team will research, investigate, and corroborate as objective any suggestion before it is incorporated in the findings, and the change will be noted in the Draft document so as to have a record of the change.

All submitted reports and presentations must be thoughtful, well-researched, and well-organized documents, and objectively answer the evaluation questions. When writing the report, the evaluation team must remember the different audiences. The style of writing should be easy to understand and concise, while making sure to address the evaluation questions and issues with accurate and data-driven findings, justifiable conclusions and practical recommendations.²⁹ The evaluation team should clearly list any biases or limitations that exist during both data collection and analysis. In addition, all real or perceived conflicts of interest must be disclosed by each member of the evaluation team in writing.

When quoting an individual in any report, the evaluation team must always give the context or circumstances of the quote. Correcting a grammatical error in the quote may be valid, but not rewording an entire phrase. When translating quotes from one language to another, the evaluation team should do so in an idiomatic way and care must be taken to ensure that the tone of the translation is equivalent to the tone of the original. Quotes should be presented in their original language in report texts.

All reports must comply with the USAID Graphic Standards Manual (http://pdf.usaid.gov/pdf_docs/PNADB334.pdf) and the ADS Style and Format Guide (<https://www.usaid.gov/sites/default/files/documents/1868/501mac.pdf>).³⁰ Once a Final Report has been

²⁹ For additional information on the criteria to ensure the quality of Evaluation Reports, see the USAID's How-To Note "Preparing Evaluation Reports" (https://www.usaid.gov/sites/default/files/documents/1870/How-to-Note_Preparing-Evaluation-Reports.pdf), and Annex I of the USAID Evaluation Policy (<https://www.usaid.gov/sites/default/files/documents/1868/USAIDEvaluationPolicy.pdf>)

³⁰ Evaluation team may use the Evaluation Report Template available in <http://usaidlearninglab.org/library/evaluation-report-template>

approved by USAID, the evaluation team will make it compliant and submit it to the DEC.³¹ The evaluation team will send by electronic mail to USAID the DEC link where the evaluation reports are available. USAID will assess the quality of all evaluation reports using the Evaluation Report and Review Template (http://usaidlearninglab.org/sites/default/files/resource/files/template-evaluation_report_checklist_and_review_aug2015.pdf). USAID may attach a Statement of Differences as an Annex to any Final Report if any differences remain in the final version.

F. Evaluation Management Evaluation Team Composition This performance evaluation will use a combination of multidisciplinary international and local experts. The evaluation team must include at a minimum:

1. Evaluation Team Leader (Key personnel) Minimum qualifications Education: Master's degree in development or related development fields, such as Economics, Political Science, Public Administration, Business Administration, or other disciplines related to development assistance is required. Advanced degree is a plus. Formal training in monitoring and evaluation is preferred.

Language Proficiency: American English Level IV (fluent) and Spanish Level IV.

Work Experience: At least 10 years of relevant prior experience conducting rigorous external evaluations using both quantitative and qualitative methods for development objectives and monitoring projects and programs, preferably in Latin America. Experience in Central America is a plus. At least eight years of project management experience. Experience with management of multidisciplinary teams is a plus. Some familiarity with USAID's objectives, approaches, operations, and policies, particularly as they relate to evaluations is a plus.

Position Description: The Evaluation Team Leader will be responsible for overseeing and coordinating all activities related to this performance evaluation and for ensuring the production and completion of quality deliverables in a professional manner, in conformance with this SOW.

2. Tax Specialist/Economist (Key Personnel) Minimum qualifications Education: Bachelor's degree in Economics, Mathematics, or a field related to development such as International Relations, Public Administration, Public Policy, Political Sciences, and other Economic Development fields. Advanced degree is preferred. Formal training in monitoring and evaluation is preferred.

Language Proficiency: Spanish Level IV (fluent) and American English Level IV.

Work Experience: At least 8 years of progressively responsible, professional-level experience in economics, fiscal policy reform, international best practices in tax policy, public administration and/or tax codes is required, preferably in Central or Latin America. Experience in or knowledge of El Salvador's fiscal policy systems is preferred. Familiarity with USAID's objectives, approaches, and operations, particularly as they relate to evaluations is a plus.

Position Description: The Specialist will provide guidance to the Evaluation Team Leader on fiscal issues. S/he should be familiar with major fiscal policies and reforms, macroeconomics, fiscal transparency, and other tax issues, systems, and frameworks.

3. Information Technology (IT)/Systems Expert (Key Personnel) Minimum qualifications Education: Bachelor's degree in Computer Science, Information Technology, Communications or a field related to development such as International Relations, Public Administration, Public Policy, Political Sciences, and other Economic Development fields. Advanced degree is preferred. Formal training in monitoring and evaluation is preferred.

³¹ As per ADS 540, documents and development assistance project materials produced or funded by USAID must be submitted for inclusion in the DEC.

Language Proficiency: Spanish Level IV (fluent) and American English Level IV.

Work Experience: At least 8 years of progressively responsible, professional-level experience in managing or operating information technology and communications systems, preferably in Central or Latin America. Experience in or knowledge of IT fiscal policy systems is preferred. Familiarity with USAID's objectives, approaches, and operations, particularly as they relate to evaluations is a plus.

Position Description: The Specialist will provide guidance to the Evaluation Team Leader on information technology and systems issues. S/he should be familiar with major fiscal policies and reforms, information technology systems, tailor-made software systems, and other relevant IT issues.

Key personnel must have excellent written and oral presentation skills. Understanding of the Latin American context is necessary, with a preference for personnel with work experience specifically in Central America, and particularly in El Salvador, or the Northern Triangle countries (Guatemala, Honduras, and El Salvador). At least one key personnel member must have experience working in gender and social inclusion issues in a development context. All team members will be required to provide to USAID a signed statement indicating any conflict of interest. The Team Leader must be someone external to USAID. No key personnel shall have been directly involved in the implementation of the activities. Anyone who has worked directly with USAID or its implementing partner in the last five years must not be considered as part of the evaluation team.

Logistics

The evaluator will be responsible for all logistical support under this SOW, including field office administration, all travel arrangements (with required USAID clearances), team planning facilitation and appointment scheduling, coordination with all partners and stakeholders involved in the contracted services, administrative services (computer support, printing, and copying), report editing and dissemination, and for complying with provisions set forth in this SOW.

USAID will provide limited support to the evaluation team. This support, if needed, may include assistance in arranging high-level meetings and access to all reports, data, and other relevant documented created under the activities.

ANNEX 2: EVALUATION MATRIX

Evaluation Question	Data Source	Data Collection Method	Data Analysis Method
1. Considering appropriate attribution and based on the elimination of alternative explanations of results, to what extent has USAID and other stakeholders' dollar amount investment contributed to the shared outcome of GOES' increased tax collection over the evaluation period?	FPEMP MOF Other GOES Donor organizations	Document review Performance indicator review KIIs FGDs Mini-surveys	Identification of themes and sub-themes via content analysis Summary statistics Contribution analysis Triangulation of findings from multiple data sources
2. To what extent have USAID's investments contributed to achieving sustainable results (including unintended results of USAID's efforts) and GOES' fiscal policy goals?	FPEMP MOF Other GOES Donor organizations	Document review Performance indicator review KIIs FGDs Mini-surveys Site visits	Identification of themes and sub-themes via content analysis Summary statistics Contribution analysis Triangulation of findings from multiple data sources
2.1 To what extent have USAID's investments in Information Technology (taxpayer Call Center, transparency portal, Audit Case Selection and Management System) contributed to achieving sustainable results vis-à-vis the USAID Mission's expected results and GOES' fiscal policy goals?	FPEMP MOF Other GOES	Document review Performance indicator review KIIs FGDs Mini-surveys	
2.2 How have external factors, such as the change in government in 2009 and the seven years (2009-2016) of continuous FMLN administrations, influenced outcomes and affected the sustainability of the results of the fiscal policy reforms?	USAID FPEMP MOF Other GOES Donor organizations	Document review KIIs	
2.3 To what extent is GOES stakeholders' engagement likely to continue, be scaled up at national and municipal level, replicated, or institutionalized after USAID funding ceases?	USAID FPEMP MOF Other GOES Donor organizations	Document review KIIs	
3. To what extent USAID's coordination with other donors has led to a joint implementation of fiscal policy reforms?	USAID FPEMP MOF Donor organization	Document review KIIs Mini-surveys	Identification of themes and sub-themes via content analysis Summary statistics

Evaluation Question	Data Source	Data Collection Method	Data Analysis Method
3.1 What has been the MOF reaction to USAID's activities and investments compared to that of other donors?	USAID FPEMP MOF Donor organizations	Document review KIIs	Contribution analysis Triangulation of findings from multiple data sources

ANNEX 3: BIBLIOGRAPHY

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ANNEX 4: LIST OF KEY INFORMANTS

Name	Position	Organization
DAI (TPAR/FPEMP)		
Enrique Giraldo	COP	DAI
Renato Bonilla	IT Manager	DAI
Ana Pérez	CSMS Support for CSU	DAI
Marvin Hernández	Java Developer	DAI
Walter Salazar	Java Developer	DAI
Nelson Hernández	Development Coordinator	DAI
Alex Rivera	Public Expenditure Expert	DAI
Lee Niederman	Technical Assistant in Human Resource Management	DAI
Sandra Urazan	Revenue Consultant	DAI
Ana Bricel	Tax Evasion Crackdown Consultant	DAI
Carlos Quiteño	Monitoring and Evaluation Specialist	DAI
MOF		
Alejandro Rivera	Vice Minister Revenue	MOF
Gustavo Soriano	Advisor Deputy Minister of Finance	MOF
Sergio Gómez	Director	DGII
Víctor Guirola	IT Director	DGII
Nelson Menjívar	Chief Developer	DGII
José David López	Audit Unit Director	DGII
Carmen María Hernández de Mancía	Head of Registry & Tax Assistance Division	DGII
Jorge Luis Martínez Bonilla	Fiscal Education Unite Chief	DGII
Blanca Noemí de Reyes	Legal Department Chief	DGII
Claudio Barahona	Head Omissions Call Center	DGII
Roxana Díaz	Head Collections Call Center	DGII
Rigoberto Pérez Rivera	Call Center Management Unit Chief	DGII
Juan Ramón Marín	Chief of Transfer Price Unit	DGII
Edgar Hernández	Current Account Unit Chief	DGII
Eily Osorio	Programmer	DGII
Ovidio Cardoza	Director	DINAFI
Denis Moreno	Transparency Portal	DINAFI
Alirio Gallegos	IT Director	DINAFI
Mario Lionel Villatoro Reyes	Deputy-Director	DGP
Juan Mauricio Fuentes	Division of Medium Term Expenditure Frameworks	DGP
Juan Murillo	Director	DGT

Name	Position	Organization
Ronal Aguilar	Coordinator General	DGT
Jeremías Antonio Aguilar	Collections Unit Director	DGT
Inmar Reyes	Director	DGCG
Mirna Méndez de Guerrero	Accounting Norms Unit Chief	DGCG
Nelson Fuentes	Director	DPEF
Carolina Rivera	Head Strategic Institutional Planning Unit	DPEF
Carlos Abrego	Chief	DECAMH
Blanca Rodríguez	Assistant to the Chief	DECAMH
Edelmira de Montejo de Molina	Chief	UNAC
Luis Alberto Canjura	Chief Fiscal Studies Unit	MOF
Other GOES Ministries		
Wilfredo Enríquez	Financial Manager	MOE
Nelson Cubías	Head Institutional Financial Unit	MOH
Donor Committee		
Martin Schulz	COR FPEMP	USAID
Jania Ibarra	Operations Official	World Bank
Gustavo Ernesto Sánchez Buritica	Director Fiscal Policy Support Project	GIZ
Carmiña Moreno	Representative	IDB
Eduardo Fernández	Project Director Fiscal Policy	EU
Natalia Otamendi	Head of Cooperation Programs	AECID
Francisco Ordaz	Representative Office of Technical Assistance	U.S. Treasury

ANNEX 5: KEY INFORMANT INTERVIEW DISCUSSION GUIDES

The ET used single, modular discussion guide from which the interviewer selected the questions appropriate for the person(s) being interviewed. As a purpose of the evaluation was to assess how things have changed over time and what has contributed to the changes, the ET was instructed to ask probing follow-up questions during each interview that included, at a minimum, the following three probes whenever appropriate: 1) How? (How have things changed compared to before the project, including what were conditions before the project and what are the conditions now?); 2) Why? (Why have things changed or not changed?); and 3) What? (What factors have contributed to the change or lack of change?) Moreover, to operationalize concepts such as “effective,” “enhanced,” “improve,” “better,” etc. the ET used as a frame of reference the situation prior to TPAR/FPMP.

