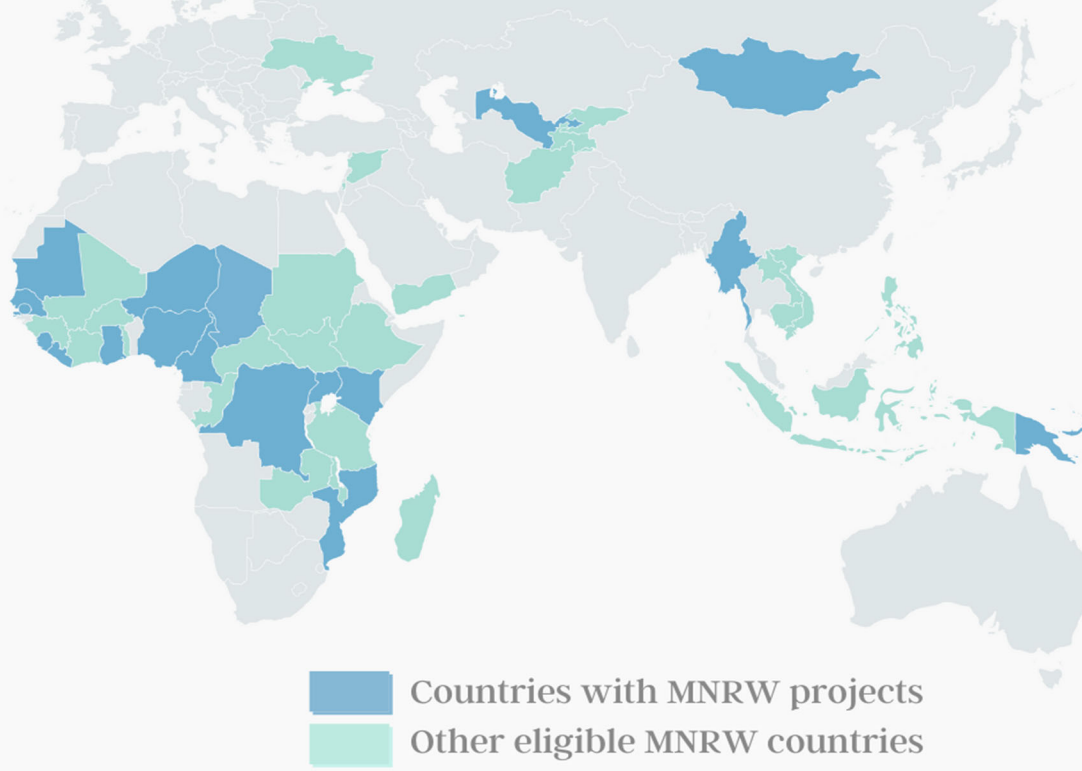




MNRW

Annual Report FY2021



MANAGING NATURAL RESOURCE WEALTH



An IMF Initiative implemented in partnership with:



Australia



Norway



EUROPEAN UNION



Switzerland



Netherlands



United Kingdom



**MANAGING NATURAL RESOURCE WEALTH
THEMATIC FUND**

FY 2021 ANNUAL REPORT

**JUNE 17, 2021
Washington, D.C.**



MNRW

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ACRONYMS

AEG	Advisory Expert Group
AFRITAC	East African Regional Technical Assistance Center
ASM	Artisanal and Small-Scale Mining
CAR	Central African Republic
CD	Capacity Development
CEMAC	Central African Economic and Monetary Community
CPF	Central processing facility
CRM	Compliance risk management strategy
DPBEP	Document de Programmation Budgétaire et Économique Pluriannuelle
EI	Extractive industries
EIFL	Extractive Industry Fiscal Law
EITI	Extractive Industries Transparency Initiative
FAD	Fiscal Affairs Department
FARI	Fiscal Analysis of Resource Industries
FID	Final Investment Decision
FLNG	Floating liquefied natural gas
FTC	Fiscal Transparency Code
FX	Foreign Exchange
GGMC	Guyana Geology and Mines Commission
GRA	Guyana Revenue Authority
HQ	Headquarters
ICD	Institute for Capacity Development
IEA	International Energy Agency
IMF	International Monetary Fund
KRA	Kenya Revenue Authority
LNG	Liquefied Natural Gas
LPRA	Liberia Petroleum Regulatory Authority
MEMD	Ministry of Energy and Mineral Development
MLME	Ministry of Land, Mines and Energy
MNRW	Managing Natural Resource Wealth
MoF	Ministry of Finance
MOOC	Massive Open Online Course
MOU	Memorandum of understanding
MPSC	Model Production Sharing Contract
MTBF	Medium-term budget framework
MTFF	Medium-term fiscal framework
MRC	Management in resource-rich countries
NRA	National Revenue Authority
NRTS	Natural Resource Tax Section
OAG	Office of the Auditor General
PAU	Petroleum Authority of Uganda
PEFA	Public Expenditure and Financial Accountability

PFM	Public Financial Management
PMD	Petroleum and Mining Division
PPP	Purchasing power parity
PRAU	Petroleum Revenue Audit Unit
PRD	Petroleum Revenue Department
PSA	Production Sharing Agreement
PSCs	Production sharing contracts
RBM	Results-Based Management
RFP	Request for Proposals
SDT	Summary Data Template
SMM	Sectoral Mining Model
SOE	State-owned enterprise
STA	The Statics Department
STX	Short-Term Expert
TAP	TA project
UNOC	Uganda National Oil Company
URA	Uganda Revenue Authority

EXECUTIVE SUMMARY

The Managing Natural Resource Wealth Thematic Fund (MNRW) is the main external funding vehicle in the IMF for capacity development (CD) for natural resource rich low and lower-middle income countries. This report provides an overview of MNRW program activities in Fiscal Year 2021 (FY21, from May 2020 – April 2021).

The switch to remote delivery modality for CD posed challenges for both government counterparts and IMF staff and experts, which has impacted the effectiveness and equity of CD delivery. Oftentimes countries that found it particularly difficult to sustain engagement remotely are also those most in need of capacity development; hence, the pandemic has perpetuated capacity gaps. However, it has also provided impetus to experiment with different ways of providing technical assistance and training. While remote delivery as the dominant mode of CD delivery does not provide a sustainable model going forward, the new ways of providing CD can be used to reinforce and complement more traditional CD activities in the new normal.

Despite the impact of the COVID-19 pandemic and the switch to remote delivery modalities, CD activities continued across the MNRW project portfolio in FY21. Total spending reached \$3.1 million, about 60 percent of levels in recent years. The slowdown in spending reflects a combination of travel cost savings and reduced activities in many projects.

Cumulative spending from the beginning of Phase II in May 2017 through April 2021 amounts to about \$17.7 million. With three years remaining in Phase II, it is expected that the total committed funding of \$29 million will be fully utilized by the end of the program phase. The program portfolio will continue to be proactively managed, in line with the Steering Committee guidance note, by aligning funds with CD traction and progress.

As all committed funds under the MNRW have been allocated to approved projects, the primary focus will remain on the execution of the program portfolio for the remaining funding phase. To support project implementation, six projects are proposed to the Steering Committee to be extended (four of which with budget adjustments)

Any excess funding in projects will be gradually moved into the uncommitted pool of funds enabling a few additional projects to be considered by the Steering Committee during the next one to two years. As preparation for that, several scoping missions are planned for FY22 including to Guinea Bissau, South Sudan, and Zimbabwe.

During the year, the MNRW supported countries implementing reforms in a number of areas:

- Module 1 (Tax policy); Policy advice was provided on the design and implementation of fiscal regimes (Ghana, Guyana, Liberia, Nigeria, Sierra Leone, Solomon Islands, Uganda and Uzbekistan), with capacity development provided on fiscal modeling and revenue forecasting (Chad, Ghana, Guyana, Liberia, Mozambique, and Uganda),

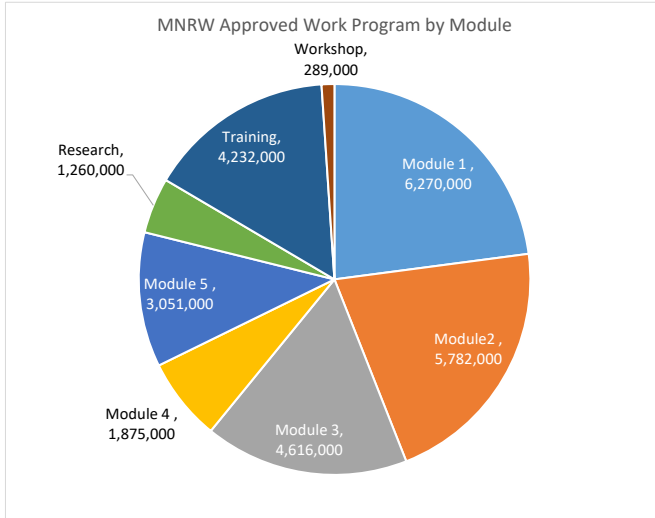
- Module 2 (Revenue administration): Technical support focused on developing and applying revenue risk assessment skills (Guyana, Kenya, Liberia, Sierra Leone, Uganda), auditing skills (Guyana, Uganda), and customs administration for extractives (Guyana, Kenya),
- Module 3 (Macro-fiscal/PFM): Support was provided on designing and implementing macro-fiscal frameworks (Mauritania, Senegal, Uganda), public investment management (Congo, D.R.), and budget management (Congo, D.R., Niger),
- Module 4 (exchange rate and macro-prudential frameworks): Work on the TA handbook progressed while missions advised on monetary policy frameworks (Kyrgyz, Uzbekistan) and monetary policy communication (Philippines).
- Module 5 (statistics): The planned activities under the statistics module were completed with country-level support for real sector statistics (Guyana and Uzbekistan); a follow-up mission on government finance statistics to Guyana was cancelled. With the completion in FY21 of the planned activities, the Module 5 projects on economic statistics will be closed. This module illustrates how the MNRW has supported the development of tools and methodologies and applied these at the country-level through training and CD activities.
- Multi-country training and analytical work: Virtual training was provided on the Macroeconomic Management in Resource-Rich Countries and the regional training to in sub-Saharan Africa on FARI analysis and modeling was delivered remotely, Significant progress has been made on overhauling the FARI model and methodology.

