European Union | ACP | Germany

Switzerland | Belgium | The Netherlands

Norway | Luxembourg | Republic of Korea | Kuwait

TAX POLICY AND ADMINISTRATION TRUST FUND
ANNUAL REPORT
2016

CONTENTS

LIST OF SELECTED ACRONYMS

CD	Capacity Development
CIAT	Inter-American Center of Tax Administrations
EAC	East African Community
FAD	Fiscal Affairs Department (IMF)
GDP	Gross Domestic Product
IMF	International Monetary Fund
IOTA	Intra-European Organization of Tax Administrations
ISORA	International Survey on Revenue Administration
LLMIC	Low- and lower-middle income countries
OECD	Organization for Economic Cooperation and Development
PD	Program Document
RA-FIT	Revenue Administration Fiscal Information Tool
RA-GAP	Revenue Administration Gap Analysis Program
RBM	Results-based management
RMTF	Revenue Mobilization Trust Fund
RTAC	Regional Technical Assistance Center
RTC	Regional Training Center
SC	Steering Committee
TA	Technical assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TPA-TF	Tax Policy and Administration Trust fund
TF	Trust Fund
VAT	Value Added Tax
WAEMU	West African Economic and Monetary Union

OVERVIEW

A. Summary of TPA-TF

1. **The Tax Policy and Administration Trust fund (TPA-TF) was launched in April 2011 by the International Monetary Fund (IMF) in partnership with several donor agencies.**[1] It helps low- and lower middle-income countries (LLMICs) to implement effective and efficient tax systems and generate the revenue needed for providing essential public goods and services.

2. **The TPA-TF is designed to meet the increased demand of developing countries for technical assistance (TA) in tax policy and administration.** At a glance, the TPA-TF embodies the following objectives in LLMICs:

- Promoting appropriately designed and administered tax systems, which contribute to domestic resource mobilization, and are a core element in state building.
- Improving the structure of tax systems to make them more supportive of efficiency, growth, and equity.
- Facilitating domestic resource mobilization to enable funding for public investment and other growth-enhancing government activities, and to reduce long-term aid dependency.

3. **Under the TPA-TF, TA is implemented under a programmatic approach based on nine modules designed to address critical areas in building sustainable revenue systems (Table 1).** Depending on country needs and circumstances, these modules are delivered individually or in packages, or as an integrated and sequenced reform program over several years. The TPA-TF's delivery modalities have allowed for the flexibility to implement these modules in the way that generates the maximum impact on the ground. These delivery channels include: (i) *Headquarters (HQ) staff*: design and deliver technical assistance, in the context of diagnostic and review missions, and work with country authorities to provide advice that is tailored to their needs and implementation capacity; (ii) *Short-term experts*: under oversight of HQ staff, provide specialized skills in specific areas to support the implementation of HQ technical advice; (iii) *Long-term experts*[2]: provide on-the-ground capacity development as resident advisors to the government and support implementation of reforms; and (iv) *Workshops and seminars*: provide targeted training and disseminate lessons learned.

[1] Belgium, European Union, Germany, Republic of Korea, Kuwait, Luxembourg, Netherlands, Norway, and Switzerland.

[2] This modality is currently used in Liberia and Myanmar.