IT SYSTEMS

Software Development Strategy

- Please explain the technical reasoning behind selection of components for the different layers in the software architecture. (2, 2.1) (A, B)
- What is the versioning strategy for the software development process (before/after handing over of systems)? (2, 2.1) (A, B)
- What is the Disaster Recovery strategy to safeguard application code and relevant data during and after the projects? (2, 2.1) (A, B)
- What strategy/process was followed to ensure appropriate knowledge transfer after the project is completed? (2, 2.1, 3) (A, B)
- What is the maintenance and support strategy for the components in the different layers of the software architecture in order to guarantee vendor support, protect from security concerns, bugs, etc.? (2, 2.1) (A, B)
- Who are the Strategic Vendors for this architecture and its technological components? (2, 2.1) (A, B)
- What is the System Change Management Strategy for the different applications and modules (i.e., implementation of changes in production)? (2, 2.1) (A, B)
- What mechanisms were used for coordinating development activities and communication among development teams (MOF/DAI/Directorates/etc.)? (2, 2.1, 3) (A, B)
- What steps will be followed in order to ensure compatibility between the systems developed by the project and the underlying/supporting technologies (e.g., database, operating systems, application servers, etc.)? (2, 2.1) (A, B)
- What were the top challenges faced during system development and implementation phases (CSMS, COMPRASAL, SAFI, etc.) and technology implementations (i.e., Call Center technology)? How were these challenges met? (2, 2.1) (A, B)
- What measures are in place in order to ensure systems and information confidentiality, integrity, and availability? (2, 2.1) (A, B)
- What is the strategy for supporting and maintaining Call Center platform (Hardware/Software)? (2, 2.1) (A, B)
- What is the impact of changing software architecture components or homologizing current platforms? (2, 2.1) (A, B)

Hardware Systems and Capacity Building

- What has been USAID’s funding for hardware, licensing, and infrastructure for this project? (2, 2.1) (A, B, C)
- Is there a capacity planning strategy for infrastructure (hardware and systems) accommodating systems developed by the project? (2, 2.1) (A, B)

- What is the Disaster Recovery Planning strategy for the infrastructure/systems/database supporting the project deliverables? (2, 2.1) (A, B)
- What is the monitoring strategy in order to guarantee performance of the systems implemented by the projects? (2, 2.1) (A, B)
- Are there any high availability technologies in place in order to ensure continuous and uninterrupted operation? (2, 2.1) (A, B)
- Who are the strategic vendors for the platforms supporting the systems delivered by the project? Are support contracts for hardware, systems, databases, and licensing current? (2, 2.1) (A, B)

Personnel Enablement

- What is the strategy for knowledge transfer regarding the technology used and the systems that were developed? (2, 2.1, 3) (A, B)
- What technical documents have been generated as part of the project implementation? (2, 2.1, 3) (A, B)
- How is the system technical documentation been handled? (2, 2.1, 3) (A, B)
- What is the current strategy for end-user training? (2, 2.1, 3) (A, B)
- What end-user documentation, manuals, FAQs, or other documents have been generated as operational manuals for the system? (2, 2.1, 3) (A, B)
- How widespread is the use of the given system during day-to-day operations (institutionalization of practices reflected by the systems)? (2, 2.1, 3) (A, B)

ENHANCED PUBLIC EXPENDITURE MANAGEMENT

International Accounting Standards

- What are the main challenges to adopt International Public Sector Accounting Standards? (2.3) (A)

Single Treasury Account

- What is the percentage of completion through the establishment of Single Treasury Account? What are the next steps to integrate this system with SAFI? (2.3) (A)

Public Procurement Strengthening

- What were the lessons learned in the process of strengthening of public procurement under COMPRASAL II? (2.3) (A)

IMPROVED REVENUE MOBILIZATION

Tax Collections

- How effective have the following been in terms of increasing tax collection: CSMS II, Large Taxpayer Office, and Call Center (tax arrears collection)? (2.1, 2.2) (B)
- Please explain me which tax administration capacities have been strengthened in MOF due to the project? Which areas are now strengths and which still are weak points that cannot contribute to increased tax collections? (2.1, 2.2, 2.3) (B)
- Do you know which taxes have benefited from improved collection due to project activities in El Salvador? (2.1, 2.3) (B)
- Can you tell me what are the channels through CSMS have contributed to reducing tax evasion and tax fraud and how this system has contributed to reduce tax compliance costs? (2.1) (B)

Electronic Tax Filing System

- Can you explain what the benefits of electronic filing are in terms of increased tax collection? Please tell me what can be done in the future to help taxpayers to fill their tax returns. (2.1, 2.3) (B)

Large Taxpayer Office Creation

- What are the benefits of the large taxpayers office in terms of tax collection? (2.1, 2.3) (B)

Tax Arrears Collection

- Do you consider that this tax arrears Call Center has contributed to reduce outstanding tax arrears? Is it possible to know if delinquent tax obligations have been reduced? Which segment response more to Call Center operations: stop-filers, non-filers, late-payers, or non-payers? How is the Tax Arrears Call Center perceived by taxpayers? (2.1, 2.2) (B)

Cleaning Taxpayer Current Account and Taxpayer Registry System

- Do you believe that DGII has now better information on taxpayers? Is this information useful to monitor compliance and to audit taxpayers? Do you have better information on high-risk taxpayers? (2.1, 2.3) (B)

Improved Audit File System

- How have the different IT systems contributed to improved performance in terms of tax collections? What factors internal to the program and MOF and in the broader external environment have contributed to their impact? (1, 2, 2.1, 2.2) (B)

RESULTS ORIENTED BUDGET

- What activities have you participated in or are you aware of related to results oriented budgeting? Who has participated in these activities? What assistance did USAID provide?
- What were the objectives of these activities? How successful were they in achieving these objectives? Why?
- How effective or useful has been the technical and other assistance provided by USAID? Why? [Probe about strengths and weaknesses.]
- How important do you think results-oriented budgeting is [for your organization]? What benefits do you see from doing it? Are these benefits worth the cost of going through the efforts to implement it?
- In the absence of USAID assistance, would your organization have undertaken results oriented budgeting on your own? Why or why not?
- What has been accomplished to date in terms of implementing results oriented budgeting [in your organization]? How does the current situation compare to the situation before you began working on this? Why has it changed? [Probe to determine the role of the project compared to other factors in contributing to any change.]
- Would it have been possible to accomplish the same outcomes in the absence of USAID assistance? Why?
- What obstacles or challenges have you faced in terms of implementing results oriented budgeting, both internal to your organization and external to your organization? How were these addressed? (2, 2.1, 2.2, 2.3) (A, B)
- What obstacles or challenges remain in terms of implementing results-oriented budgeting, both internal to your organization and external to your organization? (2, 2.1, 2.2, 2.3) (A, B)
- What documents and other resources have been generated as part of this initiative? How have these resources and documents been handled? (2, 2.3, 3) (A, B)
- What remains to be accomplished? What is the plan to accomplish it?

- What is the likelihood that you will continue with this initiative in the future, especially after USAID assistance ends? Why?

COMPETENCY-BASED HUMAN RESOURCE MANAGEMENT

- What kind of training has been provided in competency-based human resource management? (2, 2.1, 2.2) (A, B) Who has participated in this training? What assistance did USAID provide?
- What were the objectives of this training? How effective was it achieving these objectives? Why?
- How effective or useful has the technical and other assistance provided by USAID been? Why? [Probe about strengths and weaknesses.]
- How important do you think competency-based human resource management, is [for your organization]? What benefits do you see from doing it? Are these benefits with the cost of going through the efforts to implement it?
- In the absence of USAID assistance, would your organization have undertaken this training in competency-based human resource management on your own? Why or why not?
- What has been accomplished to date in terms of implementing competency-based human resource management [in your organization]? How does the current situation compare to the situation before USAID assistance? Why has it changed? [Probe to determine the role of the project compared to other factors in contributing to any change.]
- Would it have been possible to accomplish the same outcomes in the absence of USAID assistance? Why?
- What obstacles or challenges have you faced in terms of implementing competency-based human resource management, both internal to your organization and external to your organization? How were these addressed? (2, 2.1, 2.2, 2.3) (A, B)
- What obstacles or challenges remain in terms of implementing competency-based human resource management, both internal to your organization and external to your organization? (2, 2.1, 2.2, 2.3) (A, B)
- What documents and other resources have been generated as part of the project implementation? How have these resources and documents been handled? (2, 2.3, 3) (A, B)
- What capacity gaps remain? What is the plan to fill these gaps? (2, 2.3, 3) (A, B)
- What is the likelihood that you will continue with this initiative in the future, especially after USAID assistance ends? Why?

PRIVATE SECTOR ENGAGEMENT AND TRANSPARENCY

- Describe the relevant activity? Who has participated in these activities? What assistance did USAID provide?
- What were the objectives of these activities? How successful were they in achieving these objectives? Why?
- How effective or useful has been the technical and other assistance provided by USAID? Why? [Probe about strengths and weaknesses.]
- How important do you think these activities are [for your organization]? What benefits do you see from doing it? Are these benefits with the cost of going through the efforts to implement it?
- In the absence USAID assistance, would your organization have undertaken these activities on your own? Why or why not?
- What has been accomplished to date in terms of implementing these activities [in your organization]? How does the current situation compare to the situation before USAID assistance? Why has it

changed? [Probe to determine the role of the project compared to other factors in contributing to any change.]

- Would it have been possible to accomplish the same outcomes in the absence of USAID assistance? Why?
- What obstacles or challenges have you faced in terms of implementing these activities, both internal to your organization and external to your organization? How were these addressed? (2, 2.1, 2.2, 2.3) (A, B)
- What obstacles or challenges remain in terms of implementing these activities, both internal to your organization and external to your organization? (2, 2.1, 2.2, 2.3) (A, B)
- What documents and other resources have been generated as part of the activity implementation? How have these resources and documents been handled? (2, 2.3, 3) (A, B)
- What remains to be accomplished? What is the plan to accomplish it?
- What is the likelihood that you will continue with these activities in the future, especially after USAID assistance ends? Why?