Although progress has been curtailed by the pandemic across the MNRW project portfolio with more projects now in the 'red' zone of both milestone and outcome ratings, RBM performance has remained satisfactory in most projects.

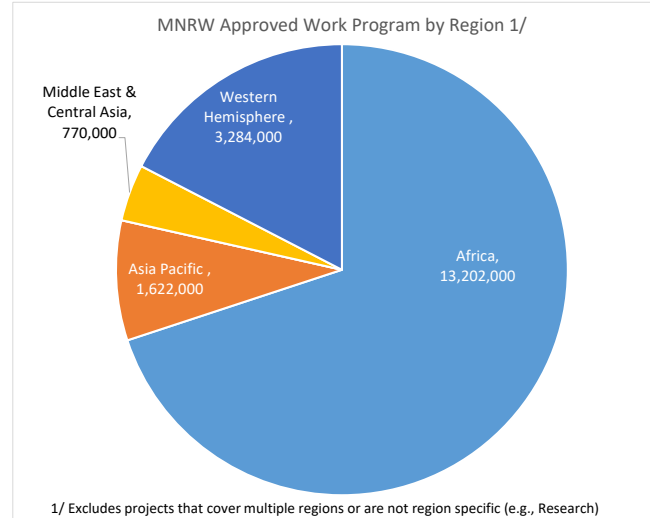
The mid-term independent evaluation is getting underway, and it is expected that the inception note will be developed soon following the award of the contract at the end of the bidding process.

Figure 1. Managing Natural Resource Wealth Thematic Fund – At a Glance

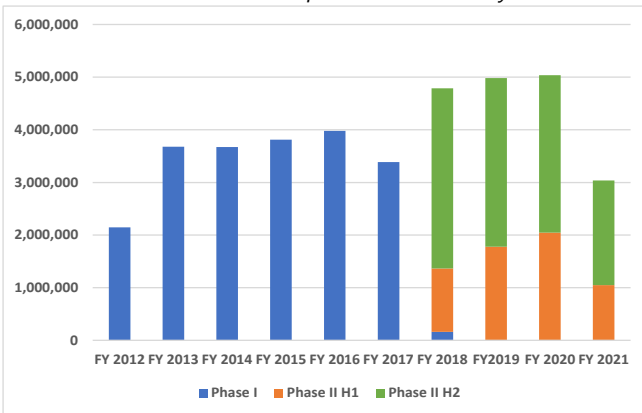
The MNRW program portfolio is broadly allocated across all five modules on resource revenue management...



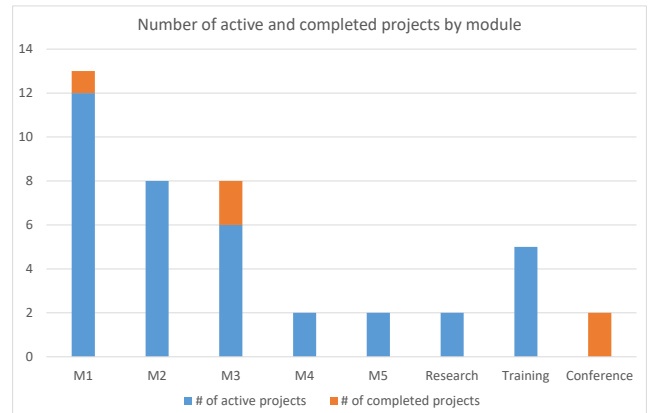
...with a regional focus on sub-Saharan Africa. Smaller activities are taking place in Latin America, Asia, and the Middle East.



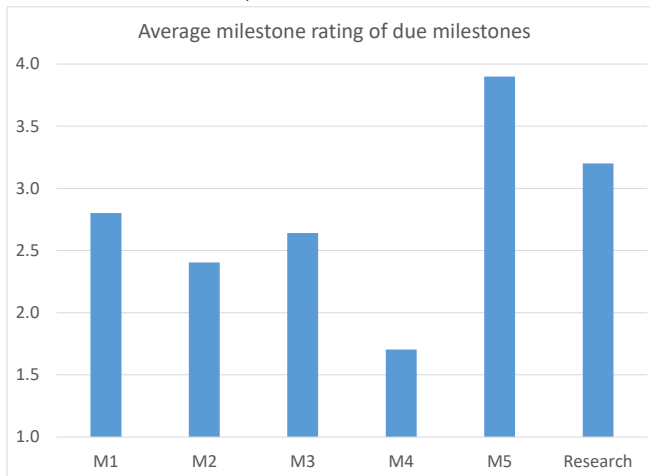
Program delivery slowed down significantly in FY21 due to covid-19 related interruptions in CD delivery.



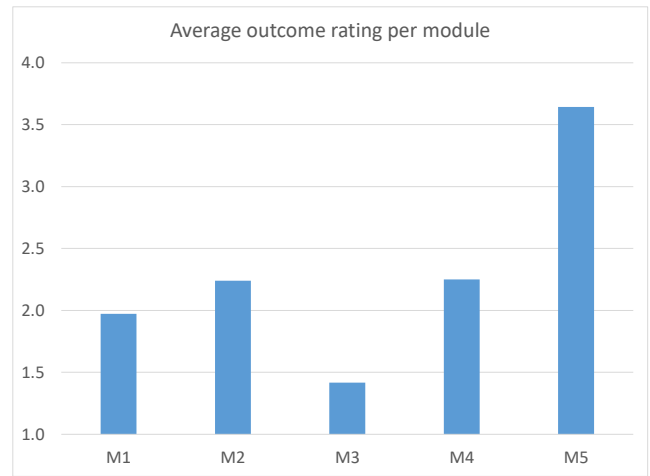
The number of active projects remained broadly stable.



Milestones have on average been largely achieved, with significant variation across modules, ...



... while outcomes require more time to reach satisfactory levels across most modules.



I. INTRODUCTION

1. The Managing Natural Resource Wealth Thematic Fund (MNRW) is the main external funding vehicle for IMF capacity development (CD) for low and lower-middle income countries with natural resources. The fund is delivered across functional departments in the IMF in collaboration by the Fiscal Affairs, Monetary and Capital Markets, and Statistics Departments as well as the Institute for Capacity Development. The current Phase II started in FY18 and will be completed at the end of FY24.¹

2. The MNRW is organized by five topical areas. In addition, multi-country training is provided on macro-economic management of natural resources by a combination of online and in-person courses.

- Module 1: Design and Implementation of extractive industries tax policy including fiscal modeling and revenue forecasting.
- Module 2: Revenue administration of extractive industries.
- Module 3: Macro-fiscal and public financial management.
- Module 4: Monetary policy, exchange rate policy frameworks and macro-prudential frameworks.
- Module 5: Economic statistics for natural resources.

3. With the completion in FY21 of the two multi-country statistics projects, the Module 5 activities will have been completed. This module provides a good example of how the MNRW funding has combined support for development of tools and methodologies and supported the application of these through training and CD activities (Box 1).

¹ The MNRW Steering Committee in December 2020 endorsed a two-year extension of the current program phase.