Table 1. TPA-TF Programmatic Approach

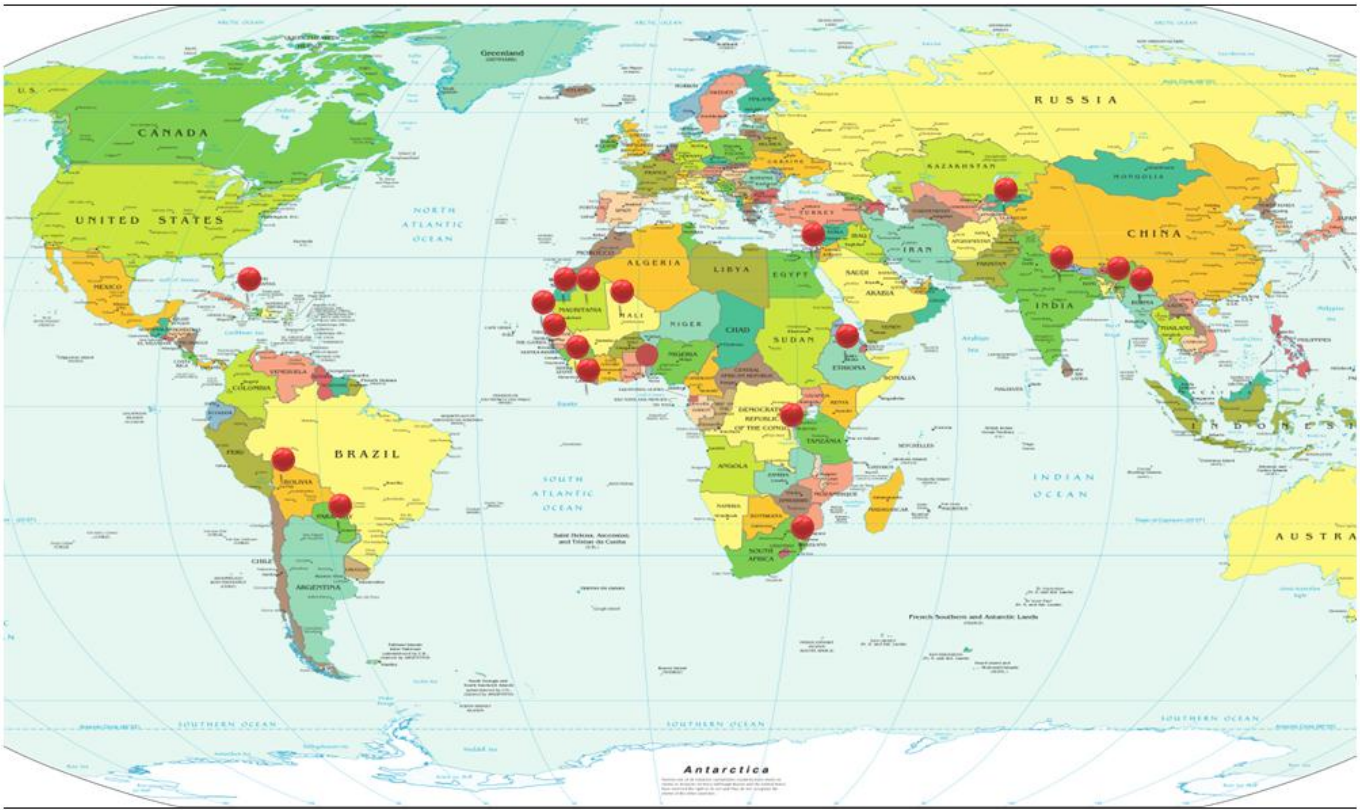
Module	Category	Key objectives
I	Revenue strategy	Multi-year revenue policy and administration plan
II	Reform management	Reform governance arrangements
III	Tax policy	Country-specific tax policy framework
IV	Tax administration organization	Function-based headquarters and field office structure reflecting taxpayer segments
V	Tax procedure code and core processing functions	Core functions integrated into a single tax procedures code
VI	Enforcement	Enforcement of taxpayer obligations for registration, filing, payment, accurate reporting
VII	Taxpayer services	Easy access to information and services for taxpayers
VIII	Tax administration support functions	Operational plans, performance monitoring, human resource and information technology policies, and budgeting processes
IX	Tax administration integrity	Annual report, internal audit function, code of conduct, taxpayer charter

4. **The TPA-TF has been highly successful so far.** Its participative governance and delivery model and medium-term TA focus helped identify and mitigate reform implementation risks, and quickly address negative external shocks to TA delivery (e.g., the Ebola health crisis in Liberia and the political instability in Guinea-Bissau). Poorly performing projects were detected at an early stage and, when remedial action was not possible, resources were shifted toward higher-return projects. An independent external mid-term evaluation of the TPA-TF was concluded in June 2015 and found that the program was on track to achieve its objectives and rated the overall achievement of the portfolio as a 'strong good.'