DONOR COORDINATION

- How has donors/your organization coordinated with each other with regards to fiscal policy and expenditure management in El Salvador?
- Who has participated in this coordination and what roles have they played? What role has your organization played? What role has USAID played and what assistance has it provided?
- How has this coordination been managed, who managed it, and how effective has the management been?
- In the absence of USAID assistance, would these donor coordination efforts have occurred otherwise? Why or why not?
- What has been accomplished to date in terms of donor coordination? How does the current situation compare to the situation before USAID became involved? Why has it changed? [Probe to determine the role of the project compared to other factors in contributing to any change.]
- Would it have been possible to accomplish the same outcomes in the absence of USAID assistance? Why?
- What obstacles or challenges exist in terms of implementing donor coordination? How were these addressed?
- What documents and other resources have been generated as part of the activity implementation? How have these resources and documents been handled? (2, 2.3, 3) (A, B)
- What obstacles or challenges have you faced in terms of donor coordination? How were these addressed? (2, 2.1, 2.2, 2.3) (A, B)
- What remains to be accomplished in terms of donor coordination? What is the plan to accomplish it?
- What is the likelihood that donors will continue to coordinate in the future, especially after USAID assistance ends? Why?

IMPACT AND SUSTAINABILITY

- How have the [relevant] project activities contributed to improved performance in terms of [SELECT]: 1) fiscal expenditure management; 2) tax collections; 3) improved public fiscal and tax transparency; 4) public/private sector engagement; and 5) Other (relevant to stakeholder and specific

technical area)? What factors internal to the project and MOF and in the broader external environment have contributed to their impact? (1, 2.1, 2.2, 2.3) (A, B, C)

- To what extent do you think these results will be sustainable over the long-term after USAID assistance concludes? Why? [Probe to determine the extent to which project activities are being institutionalized/integrated, replicated, and scaled-up within the MOF and elsewhere, as appropriate.] (1, 2.1, 2.2, 2.3) (A, B, C)

ANNEX 6: MINI-SURVEY

I am now going to read you some statements about USAID assistance for Fiscal Policy and Expenditure Management in El Salvador. For each statement, please indicate whether you “Strongly Disagree,” “Disagree,” “Neither Agree nor Disagree,” “Agree,” or “Strongly Agree” with the statement. If you feel that the statement does not apply to you, or you do not feel that you are able to answer it, please say so.

Survey Questions	1=Strongly Disagree	2=Disagree	3=Neither Agree nor Disagree	4=Agree	5=Strongly Agree	Not Applicable / Don't Know
USAID assistance has improved the performance of your organization compared to the situation before the assistance.						
The improvements in your organization's performance resulting from USAID assistance will be sustained over the long term after assistance ends.						
USAID assistance has improved the information technologies for fiscal policy and tax administration in El Salvador compared to before the assistance.						
The information technologies implemented with USAID assistance work as they were intended to work.						
The information technologies implemented with USAID assistance will be sustained over the long term after assistance ends.						
USAID assistance has improved public expenditure management in El Salvador compared to the situation before the assistance.						
The improvements in public expenditure management resulting from USAID assistance will be sustained over the long term after assistance ends.						
USAID assistance has increased tax collections in El Salvador compared to the situation before the assistance.						
Improvements in tax collection resulting from USAID assistance will be sustained over the long term after assistance ends.						
USAID assistance has increased fiscal and tax transparency in El Salvador compared to the situation before the assistance.						

Survey Questions	1=Strongly Disagree	2=Disagree	3=Neither Agree nor Disagree	4=Agree	5=Strongly Agree	Not Applicable / Don't Know
The improvements in fiscal and tax transparency resulting from USAID assistance will be sustained over the long term after assistance ends.						
USAID assistance has improved the coordination among donors working on fiscal and tax policy in El Salvador compared to the situation before the assistance.						
The improvements in donor coordination resulting from USAID assistance will be sustained over the long term after assistance ends.						

ANNEX 7: SUMMARY OF IT SYSTEMS DEVELOPED WITH TPAR/FPEMP ASSISTANCE

Program Activity	Status Before Program	Change from Before Program	Current Status	Program Contribution	MOF & Other Donor Contribution
Taxpayer Assistance Call Center	DGII only had two phone lines to solve taxpayer questions. If taxpayers wanted answers to tax questions, they had to go in person to DGII headquarters, which was short of staff and where police officers or secretaries were often the primary source of information.	Call center with technology to serve multiple phone calls was created with trained personnel answering taxpayer questions and with a phone call tracking system.	A functioning call center with trained staff that is a primary source of information for taxpayers exists. However, the call center is still insufficient to serve all taxpayers, especially when some tax declarations are due.	Program contributed the idea for the call center, developed the call center design and call center technology, and provided study tours and training for call center management and staff.	GIZ provided study tours for call center management and staff. MOF hired and assigned personnel to staff the call center.
Self-service kiosks	There was no alternative source of information besides two phone lines for taxpayer assistance or physically visiting DGII headquarters.	Taxpayers can make inquiries about tax statements and tax solvency, present declarations with value zero, and also receive information on tax obligations.	There are 18 functioning self-service kiosks.	FPMP developed the kiosk software and contributed seven kiosks.	World Bank contributed two kiosks, and the IDB contributed nine kiosks.
E-filing	Tax declarations were presented on paper.	The program contributed to the creation of the electronic forms, which together with the forms that the DGII created, have contributed to the reduction in the number of hours required to pay taxes from 320 hours in 2011 to 180 hours in 2017, and a corresponding improvement in the Doing Business ranking for El Salvador.	There are working electronic declarations for VAT and personal income tax. The program developed electronic declarations for excise taxes, vehicle tax, movable goods transfers, and capital gains. However, the former declarations are operational because of the fire incident; and IT human resources are working on a tax amnesty.	FPMP developed six electronic declarations and informative statements: F06 Excise Taxes Form, F10 Vehicle Tax, F09 Movable Goods Transfers, F982 exchange information form, F944 capital gains, and F971 Financial Statements.	DGII first had the idea of E-filing, and it developed the VAT and Income Tax electronic forms.

Program Activity	Status Before Program	Change from Before Program	Current Status	Program Contribution	MOF & Other Donor Contribution
Decentralization of taxpayer solvency statements	Solvency statements could only be submitted in person at MOF headquarters.	Taxpayers can access online solvency statements and complete them using a digital signature and can deliver the solvency statement to the local DGII office.	Solvency statements can be obtained online or through self-service kiosks, and can be picked up in each local DGII office (not only in headquarters).	FPEMP developed the application software to consult tax status and request taxpayer solvencies.	AECID and GIZ contributed training to MOF staff. MOF made the legal and technological changes to enable the use of digital signatures.
Large Taxpayers Office	There was no LTO.	The LTO was created and the taxpayers belonging to this group were narrowed to provide them better service so as to facilitate increased tax collections.	A functioning LTO exists and is staffed by trained professionals. The office is a one-stop shop for large taxpayer services for large taxpayers resulting in an increase in tax collections from \$2.0 million in 2010 to \$2.6 million in 2016.	FPEMP contributed the idea for the office, provided study tours for relevant MOF officials, conducted the analysis to narrow down the list of large taxpayers and furnished the office.	GIZ and EU contributed study tours and training. AECID contributed a diagnostic and training for office staff. MOF hired and assigned personnel to staff the office.
Treasury Collections Call Center	There was no Collections Call Center.	A call center was created, including an IT tool to manage calls, call center personnel were hired and trained, and an office was furnished.	A functioning call center with its own facilities, 10 trained tele-operators and a system to track phone calls, and an online phone directory to call taxpayers exists. In just the first year of its implementation, the call center collected an additional \$10 million in tax arrears, while tax arrears collected have surpassed \$20 million annually since the call center's inception.	FPEMP contributed the idea for the call center, developed the call center and call center technology, and provided training for call center management and staff.	MOF hired and assigned personnel to staff the call center.

Program Activity	Status Before Program	Change from Before Program	Current Status	Program Contribution	MOF & Other Donor Contribution
Treasury Collections Department	There was no Treasury Collections Department.	The Treasury Collections Department was created and MOF collaboration with the Taxing Unit in the Prosecutor's Office was strengthened.	There now exists a functioning Treasury Collections Department, which has institutionalized Coordination with the Taxing Unit of the Prosecutor's Office. Key informants in the MOF claim that the Treasury Collections Department has already contributed to: increases in tax collections; reductions in tax arrears; improvements in controls on tax debt; and improvements in tax collection management.	The idea and impetus for creating Treasury Collections Department was largely an FPMP initiative. FPMP contributed the administrative and functional design of department and provided equipment and furnishings for its office.	MOF hired and assigned personnel to staff the department.
Reform tax collection laws	There was no initiative to reform tax arrears collection laws.	FPMP supported legislation to reform the tax arrears collection system, which was submitted to the National Assembly.	A recent Supreme Court ruling has stalled the proposed tax arrears collection reform declaring provisions of the law, which the MOF had modified from FPMP's original proposal, unconstitutional.	FPMP provided input in the drafting of the reform proposals.	MOF advocated for the reform proposal with the GOES after having modified portions of the proposal developed by FPMP.
Massive audit plans	MOF conducted audits were limited to substantive audits; there were massive audit plans.	Massive audit plans were incorporated into DGII's audit strategy.	Processes exist that are integrated into the massive audit plans for handling large volumes of information that involve sending emails, making phone calls, and sending physical notes to taxpayers with delinquent tax obligations.	FPMP developed and participated in defining uses cases for CSMS 2 and contributed technical assistance in defining better massive audit plans.	GIZ contributed a probabilistic case selection tool for CSMS. MOF hired and assigned personnel to participate in the massive audit plans.
Tax evasion crackdown	Tax audits only used financial statements provided by taxpayers.	New sources of information are now being used to conduct tax audits, while auditors were trained in new tax audit techniques.	A strategy to tackle tax evasion using third-party information sources, including financial, real estate, public procurement and external trade using new tax audit techniques by trained tax audit professionals, exists.	FPMP designed the tax evasion crackdown plan and contributed training to the auditors.	MOF selected an elite group of auditors to receive training and implement the tax evasion crackdown.

Program Activity	Status Before Program	Change from Before Program	Current Status	Program Contribution	MOF & Other Donor Contribution
Transfer Pricing Unit	There were no personnel within the MOF to audit transfer pricing.	A TPU was created to allow the DGII to audit transfer pricing.	A functioning TPU exists that has a functional design to audit transfer pricing staffed by trained professionals.	TPAR contributed study tours to Argentina and Mexico for relevant MOF officials and unit staff.	GIZ contributed study tours for relevant MOF officials and unit staff. MOF hired and assigned personnel to staff the unit.
Criminal Tax Investigation Unit	There was no criminal investigation because the law did not define tax crimes.	A Criminal Investigation Unit was created to investigate new tax crimes as defined by Tax Reform in 2004.	A functioning Criminal Tax Investigation Unit exists that has a functional design to investigate fiscal crimes staffed by lawyers that know about tax crime investigation.	TPAR contributed the functional and administrative design of the unit and selected and trained unit staff.	OTA contributed training to unit staff. MOF hired and assigned personnel to staff the unit.
EXPRESATE	MOF had a fiscal education playground named Recre hacienda focused on Children.	EXPRESATE is an education center that runs educational program, including recreational activities, to learn about fiscal policy for youth aged 14 to 17, and in some cases for university students.	A total of 8,739 students have visited the EXPRESATE Center from 2013 through the end of FPEPM, including 2,485 in 2013; 1,219 in 2014; 2,355 in 2015; 2,227 in 2016 and 453 through the end of the program. EXPRESATE has been shut down because MOF lacked office space due to fire. To address this situation, the EXPRESATE Director has been visiting schools to give speeches about fiscal education.	Program provided the initial impetus for creating EXPRESATE, contributed the conceptual model and furnished equipment for the EXPRESATE center.	EXPRESATE was created based on an initiative from MOF and lessons learning from Recre hacienda. EU provided assistance to create Recre hacienda, which provided the basis for EXPRESATE.
JSIIT	Previous system called SIIT, developed first using FOX and then PowerBuilder on an Informix Database. Performance and availability issues. Obsolete technology and inefficient model (client/server).	Migration to new Java-based system running on Oracle Application Server. JSIIT was finished in TPAR.	Used in daily operations of DGII. Currently being migrated to JBoss application server by DGII IT team.	Program contributed training in development methodology, development framework, and Java programming language and assistance for system development.	DINAFI provided hardware and software resources for hosting the system.