Box 1. A Retrospective Look at Statistics Activities under the MNRW

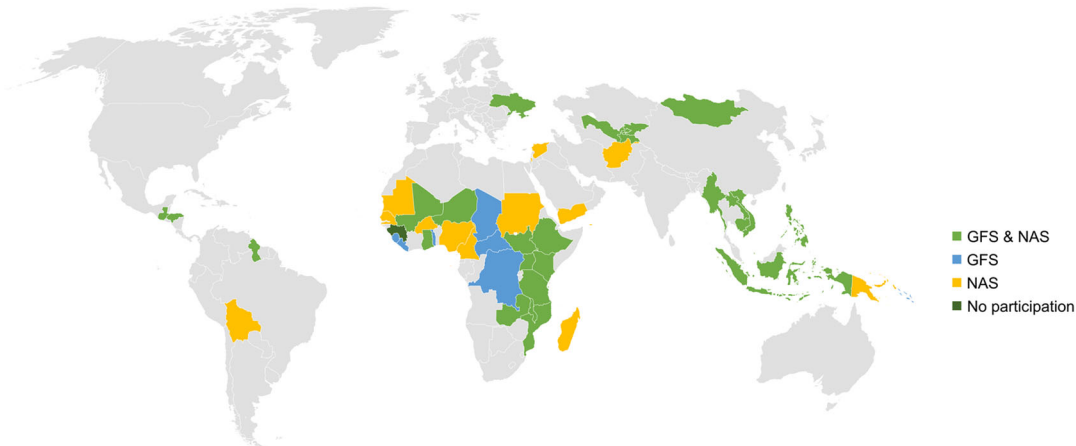
MNRW Module 5, which provided capacity development on economic statistics for natural resources, is an excellent example of how the MNRW project has supported both the development of tools and methodologies on natural resources, as well as capacity building at the country-level.

STA has played a key role in the MNRW from the start of Phase I and expanded direct delivery in Phase II. Indeed, during these phases, significant contributions were made in developing guidance and capacity on statistical compilation and reporting

- To address a long-standing problem of ensuring comparability in reporting of revenue statistics from natural resources, STA prepared a new standard template for the reporting of resource revenue statistics. This was endorsed by the IMF Executive Board in 2014. In collaboration with the Extractive Industries Transparency Initiative (EITI), the standard template was successfully field-tested in six of its member countries (Indonesia, Kazakhstan, Mongolia, Norway, Peru, and Zambia) and a jointly tailored version was adopted by the EITI for recording natural resource revenue in its Summary Data Template (SDT). The standard template, and consequently the SDT, were updated in 2017 to reflect the guidance in the *Government Finance Statistics Manual 2014*.
- To provide guidance to statistical agencies on how to better report and analyze real sector impact of natural resources, STA authored a guidance publication on this topic, the *Guide to Analyze Natural Resources in National Accounts*, which was published in January 2017. The *Guide* is consistent with the *System of National Accounts, 2008* and the GFS revenue standard template and forms a vital and unique reference source for countries to develop and present harmonized statistics in this domain using eight template tables.

The two analytical publications also provided the conceptual groundwork for STA's development of a module under the online course "Macroeconomic Management of Resource-Rich Countries" ([MRCx](#)) focusing on statistics reporting and analysis of natural resources. Since its launch in 2018 the course has completed nine deliveries (including three in French). So far, more than 800 government officials worldwide have passed the course. Building on the capacity development already provided during Phase I, STA prepared two projects for Module 5, Government Finance Statistics (GFS) and National Accounts Statistics (NAS) under the current Phase II focusing respectively on reporting of revenue collections and on the analysis of real sector data. These projects combined multi-lingual regional workshops with a more targeted country-level capacity development approach for statistical agencies in the MNRW eligible countries, achieving excellent knowledge transfer to the bulk of eligible MNRW member countries to support their compilation of more detailed, harmonized revenue and real sector statistics.

MNRW Phase II - Coverage of activities in MNRW Eligible Countries



II. DEVELOPMENTS AND OUTLOOK

A. Impact of COVID-19 Pandemic

4. Due to the COVID-19 pandemic, all MNRW CD activities in FY21 have been done using remote delivery modalities. This has necessitated adjustments and flexibility by both government counterparts in beneficiary countries as well as IMF staff and experts. On the upside it has provided impetus to experiment with alternative ways of providing technical assistance and training, including increased integration of online training platforms into country-level CD activities, and in some cases facilitated more ongoing engagement with government counterparts.

5. The impact of the transition to remote delivery has varied across the MNRW portfolio. The projects within the MNRW portfolio can be broadly categorized in three groups: (i) projects where planned activities have carried on broadly at levels originally envisaged but with savings from the travel budget; (ii) projects where activities have continued albeit at reduced scale compared to original plans reflecting changed priorities or constraints on delivery during the pandemic; and (iii) projects with no traction during the pandemic, in some cases reflecting a reprioritization of short term CD needs related to the impact of the pandemic, in others reflecting changes in counterparts that have complicated reestablishing relations.

6. There have been some benefits from remote delivery. In instances where the authorities have adapted easily to engaging remotely with IMF staff and experts, this has enabled a more ongoing engagement and provided flexibility to respond to emerging needs with quick and timely advice. It has also provided more flexibility for staff and experts to work on multiple projects and activities simultaneously, albeit in some cases this has taken its toll on human resources and may not be sustained in the longer run.

7. Nonetheless, it is evident that remote delivery is not a sustainable substitute for in-country delivery in terms of effectiveness, equity, and efficiency. For CD to be effective requires building relations with counterparts at both policy-making and technical levels. Relations take time to develop and can be especially challenging to establish and sustain when engagement is done through email or video conference calls. Often policy makers will also be more hesitant to discuss more complex and sensitive policy matters through conference calls. This has been a particular challenge to get new projects off the ground. But even for ongoing projects, it can be difficult to build relations if there is turnover in counterparts for example after changes to government. Remote delivery also usually curtails the number of counterparts both within and outside of government that missions will meet with which dampens the breadth of views and perspectives that inform the CD guidance.

8. The remote delivery modality also raises equity issues in terms of eligible countries being able to access and benefit from CD on equal terms. There are substantial differences between countries in terms of their technological connectivity, time zone differences, and the reliance on interpretation during missions. In some cases, this has made it very difficult to effectively carry out remotely delivered missions. While there are exceptions, many countries that face these constraints are also the ones that are most in need of sustained capacity development; hence, the pandemic has to some extent further deepened country-level disparities in capacity.

9. The efficiency aspect is reflected in the financial impact on the MNRW of remote delivery. The most immediate impact is from savings by IMF staff and experts not traveling. These savings are significant. It is estimated that the foregone travel cost related to the FY21 MNRW activities could amount upwards to \$700,000. In some cases, albeit not all, the remote delivery modality has required a prolonged engagement by both staff and experts to complete planned work activities. In other cases, it has been possible to contain the planned work to broadly the usual mission length by narrowing the scope. These add upward pressure on costs, albeit in the aggregate these additional costs are far below the savings from not traveling.

B. Program Portfolio

10. Despite the impact of the pandemic, the delivery of the CD program under the MNRW continued during FY21 albeit at reduced scale compared to recent years. A total of \$3 million was spent during the year which is about 60 percent of the level before COVID-related travel restrictions (Table 1). The highest execution levels were in the fiscal Modules 1, 2 and 3 (tax policy, revenue administration, and macro-fiscal/PFM) followed by the exchange rate/monetary policy Module 4. Reflecting that the statistics projects were completed during the year, the spending on Module 5 was relatively low. Activities on research and development of analytical tools held up very well compared to the previous years, as these were not affected by the travel restrictions to the same extent as direct CD delivery. Spending on workshops and multi-country training in contrast was much lower than in previous years reflecting travel savings arising from the switch to remotely delivered courses and increased use of online training.

Table 1. MNRW Phase II: Portfolio Summary, FY18 – FY21

(As of April 30, 2021, in thousands of U.S. dollars)

	Indicative Expenditure Envelope, per 2016 Program Document	Latest Approved Budget as of April 2021	FY18 Actual Expenses	FY19 Actual Expenses	FY20 Actual Expenses	FY21 Actual Expenses	Actual Total Expenses Apr 2021	Share of Total Indicative Expenditure Envelope	Share of Total Approved Budgets	Share of Total Actual Expenses	Actual Expenses Relative to Approved Budgets
Direct Technical Assistance	17,351	21,531	2,724	3,951	3,649	2,212	12,537	58%	74%	71%	58%
Of which:											
Module 1: Fiscal Regimes	4,164	6,262	1,049	977	767	576	3,369	14%	21%	19%	54%
Module 2: Revenue Administration	5,032	5,728	487	1,092	1,042	633	3,254	17%	20%	18%	57%
Module 3: Macro-Fiscal	3,123	4,616	505	740	758	524	2,527	10%	16%	14%	55%
Module 4: Exchange Rate and Macroeconomic	2,082	1,874	103	273	606	294	1,276	7%	6%	7%	68%
Module 5: Statistics	2,950	3,051	581	869	476	186	2,112	10%	10%	12%	69%
Scoping Missions	728	1,011	294	191	238	39	762	2%	3%	4%	75%
Research Projects and Analytical Tools	2,177	1,260	57	106	318	308	789	7%	4%	4%	63%
Workshops & Training	7,120	4,520	1,350	596	655	297	2,899	24%	15%	16%	64%
Project Management	2,627	921	200	139	179	181	698	9%	3%	4%	76%
Staff Costs	2,215	629	200	139	179	181	698	7%	2%	4%	111%
Steering Committee	214	94	-	-	-	-	-	1%	0%	0%	0%
Independent Evaluation	198	198	-	-	-	-	-	1%	1%	0%	0%
Total	30,000	29,242	4,625	4,982	5,040	3,038	17,685	100%	100%	100%	60%
of which Trust Fund Management Fee	1,963	1,913	303	326	330	199	1,157	7%	7%	7%	60%

11. Cumulative spending from the beginning of Phase II has reached \$17.7 million (from May 2017 through April 2021). While program engagement was strong across all modules, the highest level of spending has been in the fiscal modules and in the multi-country training (partly reflecting the upfront development cost for the online training flagship courses). Scoping missions have been actively used to undertake diagnostic assessments and provide initial policy advice; in most cases, this has led to the subsequent preparation of MNRW CD projects.