B. Mapping of TPA-TF Beneficiary Countries

5. **Country coverage under the TPA-TF was broad during FY16 with 18 active country projects distributed across four regions:** Africa (10), Asia Pacific (3), Middle East and Central Asia (2), and Western Hemisphere (3). During the year, one project (Burundi) was suspended due to security concerns. In addition, there are two cross-country projects: East African Community (EAC) and West African Economic and Monetary Union (WAEMU).

Figure 1. TPA-TF—Geographical Coverage



Map source: CIA Factbook

TPA Active Country Project

*Map includes active and inactive projects.

6. **Three new projects were activated during the year: Benin, Mongolia, and Senegal.**

- In Benin, a new project was launched to refocus the current strategic plan on key tax administration issues and revenue risks (Module 1), and to provide assistance in the reorganization of the tax administration (Module 4). One HQ TA mission, one follow-up staff visit, and three follow-up short-term assignments were delivered during FY16.

- In Mongolia, a project to support compliance strategies for the micro, small, and medium-sized taxpayer segments was activated. A headquarters-led (HQ) TA mission and four follow-up short-term assignments were delivered during the FY16.

- In Senegal, the second phase of the original TPA-TF project, which was successfully completed in FY2015, was activated. The new project's priorities focus on finalizing the reorganization of the tax department (module 4); modernizing and simplifying procedures (module 5); and developing a compliance enforcement program (module 6). One HQ TA mission and seven follow-up short-term assignments were delivered during FY16.

C. Summary of Financial Status and Expenditure

7. **This first phase of the TPA-TF is scheduled to end in April 2017**. Table 2 shows the financial status of partner contributions to the Trust Fund, which amounts to about US$ 27 million.

Table 2. Status of Partner Contributions to TPA-TF

Donor	Contributions				
	Currency[1]	Pledged Amount	Contribution Received (US dollars)	Expected Contributions[2]	Dates legal agreements signed
Total Confirmed			**27,167,586**		
Agreements signed			***27,167,586***		
Belgium	Euro	3,000,000	4,120,900	-	Oct. 10, 2010 and Sep.23, 2011
European Union	Euro	5,000,000	6,328,734	-	December 23, 2013
Germany	Euro	4,000,000	5,636,870	-	September 23, 2009
Korea	USD	1,000,000	1,000,000	-	April 24, 2015
Kuwait	USD	250,000	250,000	-	February 7, 2011
Luxembourg	Euro	1,250,000	1,619,701	-	December 20, 2010
The Netherlands	USD	2,205,863	2,205,863	-	November 30, 2009
Norway	USD	427,953	427,956	-	November 11, 2011
Norway	NOK	6,000,000	577,562	245,918	January 9, 2014
Switzerland	USD	5,000,000	5,000,000	-	April 17, 2011
Interest Earned			38,470		

[1]Contributions in euro and NOK are recorded at the exchange rate of the Bank for International Settlements.
[2] Expected contribution could vary depending on the exchange rate on the date received.

8. **TPA-TF received cash contributions totaling US$ 2.9 million and earned interest of US$ 18,000 during the fifth year of operations (Table 3).** Contributions were received from the European Union (US$ 1.6 million), Norway (US$ 0.2 million), and Korea (US$ 1.0 million). In the sixth year of operations, US$ 0.2 million in contributions is expected from signed agreements.

9. **Expenditures on TPA-TF activities amounted to US$ 6.3 million in FY16, a 56 percent increase over the previous year.** This level of implementation shows that the TPA-TF has reached a mature execution stage, and that a more proactive reallocation of budget to higher-performing projects permitted to absorb additional resources and deliver results.