Program Activity	Status Before Program	Change from Before Program	Current Status	Program Contribution	MOF & Other Donor Contribution
Call Center Technology	No call centers existed prior to the program. An Alcatel PBX was used for all phone related necessities. Two lines were dedicated to outgoing collection calls.	Call center and supporting technology were implemented during TPAR.	The call center technology is currently serving five call centers. DINAFl engineers are currently troubleshooting the Network affected by MOF fire. Current Hardware is obsolete, without guarantee from manufacturer, and has no disaster recovery plan in place.	Program developed a platform comprised of main servers, networking, open source PBX software guidance, specialized hardware cards, headsets, and PCs for agents. Provided a study tour to Chile for relevant MOF officials can call center staff.	DGII technician implemented open source PBX and performed hardware configuration. DINAFl provides hosting for PBX Hardware.
COMPRASAL 2	No IT system supported the workflow. Publication to a web page was done manually.	COMPRASAL 1 automated publishing of requests to the portal, but was not a transactional system. Project developed a new version of COMPRASAL (2) to include information workflow for current process. Current version is a Java-based system implemented on new JBoss application server.	From its implementation to the end of FPMP, phone consultations increased from 100 to 250, Institutional Procurement Contracting Units (UACI) users increased from 200 to 388, COMPRASAL users increased from 500 to 4,500 and registered providers increased from 5,000 to 9,000. Development finished for all modules. Software was handed over to UNAC's IT department. UNAC is handling the implementation process. Not all modules have been implemented.	FPMP contributed the development framework and Java programming language and provided training to UNAC staff, municipal government officials and public vendors.	The IDB helped in the development of the first version of the system. The World Bank conducted an evaluation of the procurement program in 2010. DINAFl provided an application server and hardware platform for system hosting. UNAC staff is now providing training to COMPRASAL 2 users.

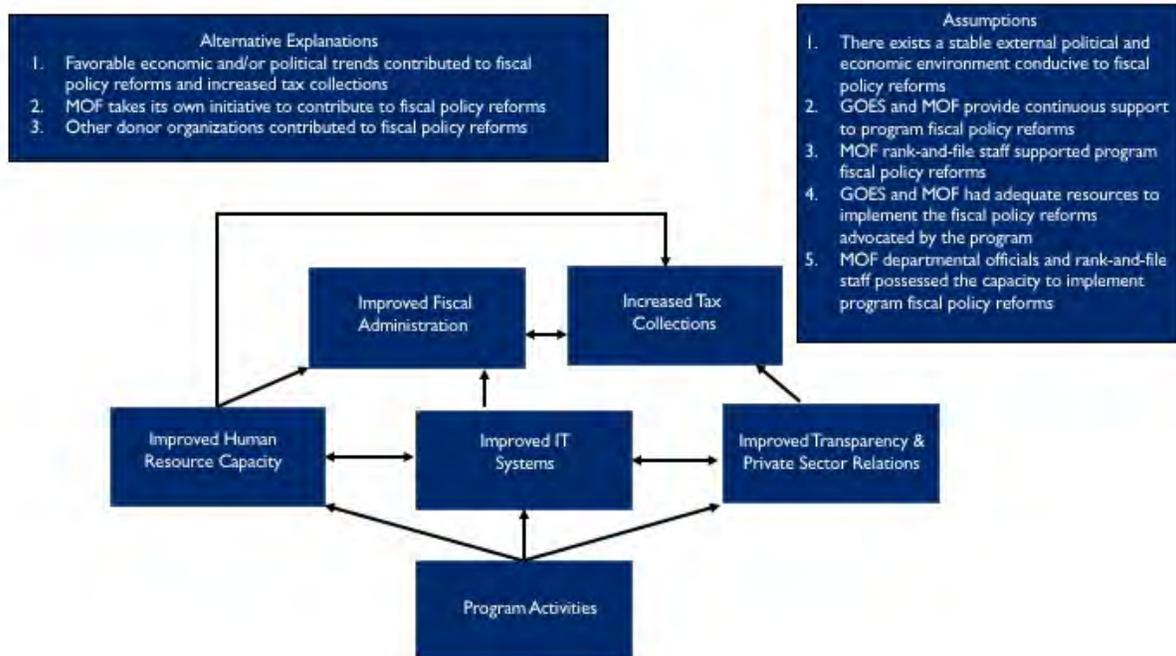
Program Activity	Status Before Program	Change from Before Program	Current Status	Program Contribution	MOF & Other Donor Contribution
CSMS 2	Tax Audit Unit used a client server option called <i>Control de Gestión</i> . Software did not perform case selection nor did it help with case follow-up. It was subject to user discretion and lack of transparency.	CSMS 1 was developed during TPAR. CSMS 2 was developed under FPEMP.	Software development is finished and implemented. Currently in the process of training new DGII's IT personnel in order to hand over the system.	FPEMP developed operational model and contributed to system development, use-case creation, and training for new developers in the development methodology, development framework, and Java programming language.	DINAFI provided application server and hardware platform for system hosting. GIZ developed probabilistic case selection software as a complementary tool for case selection.
Fiscal Transparency Portal	The portal presented limited information for the general public. Web site was not user friendly or interactive, had performance and availability issues, and the information was not often refreshed.	Current web portal has a friendly interface and interactive design. Richer information. Information extraction tool and verification process are in place.	According to MOF tracking statistics, the FTP has had 684,142 visitors from 2010 through February 2017, although the number of visitors has, with one exception in 2014 fallen progressively from a high of 139,717 in 2010 to 71,782 in 2016. Currently in the process of making the information more accessible for readers. UIP is migrating the portal to the new JBoss Application Server using a new CMS.	FPEMP provided study trips to Brazil and hired a consulting agency to translate the technical language into language understandable to the layperson. Developed a tool and methodology for extracting information from different sources.	UIP developed a CMS for FTP maintenance. DINAFI provides hardware and software resources for hosting the portal.

Program Activity	Status Before Program	Change from Before Program	Current Status	Program Contribution	MOF & Other Donor Contribution
SAFI 2	Using SAFI 1, MOF built on Power Builder and Oracle.	SAFI 2 is under development. USAID is participating in different committees. Key users are trained in use case methodology.	Conceptual models were created for main modules (Budget, Treasury, and Accounting). Use-cases for processes were created. Software development is under way. Pilot for Budget Formulation module is in progress. Individual and integration tests are pending.	FPMP provided technical assistance for system support process, technical support for use-case creation, and support for operation model creation. Provided use-case methodology training. Contributed to development of Treasury and Accounting modules.	The EU contributed business consultants for the budget subsystem migration. The World Bank contributed technical resources to increase database and server performance (e.g., HP servers for JBoss) as part of its \$20 million loan to GOES. The IDB contributed support to develop the human resource module. Key MOF users contributed to use case creation. The DINAFI IT team developed the Budget module.

ANNEX 8: CONTRIBUTION ANALYSIS

Annex 8 presents the results of the contribution analysis performed by the ET on the evidence collected during the evaluation fieldwork. The contribution analysis assesses the critical components of the program Theory of Change (TOC), including: 1) the program’s contribution to hypothesized program outcomes; 2) the validity the assumptions underlying the TOC; and 3) the presence and influence of alternative explanations to explain observed outcomes. The figure below presents a simplified version of the TPAR/FPEMP TOC that is assessed using contribution analysis.

TPAR and FPEMP Theory of Change



Contribution analysis offers a pragmatic and methodologically rigorous approach to apply the principles of attribution to situations in which the program is one of many potential contributory causes and where it is not possible to measure attribution directly via creation of a scientifically-valid counterfactual. Thus, in lieu of assessing attribution, contribution analysis assesses the contribution that program activities are making to observed outcomes.

Based on the evidence gathered during the evaluation and summarized in the following Evidence Tables, the contribution analysis creates a set of “contribution stories” that assist in assessing program contribution to observed results. In creating the contribution stories, the analysis is guided by the following three considerations related to the nature of causality/contribution. First, program activities do not operate in isolation but are part of a causal package that includes other activities, events, or conditions external to the program. Thus, the purpose in doing contribution analysis is less whether and how FPEMP has contributed to a particular outcome and more whether and how the causal package, which includes FPEMP activities, has contributed to the outcome.

Second, any particular causal package is neither necessary nor sufficient to produce the observed outcome. Instead, causality in this context implies sufficiency, meaning that a given causal package is sufficient to produce the outcome.

Third, assessing contribution must take into account the probabilistic nature of causality and the lack of certainty that often attends attempts to measure it. This requires conclusions about contribution couched more in terms of likelihoods instead of certainties. Thus, the standard of evidence to determine

contribution is that the causal package is a “likely sufficient” cause of the observed change, while the program activity is, in turn, a “likely necessary” part of the causal package.

The following provides the relevant information for interpreting the contribution analysis found below.

Evidence Table

Column 1-Evidence: The evidence for the relevant outcome. As implied in the structure of the Evidence Table, there can be multiple sources of evidence either confirming or refuting the outcome. All relevant pieces of evidence are listed in this column.

Source: Source for the evidence. This describes the specific source for the evidence, such as the name of the person/organization interviewed, the document read, the data source consulted, etc.

Column 2-Confirming/Refuting: Indicates whether the evidence confirms or refutes the causal logic in the TOC.

Column 3-Strength of Evidence: Indicates how strong (reliable) the evidence is using the following 4-point scale:

1. Weak: Second-hand information that cannot be verified.
2. Rather Weak: Primary information that draws on: 1) anecdotal experience or 2) good faith, informed estimates that possess an unknown margin of error.
3. Rather Strong: Primary information that is unverified (e.g., based on respondents’ perceptions or recollection) but that draws on first-hand knowledge.
4. Strong: Primary and secondary information that is verified.

Column 4-Outcome Contribution: This addresses the question as to how much the FPEMP support contributed to the observed outcome. To assess outcome conditionality, the following 4-point scale is used:

1. Non-Contributor: Factors other than FPEMP support contributed to the observed outcome.
2. Contributor: FPEMP support is one of other factors of approximately equal or greater importance that contributed to the observed outcome.
3. Strong Contributor: FPEMP support is one of other factors, albeit a relatively strong factor, that contributed to the observed outcome.
4. Primary Contributor: FPEMP support is the primary factor that contributed to the observed outcome. This may involve other contributory factors as well, but FPEMP support is, by far, the strongest.

Column 5-Explanation: Additional explanatory information is provided here.

Contribution Story

Taking into account all of the information in the Evidence Table, a Contribution Story is created for each relevant outcome. The Contribution Story has four parts, as follows:

1. Contribution Story: A short narrative describing the observed outcome and the factors that contributed to the observed outcome.
2. Contribution Ranking: Each of the contributing factors identified in the contribution story is ranked using one of four criteria:
 - a. Facilitating Contributor: The factors played a largely facilitative role in that they helped establish a supporting environment for the observed outcome.
 - b. Contributor: The factors played a contributing role, albeit a less important one relative to other factors in producing the observed outcome.
 - c. Strong Contributor: The factors played a key role in producing the observed outcome.