12. All committed projects funds have been allocated to projects at this stage. At end-April, the total approved budgets for projects amounted to \$29.2 million. The allocation across modules and activities is broadly aligned with the indicative expenditure envelopes in the 2016 program document. However, reflecting the stronger than anticipated CD demand from countries, the budget allocation for the three fiscal modules is higher than initially envisaged with some reallocation from lower budgets for research, workshops and training, and project management.

C. CD Focus and Results

Country-level Projects

13. Project execution has varied across the portfolio during FY21. This is reflected in Table 2 providing an overview of individual projects across the MNRW portfolio.

Table 2. MNRW Phase II: Project Overview, FY18 – FY21
(As of April 30, 2021, in thousands of U.S. dollars)

Country	Original Approved Budget	Latest Approved Budget as of April 2021	FY18 Total Expenses	FY19 Total Expenses	FY20 Total Expenses	FY21 Total Expenses	Total Expenses	Remaining Budget ^{1/}
Direct Technical Assistance (A)	20,933	21,531	2,724	3,951	3,649	2,212	12,537	8,994
Bolivia (M3)	666	666	40	173	122	4	339	327
Cameroon (M1)	796	-	-	-	-	0	0	0
Chad (M1)	306	306	-	-	-	22	22	284
Congo, Democratic Republic Of (M3)	271	187	187	0	-	0	187	0
Congo, Democratic Republic Of (M3)	590	590	-	-	40	302	343	247
Ghana (M1)	470	1,015	190	140	201	92	622	392
Ghana (M2)	611	611	-	123	22	8	153	457
Guyana (M1)	275	736	125	111	140	53	429	307
Guyana (M2)	1,324	1,324	-	82	356	205	642	682
Kenya (M2)	1,122	922	130	221	147	163	662	261
Liberia (M1)	507	507	54	79	79	44	256	251
Liberia (M2)	368	368	1	134	101	38	274	93
Mauritania (M3)	410	410	-	-	-	35	35	376
Mongolia (M3)	988	786	278	265	244	0	786	0
Mozambique, Republic Of (M1)	473	708	137	175	86	53	451	257
Mozambique, Republic Of (M2)	583	743	193	187	82	17	479	264
Myanmar, Union Of (M1)	552	552	135	228	61	18	442	110
Niger (M3)	590	590	-	143	119	3	265	325
Nigeria (M1)	544	544	152	103	76	39	370	174
Nigeria (M2)	446	446	-	-	-	39	39	407
Senegal (M3)	876	876	-	-	66	172	238	638
Sierra Leone (M1)	335	297	110	136	43	8	297	-
Sierra Leone (M2)	567	792	130	173	150	88	541	251
Sierra Leone (M1)	324	324	-	-	-	15	15	309
Solomon Islands (M1)	68	68	-	-	-	13	13	55
The Gambia (M1)	389	389	-	-	8	70	79	310
Uganda (M1)	524	524	146	4	72	63	286	239
Uganda (M2)	521	521	32	171	184	75	463	59
Uganda (M3)	510	510	-	159	166	8	334	177
Uzbekistan (M1)	291	291	-	-	2	84	86	205
Exchange Rate Regimes and Macroprudential Policies (M4)	1,195	1,663	103	185	483	294	1,065	598
Monetary Policy Framework in the Bank of Uganda (M4)	389	211	-	88	123	0	211	0
Developing Capacity for Compiling Statistics for MNRW - GO (M5)	778	985	203	399	102	97	801	184
Developing Capacity for Compiling Statistics for MNRW - RE (M5)	2,272	2,066	377	470	374	90	1,310	755
Scoping Missions (B)	1,107	1,011	294	191	238	39	762	249
CEMAC	152	152	-	-	5	-4	1	152
Chad	28	28	-	-	28	0	28	0
Congo, Democratic Republic Of	50	47	-	-	47	0	47	0
Ghana	23	22	17	5	-	0	22	0
Guyana	106	89	89	-	-	0	89	0
Guyana	84	68	-	68	-	0	68	0
Madagascar	79	79	-	-	7	43	50	29
Mongolia	78	71	-	42	30	0	71	0
Niger	41	33	33	-	-	0	33	0
Nigeria	70	62	-	-	62	0	62	0
Papua New Guinea	88	85	85	-	-	0	85	0
Solomon Islands	67	59	-	-	59	0	59	0
South Sudan	68	68	-	-	-	0	-	68
The Gambia	75	73	-	73	-	0	73	0
Uganda	97	74	71	3	-	0	74	0
Research Projects (C)	1,290	1,260	57	106	318	308	789	471
Development of New Fiscal Transparency Guide	48	68	14	2	10	23	48	20
FARI Methodology and Fiscal Regime Library	1,242	1,192	44	104	308	285	741	451
Workshops (D)	372	288	230	42	16	-	288	-
Mozambique: Conference on Managing Natural Resource Wealth	95	51	-	35	16	-	51	0
West Africa Conference	277	237	230	7	-	-	237	0
Other Training (E)	4,370	4,232	1,119	554	639	297	2,610	1,621
CEMAC	299	299	89	36	64	45	234	65
Online Course on Energy Subsidy Reform	125	125	22	24	27	3	75	50
Training in Macroeconomic Management in Resource-Rich Countries	2,190	2,052	1,009	495	548	0	2,052	0
Training in Macroeconomic Management in Resource-Rich Countries	1,356	1,356	-	-	-	247	247	1,109
Guyana: Macroframework for Management of Natural Resource Wealth	400	400	-	-	-	3	3	397
Administrative/Governance Cost (F)	360	921	200	139	179	181	698	222
General Program Management	360	921	200	139	179	181	698	222
Total (A+B+C+D+E+F)	28,432	29,242	4,625	4,982	5,040	3,038	17,685	11,557
of which Trust Fund Management Fee	1,860	1,913	303	326	330	199	1,157	756

14. Module 1 (fiscal regime): The main CD-focus of this module is on the design and implementation of tax policy for extractive industry sectors (including taxes, royalty, production sharing, state participation and other fiscal instruments). Usually, the policy advice is underpinned by modeling using the FARI methodology and tool. In some projects, the modeling is extended also to revenue forecasting. There are 12 projects currently active.

- *Chad (M1):* New oil production came onstream in 2020, slowing the decline in oil production. However, Chad was hard-hit by the fall in oil prices and some outages due to COVID-19. A revenue forecasting workshop in February 2021 focused on building capacity for using and maintaining the FARI petroleum revenue forecasting model. In preparation of the workshop, the model was extended to include the domestic refinery and the new production area.
- *Ghana (M1):* CD activities continued broadly as initially envisaged focusing on (i) continued support for calculating the baseline petroleum revenue forecast as input to the budget process; and (ii) preparing the ground for a new Extractive Industry Fiscal Law for the mining and petroleum sectors. MOF staff has progressively taken the lead on the calculations for the baseline revenue, strengthening MOF's ownership of the petroleum revenue forecasting model. Progress was achieved in identifying key policy issues to be included in a draft bill with a TA report exploring in more depth specific policy issues. Further work is expected to focus on preparing a petroleum revenue forecasting manual and then move to develop a mining revenue forecasting model.
- *Guyana (M1):* The engagement under the project has been disappointing even though Guyana is at a critical stage in terms of its petroleum development. The petroleum revenue forecasting model was updated to incorporate alternative oil price forecasts given the elevated uncertainty. The revenue forecasting framework is used for the calculation of the estimated sustainable income from petroleum – a basis for determining the amount of petroleum revenue that can be used to finance budget expenditure. On-demand support for the authorities was provided by an STX through December 2020 to support the interpretation of key clauses and terms regarding petroleum valuation and other matters in the production sharing contract. The outlook for CD activities remains unclear. In principle, CD support could continue, however, that would require a clearer indication of engagement by the authorities.
- *Liberia (M1):* Current focus by the government is on expanding iron ore extraction and its 4th petroleum licensing round. Support under the project provided input for developing a new Model Production Sharing Contract (MPSC) and updating the Sectoral Mining Model (SMM) focusing on the iron ore mine. Training was provided on the use of the FARI framework in the evaluation of oil licensing round bids. Continued CD will focus on modelling further mining projects and building capacity in the effective use of the FARI framework. Depending on the outcomes of the 4th licensing round, capacity building in petroleum revenue modeling and tax regime implementation will be undertaken. Finally, a review of the mining tax policy framework will be considered.
- *Mozambique (M1):* Remote activities focused on updating the revenue forecasting FARI LNG model and reviewing international tax policy issues related to LNG production. Once in-country CD delivery resumes it will maintain focus on implementation of the fiscal regime and building capacity in LNG revenue forecasting closely coordinating with the ongoing NORAD/Oil for Development (OfD) project.