10. **The endorsed multi-year budget amounted to US$27.8 million at end-FY16 and all the resources have been committed to existing projects**. Over the first five years of operations, the trust fund implemented US$ 20 million in TA project activities, or 72 percent of the approved budget (Table 3 and Figure 2). Most of the projects are being implemented in African countries (55 percent) followed by Asia-Pacific countries (Figure 3). Activity is expected to scale up to US$ 7.8 million in FY17, due to the start of a new project (Georgia), the expansion of the TA programs in Myanmar and Liberia (full year impact of the resident advisor who was placed in January 2016), the organization of the TPA-TF conference in Ghana and RA-FIT workshops, and the extension of various projects to end-April 2017. As a result, it is expected that all TPA-TF resources will be utilized by the end of its Phase 1.

Table 3. TPA-TF Resource Utilization

As of April 30, 2016
(In thousands of US dollars)

	FY 2012 Year 1	FY 2013 Year 2	FY 2014 Year 3	FY 2015 Year 4	FY 2016 Year 5	FY 2017 Year 6	Total Contributions
Inflows:	**13,110**	**3,540**	**6,063**	**1,624**	**2,869**	**246**	**27,168**
Belgium[1]	4,121	-	-	-	-	-	4,121
European Commission[1]	-	-	4,720	-	1,609	-	6,329
Germany[1]	5,637	-	-	-	-	-	5,637
Korea	-	-	-	-	1,000	-	1,000
Kuwait	250	-	-	-	-	-	250
Luxembourg[1]	670	326	340	284	-	-	1,620
Netherlands	-	2,206	-	-	-	-	2,206
Norway	428	-	-	336	242	246.00	1,006
Switzerland	2,000	1,000	1,000	1,000	-	-	5,000
Interest Earned[2]	5	8	3	4	18	-	38
Utilized Resources[3]:	**2,261**	**3,309**	**4,176**	**4,009**	**6,265**	**7,799**	**27,819**
TF Activities	2,261	3,309	4,176	4,009	6,265	7,799	27,819
of which TF Fee	148	216	273	262	410	510	1,820
TF Cash Balance[4]	**10,849**	**11,081**	**12,968**	**10,825**	**7,187**	**(366)**	

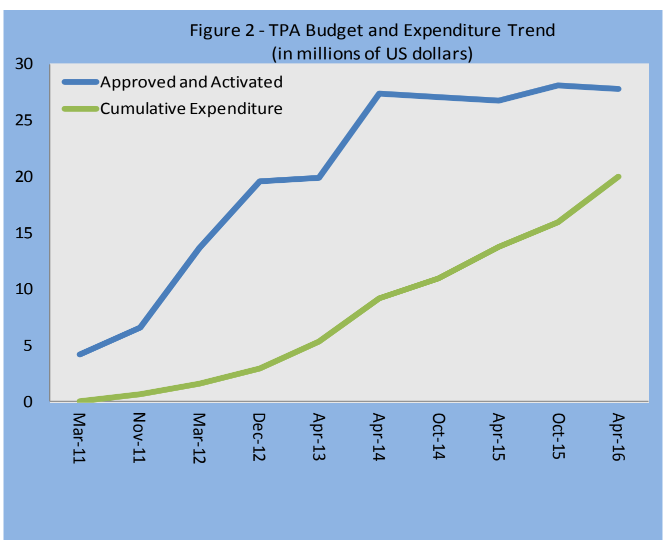
The accompanying notes form part of the statement:

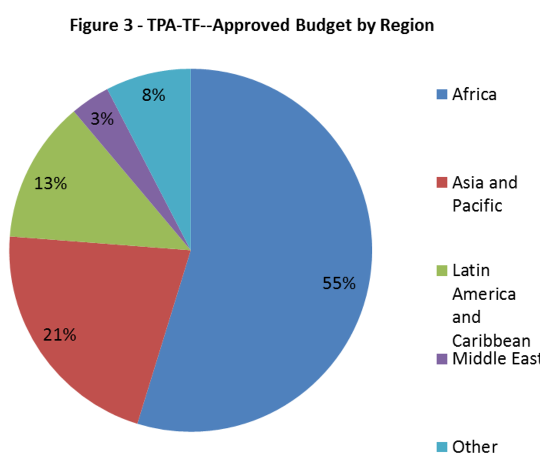
[1]Original Donor Contribution in Euros. Outer years are estimates based on pledged amounts.