- d. Primary Contributor: The factors played the primary role in producing the observed outcome.
3. Causal Package: The factors playing a Facilitating Contributor, Contributor, Strong Contributor, and Primary Contributor role in the observed outcome constitute the outcome's "causal package." Presumably FPEMP's intervention is part of the causal package. All factors belonging to this causal package are listed here along with their identified role in the causal package.
4. Conclusion: A program activity contributed to an outcome IF: 1) the causal package of which it is part is *sufficient* for the outcome to occur, and 2) the program activity is a *necessary* part of the causal package. Here, the analysis identifies whether these two conditions hold.

Improved Human Resource Capacity

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
<p>FMEMP staff and consultants trained over 1,000 unique MOF staff members in a variety of areas related to: 1) improving the public expenditure management system; 2) creating up-to-date, consistent, and clean taxpayer records; and 3) supporting tax policy reform and effective administration.</p>	<p>PMEP DAI MOF</p>	<p>C</p>	<p>4</p>	<p>4</p>	<p>The number of persons trained by FPEMP broken down by area and specific topic include the following (the figures below likely include persons trained in two or more areas so to avoid double counting, the figures are not totaled across areas and topics):</p> <p>Improving the Public Expenditure Management System:</p> <ul style="list-style-type: none"> • International accounting best practices: 1,193 • Modern expenditure management techniques: 1,025 • Implementation strategies and cash management techniques: 95 <p>Creating Up-to-Date, Consistent and Clean Taxpayer Records:</p> <ul style="list-style-type: none"> • Modern database management guidelines: 123 <p>Supporting Tax Policy Reform and Effective Administration:</p> <ul style="list-style-type: none"> • Applying fiscal reforms: 2,398 • Audit techniques: 33 • With a modern state of the art training system: 1,193 • Capacity building techniques: 1,193 • Fiscal policy and fiscal administration: 1,193 <p>Note that the numbers of persons trained listed above do not include the number of MOF staff trained in IT systems development and utilization and the number of persons trained by the program under TPAR, both of which presumably include a non-trivial number of persons.</p> <p>Other donors provided training (including study tours) to an unknown number of persons in the following areas:</p> <ul style="list-style-type: none"> • AECID & GIZ: Decentralization of taxpayer solvency statements • EU & GIZ: Large Taxpayers Office • GIZ: Transfer Pricing Unit • OTA: Criminal Tax Investigation Unit

Contribution Story

TPAR and FPEMP trained well over 1,000 unique MOF staff in a variety of technical areas related to improved public financial management, IT systems, and fiscal policy reform. The program did not collect information on the effectiveness of the above training, and assessing the effectiveness of such a large number of trainings across such diverse topics was outside of the scope of the evaluation. Nonetheless, judging by the: 1) successful development, implementation, and process of institutionalizing so many of the program's administrative reforms and IT systems within the MOF; and 2) the nearly universal praise MOF stakeholders ascribe to program technical assistance (as described in the Evaluation Report), one can safely conclude that the training process has been, on the whole, reasonably effective. Other donors also contributed to developing the capacity of MOF staff via trainings and study tours; however, this contribution was more at the margins rather than providing a substantive contribution to the large number of training activities and MOF staff trained by the program.

Causal Package

Facilitating Contributor: MOF collaborated with the program and other donors to provide training and other technical assistance to its staff.

Contributor: Other donors assisted with selected trainings but contributed more at the margins as opposed to making a major contribution to training MOF staff relative to the program.

Primary Contributor: The program provided the large bulk of the training to MOF staff, at least with regards to the reform activities implemented over the life of TPAR and FPEMP.

Sufficiency & Necessity

The causal package was sufficient to develop the human resource capacity of MOF staff.

FPEMP contributions were a likely necessary component of the causal package.

Improved Transparency and Private Sector Relations

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
<p>FPEMP contributed to the upgrading of the Fiscal Transparency Portal.</p>	<p>DAI MOF</p>	<p>C</p>	<p>4</p>	<p>2</p>	<p>According to MOF tracking statistics, the FTP has had 684,142 visitors from 2010 through February 2017, although the number of visitors has, with one exception in 2014 fallen progressively from a high of 139,717 in 2010 to 71,782 in 2016.</p> <p>FPEMP contributed to making the information on the portal more accessible for readers, provided study trips to Brazil for relevant MOF staff, brought in a consultant to translate the technical language into citizen language, and developed a tool and methodology for extracting information from different sources.</p> <p>The portal upgrade was based on an original version of the portal developed by the MOF. The MOF migrated the portal to a new JBoss Application Server and developed a Content Management System for FTP maintenance. The Portal Innovation Unit at the MOF developed a Case Management System for FTP maintenance, while DINAFI provided hardware and software resources for hosting the portal.</p> <p>Other donor organizations did not contribute to the FTP.</p>
<p>FPEMP contributed to the creation of EXPRESATE.</p>	<p>DAI MOF</p>	<p>C</p>	<p>3</p>	<p>3</p>	<p>According to the FPEMP PMP, 8,739 students have visited the EXPRESATE Center from 2013 through the end of FPEMP, including 2,485 in 2013; 1,219 in 2014; 2,355 in 2015; 2,227 in 2016 and 453 through the end of the program.</p> <p>FPEMP provided the initial impetus for creating EXPRESATE, contributed the conceptual model and furnished equipment for the EXPRESATE center.</p> <p>Prior to EXPRESATE, the MOF had a fiscal education playground named <i>Recrehacienda</i> focused on children, which it created with assistance from the EU. FPEMP thus provided the conceptual model for EXPRESATE drawing on the lessons learned from <i>Recrehacienda</i>.</p> <p>EU provided assistance to create <i>Recrehacienda</i>, which provided the basis for EXPRESATE.</p>

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
<p>FPMP contributed to the creation of the Public Procurement Ombudsman Office in UNAC.</p>	<p>Secondary</p>	<p>C</p>	<p>2</p>	<p>3</p>	<p>The Ombudsman receives and acts on citizen and vendor complaints and seeks resolution or restitution on their behalf in case the law is not followed.</p> <p>FPMP supported a study tour for UNAC staff to Chile to learn from their public procurement procedures, provided limited technical support to create the Ombudsman Office, developed the foundation and use cases for the Ombudsman website and furnished the Ombudsman office.</p> <p>UNAC decided to replicate Chile's concept of a Public Ombudsman as an internal transparency and accountability mechanism working in concert with the Audit Court and Attorney General's Office.</p> <p>Other donor organizations did not contribute to the creation of the Ombudsman Office.</p>
<p>FPMP assisted with the drafting of a White Paper on the importance of fiscal sustainability.</p>	<p>Secondary</p>	<p>C</p>	<p>2</p>	<p>2</p>	<p>FPMP produced the White Paper together with AECID and GIZ, and they jointly presented it to the President's Economic Commission, the National Council for Economic Growth (private sector), and to interested civil society groups. The three donors followed this up by hosting an event on fiscal sustainability in El Salvador in coordination for the Deputies of the Legislative Assembly, the Board of Directors of all the main political parties, representatives of the international community, USAID Mission Director, and the USAID Acting Senior Deputy Assistant Administrator for Latin America and the Caribbean.</p> <p>The White Paper and associated event have produced no specific outcomes in terms of fiscal policy reform, but are rather part of a strategy, along with other policy advocacy efforts, to influence fiscal policy and legal reforms in El Salvador.</p>

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
<p>FPEMP participated with other members of the Fiscal Policy Donor Committee to deliver two events on fiscal policy reform.</p>	<p>DAI MOF Secondary</p>	<p>C</p>	<p>4</p>	<p>2</p>	<p>The MOF requested donors' help to communicate the seriousness of the country's fiscal difficulties and propose possible strategies for addressing them. In response to this request, committee members collaborated to put on two fiscal policy reform seminars for key policy stakeholders (e.g., GOES, National Assembly, academics, business, etc.) in June and July of 2017 in which donors and their invited guests discussed the economic problems facing the country and possible solutions to address them.</p> <p>Key informants were unable to point to any specific outcomes that resulted from the two seminars in terms of influencing fiscal policy reforms in the country. Key informants report, moreover, that the MOF requested that they host an additional seminar (or event), but after determining that the first two events did not produce any tangible results, the donors declined the MOF's request.</p>

Contribution Story

FPMP was one of a number of different actors contributing to a variety of transparency and private sector relations activities. In the case of the FTP and EXPRESATE, FPMP built on previous efforts of the MOF by upgrading and expanding the original concept developed by the MOF, although in the latter case, the program was the driving force behind the upgrading of the original *Recrehacienda* concept. In the case of the Public Procurement Ombudsman Office, the MOF was the primary driver behind the initiative, which the program supported via the study tour and limited technical assistance. The private sector engagement activities (which also engage members of the public and non-government sectors) were fully collaborative efforts done with other donor organizations in which FPMP played an important but more or less equal role. Unfortunately, the nature of the transparency and private sector engagement activities is such that determining their contribution to changing the fiscal policy reform process and private sector engagement on fiscal policy issues was not possible given the evaluation scope and methodology.

Causal Package

Facilitating Contributor: The MOF collaborated with the program and other donors to implement the different transparency and private sector engagement activities.

Contributor: Previous MOF initiatives provided the basis for the FTP and EXPRESATE.

Contributor: Donor organizations made important contributions to the White Paper and fiscal policy reform events.

Strong Contributor: The program provided, on balance, the most significant contributions to the various fiscal transparency reforms, although benefiting from important MOF contributions, and contributed with other donor organizations to implement a variety of private sector engagement activities.

Sufficiency & Necessity

The causal package was sufficient to implement the various transparency and private sector relations activities, but the extent to which the casual package contributed to actual improvements in fiscal transparency or to the fiscal policy reform process cannot be determined.

FPMP contributions were a likely necessary component of the causal package.

Improved IT Systems

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
TPAR contributed to the development of the Integrated Tax Information System developed in Java (JSIIT).	DAI MOF	C	4	4	The program contributed the development framework for JSIIT, assistance for system development, and migrating SIIT (the previous IT system) to new Java-based system running on Oracle Application Server. It also provided training in the development methodology. DINAFI provided hardware and software resources for hosting the system. Other donor organizations did not contribute to the development of JSIIT.
TPAR and FPEMP contributed to the development of call center technologies supporting the following call centers: Taxpayer Assistance, Treasury Collections, Fiscal Compliance, Procurement, and internal MOF telephone switchboard.	DAI MOF	C	4	4	The program developed the IT platform comprised of: main servers, networking, open source PBX software guidance, specialized hardware cards, headsets, and PCs for agents. In addition, the program provided a study tour to Chile for relevant MOF officials and call center staff, and it provided call center agents with headsets, PCs, servers, and specialized hardware cards in order to implement an open source, software-based telephone system to support call center operations. The MOF provided the networking for the systems in addition to the resources to install, configure, and implement the system, and hired and assigned personnel to staff the call centers. Other donor organizations did not contribute to the development of call center technologies.