- *Myanmar (M1)*: Following the military coup on February 1, 2021, all IMF CD activities have been suspended. Before that a number of activities were conducted jointly in coordination with Norad/OfD and the World Bank: webinars were delivered in November 2020 on the use of the R-factor and in January 2021 on an analysis of Myanmar's high effective royalty rate and recommendations to improve the fiscal regime.
- *Nigeria (M1)*: Despite the challenging fiscal situation, the government moved forward finalizing very comprehensive draft legislation on the policy and regulatory framework for the petroleum sector including an overhaul of the fiscal regime for oil and gas. In coordination with the World Bank, FAD undertook two reviews of the evolving draft legislation during the last 12 months including an evaluation of the new petroleum fiscal regime. Subsequently, the authorities submitted the legislation to the National Assembly in early 2021. While the fiscal regime proposal has some shortcomings, it has taken into account a number of issues raised previously; moreover, given the prolonged process for overhauling the petroleum framework, bringing the reform to closure would reduce an element of investor uncertainty. There has been less progress on providing capacity development on petroleum fiscal analysis under the project. This partly reflects challenges of engaging remotely combined with the lack of established relations with new counterparts in this area.
- *Sierra Leone (M1)*: An introductory training course on fiscal regime modeling has been developed. Work continued on implementing legislative corrections to the fiscal regime for mining and petroleum (the Extractive Industries Revenue Act). Technical advice is now with senior ministers for consideration and implementation. Fiscal regime model building slowed due to difficulties obtaining and remotely sharing data with experts, particularly on sensitive taxpayer matters, although the authorities are motivated to continue building an aggregated mining sector revenue forecasting model. Fiscal regime modeling training is likely to remain on a slower path until in-country missions can recommence.
- *Solomon Islands (M1)*: Initial advice was provided on nickel pricing, to ensure shipments are appropriately valued for tax and royalty purposes. There has been active engagement from the authorities and support has been delivered as expected, albeit at a slower pace, as investors work through the process of obtaining mining licenses.
- *The Gambia (M1)*: A tailored online training course on petroleum fiscal modeling was developed and is now ready for use by country officials. This training course includes teaching videos on key fiscal modeling topics and worked modeling examples that participants can replicate to check understanding. These training modules reflect components of the IMF's larger model of the petroleum fiscal regime, which is also ready for handover to Authorities. Although exploration activities have subsided during the pandemic and the resulting fall in oil prices, the authorities have advised they expect to be able to commence training in May 2021.
- *Uganda (M1)*: The authorities have made further progress towards the final investment decision with the signing of a host government agreement for the pipeline. A revenue forecasting workshop in August 2020 focused on building capacity for using and maintaining the FARI petroleum revenue forecasting model and deepening the understanding of the petroleum fiscal regime.

- *Uzbekistan (M1)*: A number of activities were carried out providing inputs for the draft mining tax law, exploring policy options for the mining rent tax, and advising on royalties amongst other tax policy topics. A customized training course has also been prepared on mining and petroleum fiscal regime analysis with 40 government officials signed up as participants.

15. Module 2 (revenue administration): This module provides CD to revenue authorities focused on administering revenue collections from extractive industries (EI). The MNRW module 2 projects work closely with the Revenue Mobilization Thematic Fund (RMTF) projects to deliver coordinated CD at the country level. Currently, there are 8 projects, 7 in sub-Saharan Africa and 1 in the Western Hemisphere. In November 2020, a francophone speaking EI revenue administration expert was recruited by FAD to support and coordinate CD delivery in francophone countries.²

- *Ghana (M2)*: The engagement in FY21 has been limited as the authorities did not find it feasible to participate in remote CD. Gaining traction and commitment from the Ghana Revenue Authority has been challenging with slow progress in implementing revenue administration reforms in the EI. A project extension will not be sought when the project runs out in June 2021. The remaining project funds will be reallocated to support CD for the module 2 projects in Uganda, Liberia, and Kenya
- *Guyana (M2)*: There has been good engagement and strong commitment by the Guyana Revenue Authority (GRA). A remote mission and STX activities focused on: establishing the Customs Petroleum Unit, risk assessment, developing petroleum reporting forms and schedules, enhancing the GRA's knowledge of oil and gas accounting, and the capacity to identify and mitigate international tax risks posed by the EI sector. A new EI revenue administration peripatetic advisor was deployed in August 2020 to establish a staff training and mentoring program focusing on enhancing audit skills. An EI skills gap assessment was conducted, and a skills development plan is in place. The HQ mission assessed progress of EI revenue administration reforms and found that despite the COVID-19 related disruptions, most project milestones were completed while others were on course but needed more time to complete. A framework for a two-year project extension up to October 2023 was discussed with the authorities to enable completion of the outstanding project milestones and address emerging CD needs.
- *Kenya (M2)*: The CD focused on enhancing the Kenya Revenue Authority's (KRA's) knowledge of the oil and gas sector, risk assessment and international tax risks posed by the EI. The oil and gas risk matrix is completed and the EI skills assessment and development of a skills enhancement plan is on course. An HQ EI Customs diagnostic mission assessed the capacity and made recommendations to enhance Customs administration of the EI. A framework for a two-year project extension was discussed with the authorities to continue to train and build the capacity to administer the EI, including the implementation of the recommendations made by the Customs mission.
- *Liberia (M2)*: Progress has been relatively limited, with the authorities unable to participate in remote CD activities. Liberia faces internet connectivity challenges that render remote CD delivery and

² During the 2021 Spring Meetings, formal requests of CD to revenue authorities in the EI have been expressed by Burkina-Faso and Guinea. These countries' specific CD needs, as well as other potential engagements, will be further explored during the first half of FY21.

participation quite challenging. A remote STX visit in October 2020, assisted the authorities to conduct a EI skills gap analysis and developed a skills development plan to address the identified skills gaps. The authorities have expressed a need and interest in a two-year project extension to recover lost time to complete the outstanding project milestones and continue to train and build the capacity to administer the sector. Discussions with the authorities identified the priorities for the extension period, including advancing and operationalizing the EI compliance strategy, enhancing knowledge of the EI, computer-assisted audit techniques, and international tax risks posed by the EI.

- *Mozambique (M2)*: CD was provided primarily through the on-demand STX support. The risk matrix for the oil and gas sector is completed pending translation and final review. The EI skills gap assessment and development of a skills development plan is on course.
- *Nigeria (M2)*: There were initial delays by the authorities in approving the commencement of CD activities partly due to the COVID-19 related disruptions and the transition to remote CD delivery modality. A HQ priority setting mission in December 2020 and January 2021, obtained approval for CD activities to commence and developed a revised workplan outlining tasks and activities for FAD and the Federal Inland Revenue Service (FIRS) over the next twenty-four months. CD in FY22 will focus on enhancing FIRS' knowledge of the oil and gas industry, enhancing audit skills, risk assessment and advancing a compliance strategy for the oil and gas sector.
- *Sierra Leone (M2)*: 1 HQ review mission and 3 STX assignments were delivered focusing on enhancing the capacity to identify and mitigate international tax risks posed by the EI, legislative interpretation and preparing case studies and a practice note to clarify the ring-fencing requirements of the new Extractives Industries Revenue Act. The HQ mission reviewed the progress of implementing reforms in revenue administration of the EI and made recommendations for continued improvement.
- *Uganda (M2)*: The Uganda Revenue Authority (URA) has commenced audits to verify deductible costs incurred to date by the upstream petroleum companies and requested assistance in enhancing industry knowledge and developing audit skills. STX activities focused on completing the oil and gas risk matrix to identify potential audit issues, enhancing the URA's capacity to identify and mitigate international tax risks, assessing EI skills gaps, and developing a skills enhancement plan to address the identified skills gaps. A peripatetic advisor will focus on staff training, mentoring, and coaching to develop audit skills. Development of petroleum reporting forms and schedules is on course. The authorities have expressed a need and interest in a project extension to complete the outstanding project milestones and address emerging CD needs.

16. Module 3 (macro-fiscal and public financial management): The main focus of this module is to provide CD on macro-fiscal and PFM frameworks for countries with current or prospective natural resources under development. There are five active projects.

- *Bolivia (M3)*: Project activities were delayed due to political developments. Following a change in government, the expectation is to restart engagement during the coming fiscal year.
- *Congo, D.R (M3)*: Significant assistance has been provided during FY21: four remote TA missions assisted on improving public investment management, strengthening the budget processes and

identifying fiscal risks in the context of the COVID-19 crisis; and two short-term expert (STX) remote missions on cash management. Two on-going STX remote missions are helping in updating the medium-term budget framework (MTBF) and developing the first fiscal risks statement. Traction has been good, and the authorities requested additional missions during FY2022. Due to the COVID-19 pandemic and the political transition, limited progress has been made however on milestones and outcomes. The new regulatory framework, methodologies and tools would need to be adopted and/or fully implemented. The nomination of a new Government in March 2021, and the possible program with the Fund, could help achieving expected results on public financial management.