[2]Actual interest earned through October 31, 2015 .

[3]Outflows for FY12, 13,14 & 15 were revised to report amounts based on the Funds accounting method for accruals.

[4]Cash balance is calculated by subtracting total utilized resources from total cash inflows.



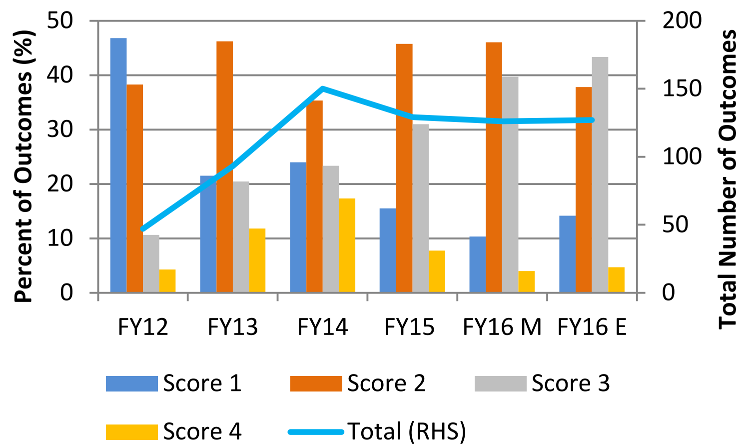


OPERATIONS AND OUTCOMES OF THE TPA-TF PROGRAM

A. Operations of the Work Program (Status of Implementation)

11. **Very good implementation was realized across the active TPA-TF projects in FY16.** Performance was positive in the majority of the projects, and continued reflecting the maturation of TA programs and commitment of country authorities. About 48 percent of the TPA-TF project outcomes are now at least largely achieved (43 percent scored a 3 while another 5 percent scored a 4)—Figure 4.[3] These good results were achieved against a significant addition of new project outcomes (Benin, Cabo Verde, Mongolia, Senegal and Mongolia). Nonetheless, the number of total active outcomes remained at about the same level as in FY2015, due to the completion of a number of project outcomes: Cabo Verde (two); Ethiopia (one); Myanmar (four); and RA-FIT (one).

Figure 4. Evolution of Active Outcomes



12. **Key developments in FY16 included the following**:

- Performance on a module-by-module basis advanced, reflecting the good progress observed at the outcome level. Figures 5 and 6 show the number of active modules and total module scores over the TPA-TF cycle.
- The TPA-TF continues to primarily focus in the areas of Tax Policy, Organization, Processing, and Enforcement. These four modules accounted for 80 percent of total TPA-TF activity.
- Compared with FY15, the number of active modules increased due to expanded work across all modules except in modules 3 (tax policy) and 10 (research).
- New reform modules/outcomes were started in the following countries: Benin (modules 1 and 4); Guinea Bissau (modules 8); Mauritania (modules 2 and 7); and Cabo Verde (new outcome—strategic management process).

[3] Implementation progress is measured on a scale of 0-4; with 4 being fully achieved.

- The research agenda in FY 2016 entailed three technical notes: on tax administration reform management (draft completed, to be presented during the June 2016 TPA-TF Conference in Ghana); revenue administration boards (completed); and taxpayer services (ongoing).

- The RA-FIT collaboration project has advanced significantly with the signing of a Memorandum of Understanding between key international and regional partners to launch RA-FIT as the common platform to gather tax administration data worldwide. Also, much enhanced participation of TPA-TF countries in RA-FIT was achieved (see paragraphs 26-28).