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
<p>FPEMP contributed to the development of COMPRASAL 2.</p>	<p>DAI MOF Donors</p>	<p>C</p>	<p>4</p>	<p>2</p>	<p>FPEMP contributed the development framework and Java programming language for COMPRASAL 2 to complete the PAC Formulation and PAC Execution modules based on the action plan developed by the World Bank, and provided training to UNAC staff, municipal officials, and public vendors.</p> <p>DINAFI provided an application server and hardware platform for system hosting. UNAC's IT team will complete and provide end-user training in the Biddings and Contests Module, Direct Contracting Module, and Contract Management Module.</p> <p>In 2013, the IDB helped develop the first version of COMPRASAL with two modules: a web portal and a module for publishing the procurement requests to the web portal.</p> <p>The World Bank conducted an evaluation of the procurement program in 2010, and, as a result of this evaluation, formulated an action plan to change processes and systems.</p>
<p>FPEMP contributed to the development of CSMS 2.</p>	<p>DAI MOF</p>	<p>C</p>	<p>4</p>	<p>3</p>	<p>FPEMP developed the operational model, contributed to system development and use case creation, and provided training for new developers in development methodology, development framework, Java programming language, and system use.</p> <p>DINAFI provided application server and hardware platform for system hosting. DGII hired two programmers specifically for receiving and supporting the CSMS 2.</p> <p>GIZ contributed a probabilistic case selection tool for CSMS 2.</p>

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
<p>FPEMP contributed to the ongoing development of SAFI 2.</p>	<p>DAI MOF Donors</p>	<p>C</p>	<p>4</p>	<p>2</p>	<p>FPEMP contributed to the development of the Treasury and Accounting Modules, technical assistance for system support process and use case creation, training in use case methodology and system use, and support for operation model creation. Key MOF users contributed to use case creation. The DINAFI IT team developed the Budget Module.</p> <p>Four donor organizations contributed to the development of SAFI 2: 1) EU provided business consultants for the budget subsystem migration; 2) World Bank provided technical resources to increase database and server performance (e.g., HP servers for JBoss) as part of its \$20 million loan to the GOES; 3) USAID provided various types of technical assistance; and 4) IDB provided support to develop the Human Resource Module.</p>

Contribution Story

TPAR and FPEMP made significant contributions to the development of five major IT systems at the MOF: JSIIT, call center technologies, COMPRASAL 2, CSMS 2, and SAFI 2. For three of the IT systems—JSITT, call center technologies, and CSMS 2—the program developed and implemented the system within the MOF without assistance from other donor organizations. For COMPRASAL 2, the program built on work done previously by other donors, although these donors did not participate directly in the system development itself. For SAFI 2, the program benefited from substantial contributions from other donor organizations, although in the case of the World Bank, this contribution may have hindered rather than facilitated system development. The MOF made important contributions to the development of each of the five IT systems that were crucial in facilitating their completion or, in the case of SAFI 2, its ongoing development. The evidence indicates that, in the absence of program contributions, the IT system reforms either would not have been developed or they would not have been developed in near the same timeline owing to a lack of: 1) vision and commitment; 2) financial resources; and 3) human (e.g., IT system expertise) at the MOF. Further, the other donor organizations did not bring to the table the same level of IT expertise on which the program drew for IT system development. Each of the five program-supported IT systems represented a significant improvement over the IT system that existed prior to the program.

Causal Package

Facilitating Contributor: The MOF collaborated with the program and other donors to implement the different IT systems.

Contributor: Donor organizations made significant contributions to the development of COMPRASAL and SAFI 2, in the former case largely by creating the basis for developing COMPRASAL 2 and in the second case through a variety of contributions.

Contributor: The MOF also made a number of important contributions to developing several of the IT systems.

Strong Contributor: While the program benefited from significant contributions from the MOF and other donor organizations, it was the key driver and primary implementer for each of the above IT systems, with the exception of SAFI 2. In the case of SAFI 2, moreover, the program has taken on an increasingly important role in system development outstripping the role played by the other the MOF or other donor organizations.

Sufficiency & Necessity

The causal package was sufficient to complete the development four of the IT systems evaluated—JSIIT, call center technologies, COMPRASAL 2, and CSMS 2—and is likely to prove sufficient to complete the development of SAFI 2.

The TPAR and FEPMEP contributions were a likely necessary component of the causal package.

Improved Fiscal Administration

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
TPAR contributed to the creation of the Taxpayer Assistance Call Center.	MOF DAI	C	4	4	<p>With the creation of the call center, taxpayers now have increased access to a reliable source of information on how to pay their taxes, invest less time, and pay fewer transaction costs to pay their taxes and face fewer risks of making mistakes due to bad advice.</p> <p>TPAR had the initial idea for the call center, led the design of the call center and call center technology, and provided training to call center staff.</p> <p>The MOF hired and assigned personnel to staff the call center.</p> <p>GIZ provided study tours for call center management and staff.</p>
FPMP contributed to the installation of self-service kiosks.	DAI MOF Donors Secondary	C	4	2	<p>With the installation of the self-service kiosks, taxpayers can make inquiries about tax statements and tax solvency, present declarations with value zero, and also receive information on tax obligations. A total of 18 kiosks in have been installed in different locations across the country.</p> <p>FPMP developed the kiosk software and provided seven self-service kiosks.</p> <p>The self-service kiosks were initially a DGII initiative for which it requested FPMP and other donor support.</p> <p>The IDB provided nine kiosks and the World Bank provided two kiosks.</p>

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
<p>FPMP contributed to the creation of an E-filing system.</p>	<p>DAI MOF</p>	<p>C</p>	<p>4</p>	<p>2</p>	<p>Creation of the E-filing system has contributed to the reduction in the number of hours required to pay taxes from 320 hours in 2011 to 180 hours in 2017 and a corresponding improvement in the Doing Business ranking for El Salvador from 166 in 2016 to 61 in 2017.</p> <p>FPMP developed six electronic declarations and informative statements: F06 Excise Taxes Form, F10 Vehicle Tax, F09 Movable Goods Transfers, F982 exchange information form, F944 capital gains, and F971 Financial Statements.</p> <p>The E-filing was originally an initiative of DGII, and it developed the VAT and Income Tax electronic forms.</p> <p>Other donors did not contribute to the creation of the E-filing system.</p>
<p>FPMP contributed to the decentralization of taxpayer solvency statements.</p>	<p>DAI MOF</p>	<p>C</p>	<p>3</p>	<p>3</p>	<p>Taxpayers can now access solvency statements online or through a self-service kiosk, complete them using a digital signature, and deliver the solvency statement to the local DGII office.</p> <p>FPMP developed the application software to consult tax status and request taxpayer solvencies.</p> <p>MOF made the legal and technological changes to enable the use of digital signatures.</p> <p>AECID and GIZ contributed training to MOF staff.</p>
<p>FPMP contributed to the creation of the Large Taxpayers Office.</p>	<p>DAI MOF</p>	<p>C</p>	<p>3</p>	<p>3</p>	<p>The LTO provides a one-stop shop for large taxpayer services resulting in an increase in tax collections from \$2.0 million in 2010 to \$2.6 million in 2016.</p> <p>FPMP contributed the idea for the office, provided study tours for relevant MOF officials, conducted the analysis to narrow down the list of large taxpayers, and furnished the office. MOF hired and assigned personnel to staff the office.</p> <p>GIZ and EU contributed study tours and training. AECID contributed a diagnostic and training for office staff.</p>

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
<p>FPEMP contributed to the design and implementation of massive audit plans.</p>	<p>DAI MOF</p>	<p>C</p>	<p>3</p>	<p>4</p>	<p>There now exist processes within the MOF for handling large volumes of information that involve sending emails, making phone calls, and sending physical notes to taxpayers with delinquent tax obligations.</p> <p>FPEMP developed and participated in defining uses cases for CSMS 2 and contributed technical assistance in defining better massive audit plans.</p> <p>MOF hired and assigned personnel to participate in the massive audit plans.</p> <p>GIZ contributed a probabilistic case selection tool for CSMS 2.</p>
<p>FPEMP contributed to the development of a tax evasion crackdown strategy.</p>	<p>DAI MOF</p>	<p>C</p>	<p>3</p>	<p>4</p>	<p>There now exists a strategy to tackle tax evasion using third-party information sources, including financial, real estate, public procurement, and external trade using new tax audit techniques by trained tax audit professionals.</p> <p>FPEMP designed the tax evasion crackdown plan and contributed training to the auditors.</p> <p>MOF selected an elite group of auditors to receive training and implement the tax evasion crackdown.</p> <p>Other donors did not contribute to the development of the tax evasion crackdown strategy.</p>
<p>TPAR contributed to the creation of the Transfer Pricing Unit within the MOF.</p>	<p>DAI MOF</p>	<p>C</p>	<p>3</p>	<p>3</p>	<p>There now exists a functioning TPU to audit transfer pricing, which is staffed by trained professionals.</p> <p>TPAR contributed the functional and administrative design of the unit and contributed study tours to Argentina and Mexico for relevant MOF officials and unit staff.</p> <p>MOF hired and assigned personnel to staff the unit.</p> <p>GIZ contributed study tours for relevant MOF officials and unit staff.</p>

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
TPAR contributed to the creation of a Criminal Tax Investigation Unit.	DAI MOF	C	3	3	<p>There now exists a functioning Criminal Tax Investigation Unit to investigate fiscal crimes, which is staffed by lawyers that know about tax crime investigation.</p> <p>TPAR contributed the functional and administrative design of the unit and selected and trained unit staff.</p> <p>MOF hired and assigned personnel to staff the unit.</p> <p>OTA contributed training to unit staff.</p>
FPMP has contributed to proposals to reform the tax collection laws.	DAI MOF Secondary	R	2	2	<p>The proposed reform gave the MOF the power of coercive collections, or the repossession of taxpayers' assets to cover their debts, using administrative rather than judicial autonomy. FPMP drafted the legal reform and submitted it to the Ministry of Finance, which was passed on to the Legislative Assembly. A recent Supreme Court ruling has stalled the proposed legal reform, declaring provisions of the law, which the MOF had modified from FPMP's original proposal, unconstitutional.</p> <p>FPMP provided input in the drafting of the reform proposals.</p> <p>MOF advocated for the reform proposal with the GOES after having modified portions of the proposal developed by FPMP. Unfortunately, a recent Supreme Court ruling has stalled the proposed legal reform declaring provisions of the law, which the MOF had modified from FPMP's original proposal, unconstitutional.</p> <p>Other donors did not contribute to the development of the reform proposal.</p>

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
<p>FPEMP contributed to the creation of the Treasury Collections Department.</p>	<p>DAI MOF</p>	<p>C</p>	<p>3</p>	<p>4</p>	<p>There now exists a functioning Treasury Collections Department, which has institutionalized Coordination with the Taxing Unit of the Prosecutor's Office. Key informants in the MOF claim that the Treasury Collections Department has already contributed to: increases in tax collections; reductions in tax arrears; improvements in controls on tax debt; and improvements in tax collection management.</p> <p>The idea and impetus for creating Treasury Collections Department was largely an FPEMP initiative. FPEMP contributed the administrative and functional design of department and provided equipment and furnishings for its office.</p> <p>MOF hired and assigned personnel to staff the department.</p> <p>Other donors did not contribute to the creation of the Treasury Collections Department.</p>

Contribution Story

TPAR and FPEMP implemented a large number of activities aimed at improving fiscal administration within the MOF. These administrative reforms aimed at, among other things, increasing voluntary tax compliance, increasing the collection of tax arrears, and reducing the incidence of tax evasion, in addition to reforms aimed more generally at improving overall tax administration with the MOF. The administrative reforms included the creation of a number of entirely new MOF units, including Taxpayer Assistance and Treasury Collection Call Centers, Large Taxpayers Office, Criminal Tax Investigation Unit, Transfer Pricing Unit, and Treasury Collections Department, each of which was created largely as a result of program initiative with, for the most part, incremental support from the MOF and other donor organizations. Other administrative reforms implemented largely as a result of program initiative, with incremental support from the MOF and other donors, include the massive audit plans, tax evasion crackdown, and decentralization of taxpayer solvency statements. In contrast, the program benefited from substantial MOF and donor contributions in implementing the self-service kiosks and E-filing system. The evidence indicates that, in the absence of program contributions, the administrative fiscal reforms either would not have been developed or they would not have been developed in near the same timeline owing to a lack of: 1) vision and commitment; 2) financial resources; and 3) human (e.g., IT system expertise) at the MOF.