- *Mauritania (M3)*: A first mission under this project took place in May 2021 to identify main issues, assess capacity, develop a workplan and provide preliminary guidance. The mission noted the authorities' strong interest to revamp their fiscal framework in preparation for gas, and in light of their increasing dependence on mining revenue. Going forward, FAD will continue working with the authorities to enhance their macro-fiscal capacity, including capacity to work on a FARI model, develop a fiscal framework that better prepares the government to respond to the significant volatility it faces due to its dependence on extractive revenue, while at the same time strengthening their top down and medium term approach to budgeting.
- *Niger (M3)*: Significant assistance has been provided since the start of the project on the macro-fiscal function, on fiscal risk management and on the evolution of the Budget Department's role and responsibilities in the context of recent PFM reforms. Authorities have shown strong interest in our advice and have reiterated their commitment to reforms. However, due to the COVID-19 pandemic and elections that took place in the second half of FY21, limited progress has been made in implementing recommendations and reaching expected milestones and outcomes during FY21. Further, no activity could be delivered in FY21 under the project. To continue supporting the authorities on the still pertinent work program covered by the project to facilitate this, it is proposed to extend the project with unchanged budget and objectives to December 31, 2022.
- *Senegal (M3)*: Production of recently discovered oil and gas is expected to come onstream in 2023. The estimated size of the discoveries and their contribution to the economy are still evolving, but they are expected to generate significant additional fiscal revenues. The new resources pose challenges in the conduct of fiscal policy and PFM to insulate the budget from oil and gas revenue volatility and ensure the efficiency of the resulting public spending. The project is supporting the authorities in developing a macro-fiscal framework for managing the expected resource revenue with a rule-based fiscal framework integrated into the medium-term fiscal planning and the annual budget. Following a delayed project inception mission in March 2020 which had to be conducted remotely due to COVID-19, project implementation has picked up. As a follow-up, a series of remote short-term experts visits and HQ-based desk reviews supported the authorities in finalizing the drafting of the legal framework for oil and gas revenue management, as well as for the sovereign wealth fund, and in developing a FARI petroleum revenue forecasting model. A remote HQ-led mission in March 2021 helped identify the prerequisites for the implementation of a fiscal responsibility framework for natural resource wealth management, proposed procedural fiscal rules to be put in place in the future, and provided advice on appropriate public financial management arrangements to support the implementation of a fiscal responsibility framework for natural resource wealth management. In FY22, the project will

continue to support the authorities in developing operational tools for the implementation of the law on oil and gas revenue management, refine revenue forecasting tools, and establishment of a sovereign wealth fund.

- Uganda (M3): Despite a predominant focus on the COVID-19 response, the authorities have resumed work on their fiscal framework for oil. FAD provided inputs for an internal workshop in November 2020 and MOF technical staff have been using the models developed by FAD to update their analysis on oil revenue management, with FAD providing support on-demand. A significant milestone has been achieved recently with the authorities setting their oil revenue management principles in a draft policy paper, which is to form the basis of their Charter for Fiscal Responsibility. These principles closely follow advice provided under this project. To continue supporting the authorities, it is proposed to extend the project with unchanged budget and objectives to June 30, 2022.

17. Module 4 (exchange rate and macro-prudential frameworks): This module provides CD to central bank authorities in countries with natural resources.

- *Exchange rate regimes and macroprudential frameworks (M4):* Despite the challenges caused by the COVID-19 crisis, TA activity has continued. Virtual missions were delivered to Kyrgyz Republic and Uzbekistan and provided recommendations on how to modernize the monetary policy and operations and cope with the COVID-19 shock. A virtual mission was also delivered to the Philippines and focused on monetary policy communications, with a follow up mission envisaged in 2021H2. An additional mission on monetary policy modernization and FX operations is likely to be virtually delivered to Kyrgyz Republic in the next 6 months. Talks with the authorities in Guyana regarding the logistic aspects and the scope of a mission on the modernization of the monetary policy framework are still ongoing. Several draft chapters for the TA handbook are being reviewed with a view to publication.

18. Module 5 (statistics): This module provides CD and training on economic statistics related to natural resources. There are two umbrella projects focusing on government revenue and real sector statistics.

- *Real sector (M5):* During FY21, two countries received a one-week remote technical assistance (TA) mission, Guyana in September 2020 and Uzbekistan in March 2021. The TA missions assisted government officials in improving measures of natural resources in national accounts statistics in accordance with the principles set out in the *IMF's Guide to Analyze Natural Resources in National Accounts* (The Guide). During these missions, Guyana populated five of the eight template tables set out in The Guide and Uzbekistan populated four of the eight template tables, which the statistical agency is expected to publish annually from July 2021. By-April 2021, the project had completed all planned bilateral and regional activities.
- *Government finance statistics (M5):* By-April 2021, the project finalized the activities outlined in the proposal, specifically four TA missions (Guyana, Kenya, Uganda, and Uzbekistan) and five face-to-face regional workshops (two for Africa, one each for Asia-Pacific, Central Asia, and Latin America). These activities assisted participant countries to strengthen the use of the Resource Revenue Template for assessing fiscal risks coming from extractive industries and to upgrade fiscal reporting to the current

international standards. The additional follow up TA mission to Guyana was canceled at the request of the authorities due to the lack of availability of key counterpart staff. With the support of WHD, STA aims to include topics related to revenue on natural resources in future TA activities to Guyana.

Multi-country training, Analytical Tools, and Research Projects

19. Both face-to-face and online training on *Macroeconomic Management in Resource-Rich Countries* have been adapted in response to the COVID-19 pandemic. ICD conducted three virtual “face-to-face” courses instead of the in-person courses. Intensive use of workshops, debates, and web-based learning tools helped ensure strong participant engagement, high participant satisfaction, and significant learning gains. Online training in both English and French was made available on a self-paced basis, with extended registration and completion timelines. The pandemic led to a significant increase in demand. Online training in Russian was launched at end-April 2021.

20. The regional FARI workshop series for Anglophone and Lusophone African countries was concluded remotely. Following a first in-person workshop in Accra and Dar-Es-Salam in February/March 2020, the second and third workshops were delivered remotely. Around half of the 70 participants of the first workshop continued in the remote format. The experience of the remote delivery was mixed. A positive aspect of the remote delivery was the ability to discuss topics and case studies with countries from different African regions which would not have been possible in an in-person format. This triggered interesting discussions among the participants and supported peer-learning. However, the remote format was more challenging in terms of ensuring all participants progressed at the same pace due to work pressure and technical difficulties. The workshop series was used to test the modernized FARI tool and to develop a standard curriculum to build capacity for fiscal regime analysis and design and use of the FARI methodology integrating webinars, video recorded lectures, and other online material.

21. Significant progress was made on overhauling the FARI model templates for mining and petroleum fiscal regime analysis. The new mission models are now well tested and fully operational in mission work (e.g., applied in recent missions to Chile and Madagascar) and research work. FAD held sessions with the petroleum industry and civil society organizations to get feedback on the updated models. The new models were well received, and all stakeholders appreciated the progress made during the modernization process. Suggestions related to the publication of the simplified models in multiple languages, providing supporting material and optimizing the presentation of results. It is expected that the updated simplified model framework will be made available on the IMF website during the coming year. Following the earlier integration of carbon pricing into the FARI model, FAD is also working on a tailored model to analyze tax policy questions related to the LNG sector which is becoming increasingly important as the energy transition progresses (Box 2 provides further background on climate change and natural resources).

Box 2. Climate Change and Natural Resources

The IMF has been encouraging its membership to take forceful action on climate change mitigation and adaptation. The IMF has also made seminal contributions to the climate change policy dialogue through research and analytical work including on carbon pricing and fossil fuel subsidies. Currently, work is underway exploring carbon border adjustment mechanisms and proposals for an international carbon price floor. Within the IMF, climate change is being rapidly integrated into multilateral and bilateral surveillance and while capacity development is being scaled up.

Globally, as more countries adopt carbon neutrality targets for mid-century, there is increasing attention to the role of extractive industries in the transition toward a low carbon energy future. This brings to the fore important tax policy and macro-fiscal policy questions.

- What is the role of tax policy to incentivize a switch from coal and oil toward natural gas as a relatively lower carbon emitting fuel in the transition period; to curtail methane gas leakages; and encourage the deployment of carbon capture and sequestration technologies at scale?
- What is the appropriate tax policy design for other minerals (e.g., copper, lithium, and rare earth minerals) to ensure incentives for the reliable supply of mineral inputs for electrification of vehicles, buildings, and industry, as well as renewable energy while ensuring a fair sharing of benefits between governments and investors?
- How can fossil fuel dependent economies prepare for the energy transition by diversifying the economy and revenue sources, increase savings and investment, and consider taxing carbon emissions at source. A related tax policy choice that many governments will have to tackle is whether to reduce the government take to compete for a shrinking pool of investment or instead maximize revenue from fossil fuel assets already in production.