Figure 5. Number of Active Projects by Module

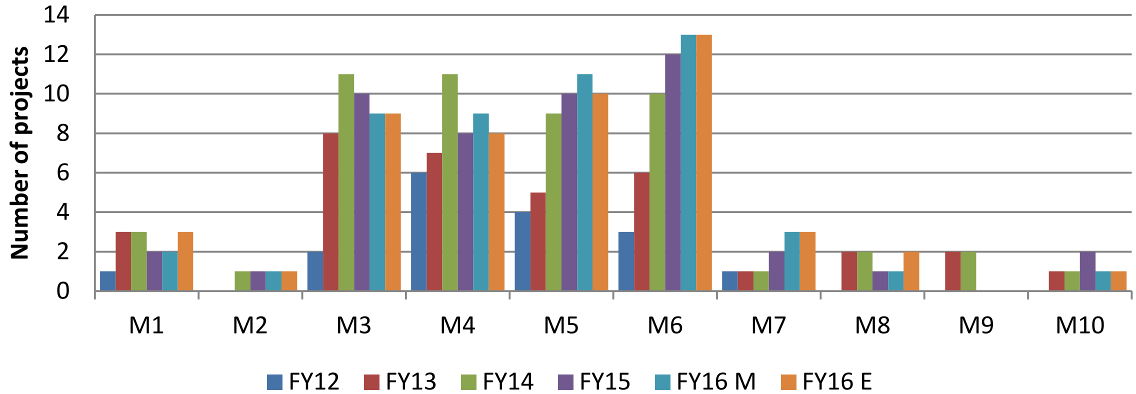
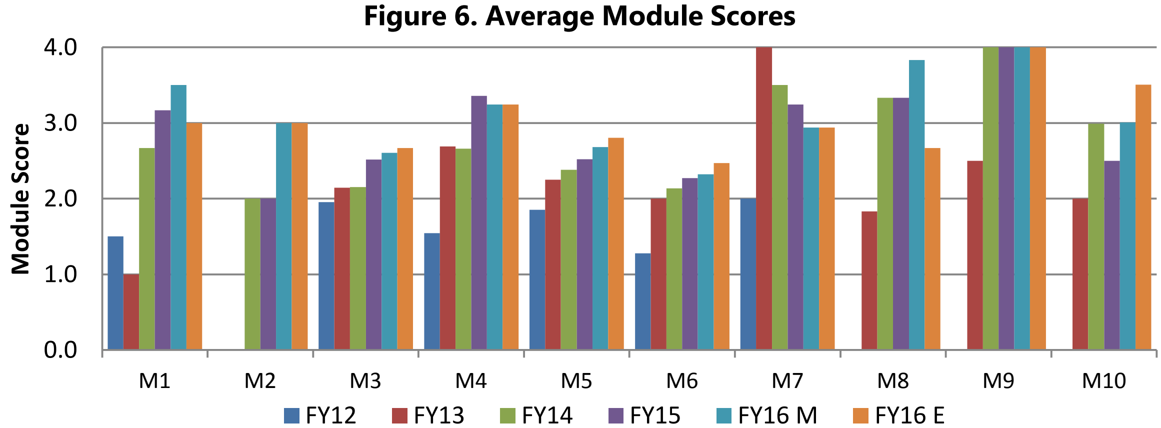


Figure 6. Average Module Scores



*Includes active and complete modules. Excludes modules that were halted.