The program also contributed to the drafting of reform tax laws but an adverse Supreme Court ruling overturned aspects of these laws, which were redrafted by the MOF from what the program had proposed. Aside from estimates from an MOF official that administrative tax reforms had contributed to about one-quarter of the increased tax collections from 2006-2016, the connection between these administrative reforms and increased income tax collections or other higher-level results cannot be determined. However, given the scope of the administrative reforms to which the program contributed, and was for the most part a strong contributor, it is reasonable to conclude that the program has made a strong direct contribution to administrative tax reforms within the MOF and an indirect contribution to increased income tax collections.

Causal Package

Facilitating Contributor: The MOF collaborated with the program and other donors to implement the different administrative reforms that contributed to increased income tax collections.

Contributor: The MOF made, for the most part, incremental contributions to a number of administrative tax reforms, although the MOF was strong contributor to at least two reforms—self-service kiosks and E-filing.

Contributor: Other donor organizations made, for the most part, incremental contributions to a number of administrative tax reforms.

Strong Contributor: The program was a strong contributor in initiating and implementing a wide range of administrative tax reforms within the MOF. While the program benefited from contributions from the MOF and other donor organizations (ranging from incremental to significant), it was, on balance, the key driver and primary implementer contributing to the administrative tax reforms.

Sufficiency & Necessity

The causal package was sufficient to successfully implement numerous, significant administrative tax reforms within the MOF.

The TPAR and FPEMP contributions were a likely necessary component of the causal package.

Increased Tax Collections

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
El Salvador has experienced relatively low economic growth rates and has a culture of tax evasion, weak internal tax administration/enforcement, and a weak enabling/legal tax environment of income tax collections.	DAI MOF Secondary	R	4	NA	GDP growth rates in El Salvador were among the lowest compared to other middle-income countries in the LAC region from 2005-2016. This, combined with the pervasive culture of tax evasion in the country, contributed to decreased tax income tax collections over the life of TPAR and FPEMP, all else being equal.
Total net income tax collections in El Salvador have demonstrated a steady upward trend from 2005-2016.	DAI MOF Secondary	R	4	2	Net income tax collections, the ratio of income taxes to GDP and the ratio of income taxes to total taxes have all increased substantially from 2005-2016 indicating an improving tax collection regimen in the country. The MOF Fiscal Studies Unit (FSU) estimates, however, that that by far the largest share of this improvement is explained by legal tax reforms, which were largely outside of the program's influence.
Tax administration reforms made possibly the second most important contribution to increased income tax collections over 2005-2016.	MOF	C	1	3	The FSU estimates that MOF tax administration reforms were the largest contributing factor outside of legal tax reforms explaining the improvement in income tax collections over 2005-2016. Many of the relevant tax administration reforms that occurred during this period were undertaken by TPAR and FPEMP with MOF and/or other donor assistance.
Adverse Supreme Court rulings have overturned key legal tax reforms that would have contributed to higher income tax collections.	DAI MOF	R	2	NA	In February 2014, the El Salvador Supreme Court suspended an initiative proposed by President Sanchez Cerén incentivizing the payment of hundreds of millions in back taxes owed to the state. Then in April 2015, the Court ruled against a 1 percent minimum income tax passed under the FMLN because it levied the tax on gross revenue instead of profits.

Evidence	Source	Confirming/Refuting	Strength of Evidence	Outcome Contribution	Explanation
Tax evasion detections have steadily increased from 2012-2016.	DAI MOF Secondary	C		2	Tax evasion detections have increased from \$86 million in 2012 to \$174 million in 2016. TPAR and FPEMP implemented a number of activities with the MOF aimed at reducing tax evasion, including: CSMS 2, creation of the Case Selection Unit in the DGII, implementation of the massive audit plans and tax evasion crackdown and the creation of the Criminal Tax Investigation Unit, Transfer Pricing Unit, and Treasury Collections Department.
Creation of the Large Taxpayers Office has contributed to increased income tax collections.	Secondary	C	2	3	When the LTO was created in 2010, annual income tax collections from large taxpayers totaled \$2.04 million. By 2016, annual income tax collections had risen to \$2.64 million, albeit after experiencing a drop in 2011 and 2012.
Creation of the Treasury Collections Call Center has contributed to increased income tax collections.	Secondary	C	2	4	In just the first year of its implementation, the call center collected an additional \$10 million in tax arrears, while tax arrears collected have surpassed \$20 million annually since the call center's inception.

Contribution Story

Despite adverse factors in the external environment related to poor economic growth, a pervasive culture of tax evasion and unfavorable Supreme Court rulings, income tax collections have risen in El Salvador in absolute terms and in relation to GDP and total taxes from 2005-2016 corresponding to the TPAR and FPMP implementation. By far the greatest contributor to this increase in income tax collections, at least according to the MOF, has been legal tax reforms over which the program has exerted relatively little influence. However, the second most important contributor, again according to the MOF, has been administrative tax reforms to which TPAR and FPMP have made numerous significant contributions with minor to significant contributions from the MOF and other donor organizations. Program interventions to which specific improvements in income tax collections can be credibly attributed include the creation of the Large Taxpayers Office and the Treasury Collections Call Center, both of which were program activities and did not benefit from other donor support. The program has also implemented a number of activities specifically targeted to reducing income tax evasion, all but one of which was done without other donor support, and which have corresponded with a 100 percent increase in tax evasion detections from 2012-2016. It is thus reasonable to conclude that all of these program activities have been important contributors to the increased income tax collections achieved over the life of the program. Other TPAR and FPMP activities did not specifically target increased income tax collections but are likely to have contributed to the increased income tax collection via administrative and IT reforms and increased staff capacity that increased voluntary tax compliance and improved efficiency and effectiveness of MOF internal processes and systems.

Causal Package

Facilitating Contributor: External economic and political (e.g., Supreme Court rulings) have created in an environment making it more difficult at the margin to increase income tax collections.

Facilitating Contributor: The MOF collaborated with the program and other donors to implement the different administrative and IT reforms that contributed to increased income tax collections.

Contributor: The MOF made, for the most part, incremental contributions to several of the activities that have in turn directly contributed to increased income tax collections, including CSMS 2, massive audit plans, Criminal Tax Investigation Unit, and the Transfer Pricing Unit.

Contributor: Other donor organization made, for the most part, incremental contributions to activities that increased income tax collections.

Strong Contributor: The program was a strong contributor in initiating and implementing the various administrative reforms that have both directly and indirectly contributed to increased income tax collections. While the program benefited at times from contributions by the MOF and other donor organizations, it was, on balance, the key driver and primary implementer contributing to the administrative reforms that have in turn contributed to increased income tax collections.

Sufficiency & Necessity

The causal package was sufficient to contribute to increased income tax collections.

The TPAR and FPMP contributions were a likely necessary component of the causal package.

Assumption #1: There exists a stable external political and economic environment conducive to fiscal policy reforms

Evidence	Source	Confirming/ Refuting	Strength of Evidence	Explanation
The FLMN government has remained in power since 2009.	DAI MOF Donors Secondary	C	4	The stability at the GOES has contributed to providing consistent support for FPMP activities over the life of the program. It has also contributed to providing time for FPMP to fully implement activities that span multiple years to complete.
Macro-economic trends remained generally stable, if unfavorable, over the life of TPAR and FPMP.	DAI MOF Donors Secondary	C	4	Macro-economic trends, particularly in terms of GDP growth, have remained relatively unfavorable over the life of the program, thus adversely impacting income tax collections all else equal, but they have not exhibited dramatic swings that might cause greater policy uncertainty and diminished program support.
The El Salvador Supreme Court has overturned certain fiscal policy reforms that would have incrementally created a more favorable enabling environment for tax enforcement and collections.	DAI MOF Donors	R	2	The Supreme Court declared unconstitutional laws related to the minimum income tax, payment of back taxes, and prosecution of tax crimes, which has set back, at least temporarily, needed legal reforms to increase tax collections.

Conclusion

The assumption is valid. Overall, the external political and legal environment has remained largely stable, at least over the course of FPMP. The relative political and economic stability has helped create a facilitative environment for implementing program activities.

Assumption #2: GOES and MOF provide continuous support to program fiscal policy reforms

Evidence	Source	Confirming/ Refuting	Strength of Evidence	Explanation
GOES and MOF under FLMN have renewed interest and commitment to fiscal policy reform (and program activities) relative to what existed under ARENA.	MOF DAI	C	1	The change of government in 2009 from ARENA to the FLMN gave a favorable boost to TPAR and FPMP, as GOES and MOF under ARENA had lost interest in program activities by that point. GOES' and MOF's interest in the program was renewed with the change in government. The stability at GOES has contributed to providing consistent support for FPMP activities over the life of the program. It has also contributed to providing time for FPMP to fully implement activities that span multiple years.
MOF high-level direction has been relatively stable over the life of FPMP.	MOF DAI	C	4	The stability among the MOF's high-level officials (including Department Heads) has contributed to providing consistent support for FPMP activities over the life of the program. It has also contributed to providing time for FPMP to fully implement activities that span multiple years.
MOF has appointed a representative to act as Coordinator of the Fiscal Policy Donor Committee.	MOF DAI Donors	C	4	The appointment of an MOF official as Donor Committee Coordinator is an indication of the importance that the MOF places on the Donor Committee and donor activities in fiscal policy reform.
ARENA has made approval of the 2019 budget and international loans conditional on the implementation of Results Oriented Budgeting.	MOF DAI Donors	C	3	By making implementation of ROB a condition for approving the budget and international loans, ARENA (as the opposition party) is demonstrating its commitment to at least one major program activity, which will be continued under DRM. It is not known to the ET whether the FLMN government shares ARENA's commitment to ROB.

Conclusion

The assumption is valid. Evidence collected during the evaluation fieldwork reveals consistent evidence of GOES and MOF support for program activities, and particularly for FPMP since the election of the FLMN government in 2009.

Assumption #3: MOF rank-and-file staff supported program fiscal policy reforms

Evidence	Source	Confirming/ Refuting	Strength of Evidence	Explanation
Civil service ranks in the MOF (and GOES more generally) below the level of the Directorate are staffed largely by career professionals, as opposed to political appointees.	MOF DAI	C	4	The stability among the MOF civil service (technical) staff has contributed to providing consistent support for FPMP activities over the life of the program. It has also contributed to providing time for FPMP to fully implement activities that span multiple years.
Certain program activities encountered significant resistance from rank-and-file civil service members within MOF Directorates. This was particularly pronounced with regards to the Competency-Based HRM activity.	MOF DAI	R	4	Civil service rank-and-file staff at times exhibited resistance to the changes involved in adopting new administrative processes and IT systems. Examples include CSMS 2 and COMPRASAL 2. These examples of staff resistance, however, were ultimately overcome and the activities were implemented. The most prominent example of staff resistance involved adoption of Competency-Based HRM practices, which were opposed by the MOF labor union, principally due to fears about how it would impact staff job security. This activity remains in hiatus, and while DECAMH officials remain optimistic about its resumption, the activity's future is uncertain.