These policy issues are expected to increase in importance also for policy makers from beneficiary countries under the MNRW. Work is already underway by IMF staff in developing analytical frameworks and tools to underpin country-level policy advice and capacity development. For example, the FARI model has been extended to integrate carbon pricing into the fiscal regime and investment analysis and explore the impact of taxing at the point of extraction either direct emissions of greenhouse gases (Scope 1) or indirect emissions from the final combustion of fossil fuels (Scope 3). Work continues on further refining global and country-level estimates of the revenue impact on fossil fuel producing countries from various global climate change mitigation scenarios (working closely with the IEA).

In recent years, partly in response to pressure from advocacy groups and investors, the fossil fuel industry is implementing plans to reduce carbon emissions, albeit these vary in ambition regarding scope and timeline. However, in many countries there remains a disconnect between natural resource tax policy and environmental and climate change policy. This is further complicated in cases where national oil companies play a direct role in fossil fuel production, to the extent these may react differently to price signals than international oil companies.

While climate change issues are far reaching, the MNRW is well-placed to contribute to support natural resource dependent countries prepare for the transition toward a low carbon energy future through advice on policy design and implementation as well as capacity building on integrating tools into their decision-making processes. It is expected that this will become a key focus of CD activities in the coming years working with natural resource dependent country authorities.

D. Results-based Monitoring

Results against the RBM Framework

22. COVID-19 clearly has hampered the RBM performance of a number of MNRW projects. Compared to RBM performance in April 2020, which mostly represented pre-COVID conditions, more projects are now in the 'red' zone of both milestone and outcome ratings (Figure 2 and Figure 3). This can be due to delays by authorities approving the commencement of CD activities partly on account of COVID-19 related disruptions (e.g., Nigeria, Module 2; Bolivia Module 3); it can reflect a shift in priorities as the COVID-19 response takes center stage (e.g., Uganda, Module 3; The Gambia, Module 1); there may be difficulties in transitioning to remote CD delivery (e.g., Nigeria, Module 2); or remote CD delivery requires more time to achieve expected results (e.g., Uzbekistan, Module 1; Senegal, Module 3).

23. For most MNRW projects, though, RBM performance remained satisfactory. In Figures 2 and 3, this is illustrated by the fact that most projects remained in the 'yellow' or 'green' zone of milestone and outcome ratings. This reflects significant achievements for many projects during difficult conditions: the outcome ratings for a substantial number of projects improved, especially in revenue administration (Module 2). The last is probably at least partially attributable to the importance of revenue administration to the COVID-19 response in many countries. Close to 100 milestones came due during FY21, with about half either largely or fully met (Table 3 provides details for selected cases). The share of largely or fully met milestones has increased over the past six months, which suggests that CD delivery has found its footing. In sum, COVID-19 has been a setback for RBM performance, but it is recovering and with the extension of the current MNRW phase through FY24, there should be enough time to make up for the setback.

Figure 2. MNRW Phase II: Average Rating of Due Milestones in Country-Level Projects

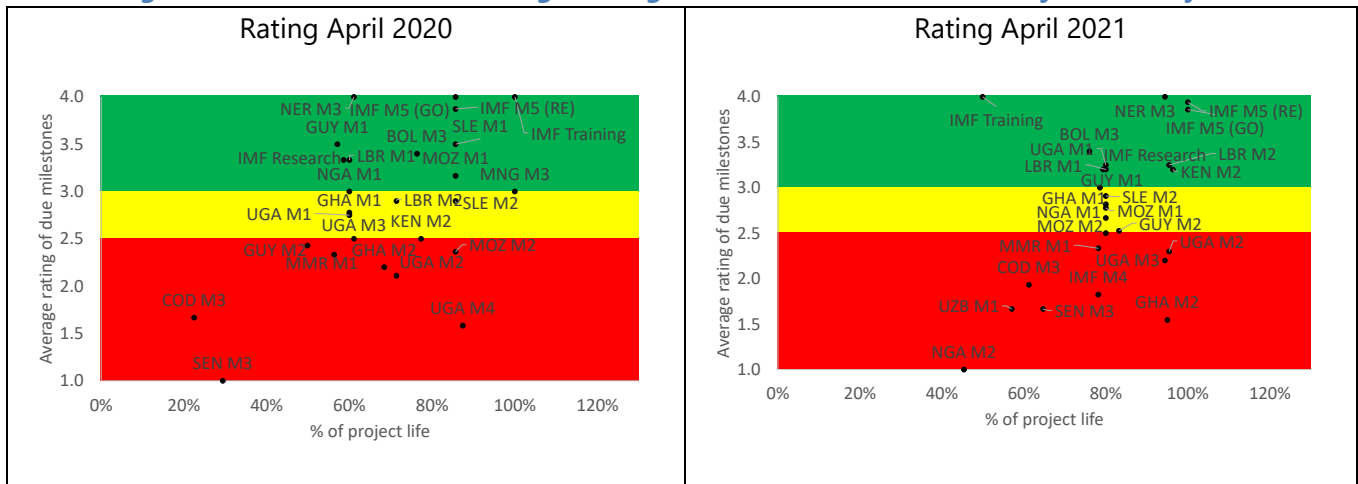


Figure 3. MNRW Phase II: Summary RBM Scores in Country-Level Projects

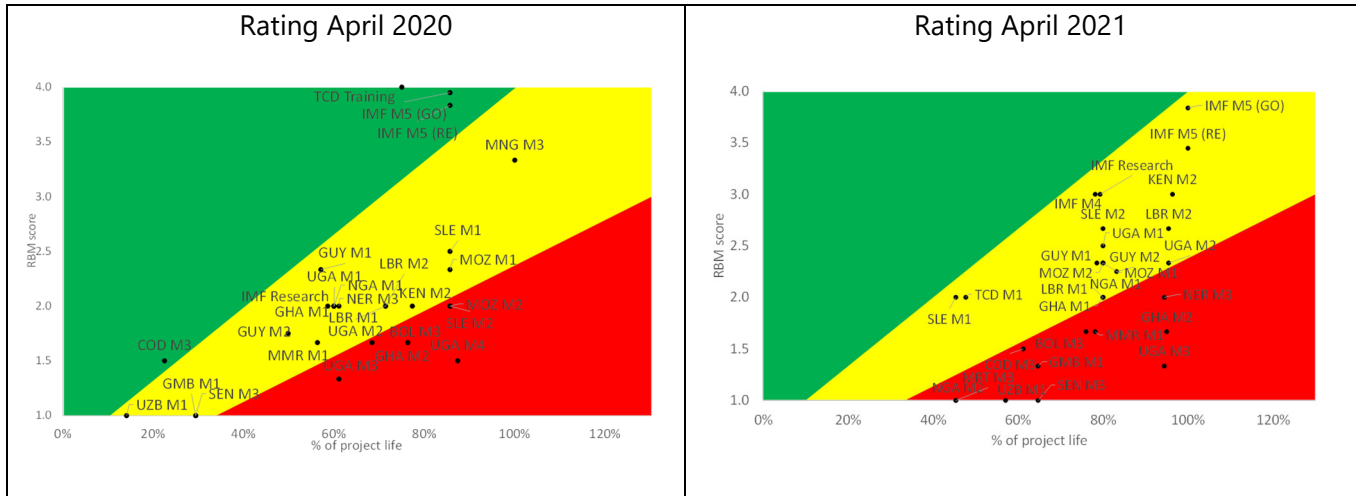


Table 3. MNRW Phase II: Selected Key Results in FY21

Project	Results
Congo, DRC (M3)	Progress has been made with (i) drafting decrees for managing all expenditures related to the 100-day investment program, (ii) the new Treasury system (jointly with the WB), and (ii) tools for the macroeconomic framework and natural resources revenue projections, fiscal risks identification, cash management, and monitoring of COVID-19 operations.
The Gambia (M1)	A tailored online training course on petroleum fiscal modeling (using the IMF's teaching platform) was developed and is now ready for use by country officials.
Guyana (M1)	On-demand support was provided to support the interpretation of key clauses and terms regarding petroleum valuation and other matters in the production sharing contract.
Guyana (M2)	The skills development plan was completed (the associated milestone was fully achieved).
Research (FARI)	Using the new simplified FARI models, 3 regional workshops were delivered targeting 11 Anglophone and Lusophone African countries.
Kenya (M2)	The oil and gas risk matrix has been completed, development of EI skills gap assessment and development plan is on course. Two associated milestones have been largely achieved.
Liberia (M1)	The Sectoral Mining Model has been upgraded, with the associated milestone partially achieved.
Mozambique (M2)	The oil and gas risk matrix has been completed (pending review) and two milestones related to staffing and staff development are now largely achieved.
Nigeria (M1)	Comprehensive draft legislation on the policy and regulatory framework for the petroleum sector, including an overhaul of the fiscal regime for oil and gas, was submitted to the National Assembly in early 2021. An associated milestone was largely achieved.
Senegal (M3)	Work continued on finalizing the drafting of the legal framework for oil and gas revenue management, as well as for the sovereign wealth fund, and in developing a FARI petroleum revenue forecasting model.
Sierra Leone (M1)	Core skills training on the MS Excel tools needed for fiscal modeling was completed by key officials, and an introductory training course on fiscal regime modeling has been developed and is currently being trialed by key officials.
Uganda (M2)	The Uganda Revenue Authority has commenced audits to verify deductible costs incurred to date by the upstream petroleum companies.

Project	Results
Uzbekistan (M1)	The authorities produced a mining fiscal regime draft law and are now in the process of fine-tuning the fiscal parameters and improving their understanding of practical issues associated with the implementation of the regime.
Exchange Rate Regimes and Macroprudential Policies (M4)	A mission assisted the National Bank of Kyrgyz Republic with further modernizing monetary policies and operations. In Uzbekistan, support focused on monetary and FX operations, development of the interbank money and FX markets, and transitioning to an inflation targeting regime. A mission to Bangko Sentral ng Pilipinas (BSP) provided recommendations on monetary policy communications.
Developing Capacity for Compiling Statistics for MNRW - RE	Technical assistance was provided to Guyana and Uzbekistan to assist them in presenting clear, holistic, and internationally comparable estimates of production, income, wealth, and employment relating to natural resource activities.

E. Mid-term Independent Evaluation

24. Preparations for the mid-term program evaluation are underway. Per the Essential Terms and Conditions for the Administration of the MNRW Subaccount, an independent evaluation takes place no later than 40 months after the activities of each funding cycle have begun. The purpose of the evaluation is to assess the objectives of the CD program in relation to its relevance, efficiency, effectiveness, coherence, sustainability, and impact (following OEDC DAC criteria). In addition, evaluations help to identify the factors that account for performance of the activities, assess whether the objectives set in the Program Document of a vehicle have been met, and what lessons have been learned. Evaluators can also assess the Thematic Fund’s operations in a separate section of the evaluation (non-project-specific). The evaluation of the MNRW Phase I was finalized in May 2015.

25. The upcoming evaluation for the MNRW Phase II will cover the period of January 2017 – April 2021. A Request for Proposals (RFP) was issued on February 5, 2021 to 28 evaluation companies. This is a niche market and most companies which offer this type of services are often small to medium size. They are usually specialized in research and the evaluation of programs in developing countries. In order to attract more bidders, the RFP was also posted on the IMF external procurement website. Bids received were scored and evaluated by various departments in the IMF. IMF’s Procurement unit is currently working to award the firm with the highest score.

26. Once the contract is finalized, we will plan a kick-off meeting with the evaluation team and prepare a briefing visit for them to meet with the IMF staff and share relevant documentation for them to begin working on the Inception Note (IN). The IN details the purpose, scope, coverage, and proposed timeline of the assessment, as well as a proposed sample of projects to assess indicating the criteria for the selection, a description of the level of aggregation of project assessments, methodology, key evaluation questions, suggested countries for case studies, and questionnaires, interview and survey questions. A draft will be shared with the already established Evaluation Sub Committee (ESC) for comments.

III. FINANCIAL UPDATE

27. The MNRW Phase II is in a sound financial situation. The pledges to the MNRW stand at US\$27.97 million against the target budget for the phase of US\$30 million. Contributions received as of April 30, 2021 amounted to US\$27.1 million and combined with the interest earned and transfers from Phase I, a total of US\$28.9 million has been received into the subaccount (please refer to Table 4 and 5). Future payments under agreements are subject to exchange rate fluctuations, but as the majority of the financing has been received, this is not expected to greatly impact liquidity. The funding gap will be less than US\$1 million, and the IMF will reach out to current partners to assess the possibility of topping up contributions. The pro-rata share of the unspent balance from Phase I is in the process of being returned to Oman.

Table 4. MNRW Phase II: Status of Partner Contributions
(As of April 30, 2021, in thousands of U.S. dollars)

Partners	Agreement Information				Contribution Received		(U.S. Dollars)		
	Signed Date	Currency	Amount	U.S. Dollars	Agreement Currency	U.S. Dollars	Contribution Expected		Contribution Received, Requested & Future
							Requested	Future Request ^{1/}	
Partners									
Australia	June 6, 2018	AUD	3,750	2,823	3,750	2,775	-	-	2,775
European Commission	October 14, 2017	EUR	7,000	8,282	7,000	8,164	-	-	8,164
Netherlands	April 21, 2017	USD	4,400	4,400	4,000	4,000	-	400	4,400
Norway	October 7, 2016	NOK	40,000	4,974	40,000	4,729	-	-	4,729
Switzerland	September 13, 2016	CHF	7,000	7,196	7,000	7,177	-	-	7,177
United Kingdom	October 25, 2018	GBP	230	296	230	291	-	-	291
Partners Total				27,971		27,137	-	400	27,537
Internal Transfers^{2/}									
Netherlands				308	-	308	-	-	308
Switzerland				769	-	769	-	-	769
Internal Transfers Total				1,077		1,077	-	-	1,077
Grand Total				29,048		28,214	-	400	28,614
Program Document Budget				30,000					
Funding Gap				-952					

^{1/} The future contributions amount is set to zero for completed installments.

^{2/} Refers to transfers from one program phase to another (e.g. phase rollovers).

28. The projected cashflow position in the MNRW Phase II is satisfactory. Under the disbursement schedule agreed with partners, the cash balance is sufficient to ensure the implementation of endorsed MNRW activities, and as detailed in Section IV, the workplan as proposed for endorsement.

Table 5. MNRW Phase II: Cash Flow Statement
(As of April 30, 2021, in thousands of U.S. dollars)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Totals
	FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8	
Contributions^{1/}	4,129	11,329	8,085	1,649	3,022	400	-	-	28,614
Australia	-	1,748	1,028	-	-	-	-	-	2,775
European Commission	-	6,522	-	-	1,642	-	-	-	8,164
Netherlands	-	1,500	1,808	500	500	400	-	-	4,708
Norway	545	-	2,155	1,149	881	-	-	-	4,729
Switzerland	3,585	1,559	2,804	-	-	-	-	-	7,947
United Kingdom	-	-	291	-	-	-	-	-	291
Interest Earned	12	131	307	252	1	-	-	-	703
Total Cash Available	4,142	11,460	8,392	1,900	3,023	400	-	-	29,318
Expenses Paid^{2/}	-	4,625	4,982	5,040	3,038	5,081	4,195	1,764	28,725
Cash Balance	4,142	10,977	14,387	11,247	11,233	6,552	2,357	593	593

^{1/} Contributions are net of transfers and return of funds.

^{2/} Expenses paid include the 7% Trust Fund Management Fee. FY21 onwards are estimates based on proposed workplans.

29. Expenditures for FY22 and FY23 are projected to be US\$5 million and US\$4.2 million respectively. The total workplan endorsed to date is US\$29.2 million. MNRW FY21 implementation has reached US\$3.1 million. MNRW total execution to date is US\$17.68 million. Endorsement of the Steering Committee is sought for the program budget decrease in the amount of US\$0.5 million (Table 6).

30. The total workplan then amounts to US\$ 28.72 million. The available resources within the subaccount, plus pending installment, and careful management of current projects, have ensured that the subaccount has sufficient liquidity to finance this work program.

Table 6. MNRW Proposed Revisions and New Proposals for Endorsement¹
(As of April 30, 2021, in thousands of U.S. dollars)

Country (Project)	Description	Endorsed Budget as of Apr 2021	Proposed Change in Budget	Proposed Multi-Year Budget
Revisions to Current Endorsed Projects^{2/}			-517	
Guyana (M2)	Extension and modification of existing CD project for endorsement	1,324	-75	1,249
Kenya (M2)	Extension and modification of existing CD project for endorsement	922	162	1,084
Liberia (M2)	Extension and modification of existing CD project for endorsement	368	216	584
Uganda (M2)	Extension and modification of existing CD project for endorsement	521	477	999
Uganda (M3)	Budget neutral extension for endorsement	510	0	510
Niger (M3)	Budget neutral extension for endorsement	590	0	590
Development of New Fiscal Transparency Guide	Budget neutral extension for endorsement	68	0	68
Statistics GO (M5)	Project ended. Balance to be returned to the pool - for information	985	-130	855
Statistics RE (M5)	Project ended. Balance to be returned to the pool - for information	2,066	-702	1,364
Madagascar Scoping Mission	Project to end. Balance to be returned to the pool - for information	79	-19	61
Ghana (M2)	Project to end. Balance to be returned to the pool - for information	611	-447	164
Total MNRW portfolio budget to date		29,242	-517	28,725
Total revised workplan including new proposals				28,725
of which Management Fee				1,879

^{1/} Includes Trust Fund Management Fee.

^{2/} Balances returned to the pool are already accounted for in the Detailed Progress Report table, hence they are excluded from calculations in this table.