Conclusion

This assumption is valid. Program activities have also generally benefited from a stable civil-service workforce in the MOF. While there have been occasions of MOF staff resistance to changes required by program activities, these have ultimately been overcome with the sole exception of Competency-Based HRM, which remains in limbo with an uncertain future.

Assumption #4: GOES and MOF had adequate resources to implement the fiscal policy reforms advocated by the program

Evidence	Source	Confirming/ Refuting	Strength of Evidence	Explanation
The ET could find no example of a primary TPAR or FPMP activity that the MOF could not implement due to a lack of resources.	MOF DAI	C	2	This evidence includes only major TPAR and FPMP activities for which implementation was begun under either program. It does not include proposed activities that the MOF elected not to implement due to a lack of resources, which the ET did not investigate during the evaluation.
TPAR and FPMP provided numerous in-kind contributions to the MOF and its Directorates to implement its activities, including physical resources (e.g., computer equipment and office space) and human resource development (e.g., training, study tours, and access to international consultants).	MOF DAI	R	4	A number of MOF key informants explicitly said that without program in-kind contributions, it would not have been able to implement many of the activities that it implemented under TPAR and FPMP.

Conclusion

This assumption is valid, but with a qualifier. The qualifier is that the MOF is highly resource-constrained and lacks the resources to implement many, if not most, of the program fiscal policy reforms on its own, both in terms of IT systems and administrative reforms. Thus, the continued implementation of program (DRM) and other donor fiscal policy reforms will likely continue to require generous contributions of in-kind support from USAID and other donors.

Assumption #5: MOF departmental officials and rank-and-file staff possessed the capacity to implement program fiscal policy reforms

Evidence	Source	Confirming/ Refuting	Strength of Evidence	Explanation
The ET could find no example of a primary TPAR or FPEMP activity that the MOF could not implement due to a lack of staff capacity.	MOF DAI	C	2	This evidence includes only major TPAR and FPEMP activities for which implementation was begun under either program. It does not include proposed activities that the MOF elected not to implement due to a lack of staff capacity, which the ET did not investigate during the evaluation.
Technical assistance provided by TPAR/FPEMP staff and consultants covered the range of technical skills required by MOF staff to implement the program activities.	MOF DAI	C	3	MOF key informants universally agreed that the technical assistance provided by the program and program consultants was excellent and met the MOF's needs in terms of transferring capacity to MOF officials and rank-and-file members so as to implement the program activities.

Conclusion

This assumption is valid, but with a qualifier. The qualifier is that the MOF suffers a lack of staff and technical capacity to implement many of the program fiscal policy reforms on its own, both in terms of IT systems and administrative reforms. Thus, the continued implementation of program (DRM) and other donor fiscal policy reforms will likely continue to require significant levels of technical assistance to MOF officials and rank-and-file staff.

Alternative Explanation #1: Favorable economic and/or political trends contribute to fiscal policy reforms and increased tax collections

Evidence	Source	Confirming/ Refuting	Strength of Evidence	Explanation
Macro-economic trends remained generally stable, if unfavorable, over the life of TPAR and FPMP.	DAI MOF Donors Secondary	R	4	Relatively low economic growth rates put a downward pressure on income tax collections over the life of the program.
Income tax collections increased over the life of TPAR and FPMP.	DAI MOF Secondary	C	4	While income tax collections did increase over the life of TPAR and FPMP, the MOF estimates that the increase was largely due to legal tax reforms and not tax administration reforms resulting from program activities.
The El Salvador Supreme Court has overturned certain fiscal policy reforms that would have incrementally created a more favorable enabling environment for tax enforcement and collections.	DAI MOF Donors	R	4	The Supreme Court declared unconstitutional laws related to the minimum income tax, payment of back taxes, and prosecution of tax crimes, which has set back, at least temporarily, needed legal reforms to increase tax collections.

Conclusion

On balance, economic and/or political trends have made a negative contribution to fiscal policy reforms and income tax collections. According to the MOF, legal tax reforms did contribute to increased income tax collection, but these legal reforms occurred largely outside the context of program activities.

Alternative Explanation #2: MOF takes its own initiative to contribute to fiscal policy reforms

Evidence	Source	Confirming/ Refuting	Strength of Evidence	Explanation
The MOF has demonstrated own-initiative in requesting program and other donor assistance.	MOF DAI Donors	C	4	The MOF actively sought program and other donor assistance to help it address the numerous fiscal challenges that they face, including in IT system development and public finance administration.
The MOF has demonstrated own-initiative in implementing activities and/or in leveraging program technical assistance.	MOF DAI Donors	C	4	The MOF demonstrated own initiative in implementing activities, including, for example, the self-service kiosks and FTP, which was built on substantive previous MOF development work, and the E-filing system for which the MOF developed the initial electronic declaration forms. The MOF has also leveraged program assistance to champion internal reform and devote efforts and resources to that reform. A good case in point is Competency-Based HRM in which the DECAMH team demonstrated considerable commitment and own initiative to implement the system. Unfortunately, MOF labor union resistance has stalled implementation of Competency-Based HRM.
Lack of financial and other resources and limited human resource capacity within the MOF means that it is heavily dependent on donor (or other external) assistance to implement fiscal policy reforms.	MOF DAI Donors	R	4	While the MOF did contribute to a number of program activities, either using its own resources or leveraging program assistance, the large majority of activities implemented by TPAR and FPMP either could not have been implemented independently by the MOF with its own resources, or would have been implemented on a much slower timeline and possibly at a lower level of quality, without program or other donor assistance.

Conclusion

While the MOF has demonstrated good initiative in a number of cases, thereby making important contributions to the successful implementation of certain activities, it could not have implemented the large majority of fiscal policy reforms implemented over the life of TPAR and FPMP with its own resources or on a timeline anywhere near that of the program.

Alternative Explanation #3: Other donor organizations contributed to fiscal policy reforms

Evidence	Source	Confirming/ Refuting	Strength of Evidence	Explanation
TPAR and FPMP successfully collaborated with other donor organizations on a number of activities.	MOF DAI Donors	C	4	Cases of successful collaborations between the program and other donor organizations include the following: Taxpayer Assistance Call Center (GIZ), self-service kiosks (IDB, World Bank), decentralization of taxpayer solvency statements (AECID, GIZ), LTO (AECID, GIZ, EU), massive audit plan (GIZ), TPU (GIZ), Criminal Tax Investigation Unit (OTA), COMPRASAL 2 (World Bank), TSA (OTA), Fiscal Sustainability White Paper (AECID, GIZ), and stakeholder fiscal policy seminars (all Donor Committee members).

Conclusion
 Other donor organizations made important contributions to multiple TPAR and FPMP activities. The program successfully leveraged the resources and technical capacity of the other donor organizations to accomplish more than it would have been able to accomplish on its own.

ANNEX 9: MINI-SURVEY RESULTS

Survey Questions	Average Score
USAID's assistance has improved the performance of your organization compared to the situation before the assistance.	4.8
USAID's assistance has improved public expenditure management in El Salvador compared to the situation before the assistance.	4.3
USAID's assistance has increased tax collections in El Salvador compared to the situation before the assistance.	4.7
USAID's assistance has increased fiscal and tax transparency in El Salvador compared to the situation before the assistance.	4.6
The improvements in your organization's performance resulting from USAID's assistance will be sustained over the long term after assistance ends.	4.6
The information technologies implemented with USAID's assistance will be sustained over the long term after assistance ends.	4.5
The improvements in public expenditure management resulting from USAID's assistance will be sustained over the long term after assistance ends.	4.4
Improvements in tax collection resulting from USAID's assistance will be sustained over the long term after assistance ends.	4.6
The improvements in fiscal and tax transparency resulting from USAID's assistance will be sustained over the long term after assistance ends.	4.6
USAID assistance has improved the coordination among donors working on fiscal and tax policy in El Salvador compared to the situation before the assistance.	4.4
The improvements in donor coordination resulting from USAID assistance will be sustained over the long term after assistance ends.	4.6

ANNEX 10: DISCLOSURE FORMS

Name	Gary Woller
Title	Ex-post Performance Evaluation of USAID's Fiscal Policy Development Activities
Organization	USAID Monitoring, Evaluation and Learning Initiative
Evaluation Position?	<input checked="" type="checkbox"/> Team Leader <input type="checkbox"/> Team member
Evaluation Award Number (contract or other instrument)	AID-OAA-I-15-00024/AID-519-TO16-00002
USAID Project(s) Evaluated (Include project name(s), implementer name(s) and award number(s), if applicable)	Project Evaluated: DAI (Development Alternatives, Inc). Tax Policy and Administration Reform Fiscal Policy and Expenditure Management
I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If yes answered above, I disclose the following facts: Real or potential conflicts of interest may include, but are not limited to: 1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated. 2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation. 3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project. 4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated. 5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated. 6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation.	

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	
Date	12/18/2017

Name	Maynor Cabrera
Title	Ex-post Performance Evaluation of USAID's Fiscal Policy Development Activities
Organization	USAID Monitoring, Evaluation and Learning Initiative
Evaluation Position?	<input type="checkbox"/> Team Leader <input checked="" type="checkbox"/> Team member
Evaluation Award Number (contract or other instrument)	AID-OAA-I-15-00024/AID-519-TO16-00002
USAID Project(s) Evaluated (Include project name(s), implementer name(s) and award number(s), if applicable)	Project Evaluated: DAI (Development Alternatives, Inc).
I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>If yes answered above, I disclose the following facts:</p> <p>Real or potential conflicts of interest may include, but are not limited to:</p> <ol style="list-style-type: none"> 1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated. 2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation. 3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project. 4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated. 5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated. 6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation. 	

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Signature	
Date	12/18/2017

Name	Miguel Armando Carranza Linares
Title	Ex-post Performance Evaluation of USAID's Fiscal Policy Development Activities
Organization	USAID Monitoring, Evaluation and Learning Initiative
Evaluation Position?	<input type="checkbox"/> Team Leader <input checked="" type="checkbox"/> Team member
Evaluation Award Number (contract or other instrument)	AID-OAA-I-15-00024/AID-519-TO16-00002
USAID Project(s) Evaluated (Include project name(s), implementer name(s) and award number(s), if applicable)	Project Evaluated: DAI (Development Alternatives, Inc).
I have real or potential conflicts of interest to disclose.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p>If yes answered above, I disclose the following facts:</p> <p>Real or potential conflicts of interest may include, but are not limited to:</p> <ol style="list-style-type: none"> 1. Close family member who is an employee of the USAID operating unit managing the project(s) being evaluated or the implementing organization(s) whose project(s) are being evaluated. 2. Financial interest that is direct, or is significant though indirect, in the implementing organization(s) whose projects are being evaluated or in the outcome of the evaluation. 3. Current or previous direct or significant though indirect experience with the project(s) being evaluated, including involvement in the project design or previous iterations of the project. 4. Current or previous work experience or seeking employment with the USAID operating unit managing the evaluation or the implementing organization(s) whose project(s) are being evaluated. 5. Current or previous work experience with an organization that may be seen as an industry competitor with the implementing organization(s) whose project(s) are being evaluated. 6. Preconceived ideas toward individuals, groups, organizations, or objectives of the particular projects and organizations being evaluated that could bias the evaluation. 	

I certify (1) that I have completed this disclosure form fully and to the best of my ability and (2) that I will update this disclosure form promptly if relevant circumstances change. If I gain access to proprietary information of other companies, then I agree to protect their information from unauthorized use or disclosure for as long as it remains proprietary and refrain from using the information for any purpose other than that for which it was furnished.

Signature	
Date	12/18/2017