13. **Regarding the TPA-TF's Strategic Log Frame (SLF[4]), efforts to achieve an enhanced monitoring and reporting materialized in FY16.** Indeed, beyond the monitoring of economic-related indicators (as done in previous years), the availability of RA-FIT second round data in FY16 allowed for a more complete reporting of results at the strategic level of the TPA-TF. It should be stressed that the SLF results try to identify and evaluate the baseline and trend of indicators, but no direct attribution is

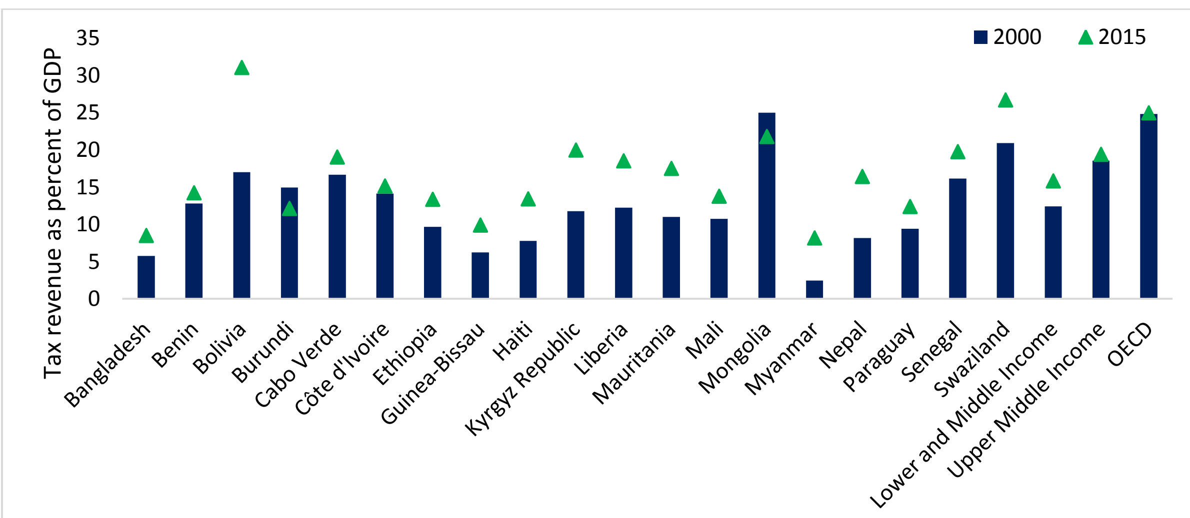
[4] The TPA TF SLF is shown in Annex A.

being made between the TA work and the results achieved at the strategic level, given that indicators are also influenced by a series of external factors (e.g., economic growth, price volatility, and non-TA related policy changes).

14. **The key impact-level indicator in the TPA-TF's SLF, the average tax-to-GDP ratio, has been stable over the past four years.** The ratio was 16.4 percent of GDP in 2015 (see Appendix 2). A number of countries recorded increases: Cabo Verde, Ethiopia, Guinea-Bissau, Haiti, Mali, and Nepal. However, this was offset by sizable reductions in three countries—Bolivia, Mongolia, and Swaziland that affected the average—and which were related to the effects of the collapse in global commodity prices and lower regional transfers[5].

15. **On a positive note, over a longer time horizon the majority of TPA-TF countries were able to increase their tax-to-GDP ratios over the past decade (Figure 7).** Although some of this more favorable trend in revenue mobilization may be explained by transitory effects (e.g., the significant boost to Bolivia's revenues on the back of higher oil prices, which has been partially reversed in recent years), in general the mobilization efforts seem to have a structural component and has been sustained over the past decade. Some countries, such as Guinea Bissau and Myanmar, started at extremely low bases and doubled their collections in the period.

Figure 7. Tax revenue as a percent of GDP



Source: IMF staff estimates, WEO database

16. **Regarding the institutional and operational indicators of the SLF, the RA-FIT platform supported a much better data collection process in FY16.** Thirteen TPA-TF countries[6] responded to

[5] Swaziland's revenues include tax sharing under the South African Customs Union agreement.

[6] Benin, Bolivia, Burundi, Cabo Verde, Cote d'Ivoire, Ethiopia, Guinea Bissau, Liberia, Mali, Mauritania, Paraguay, Senegal, and Swaziland.

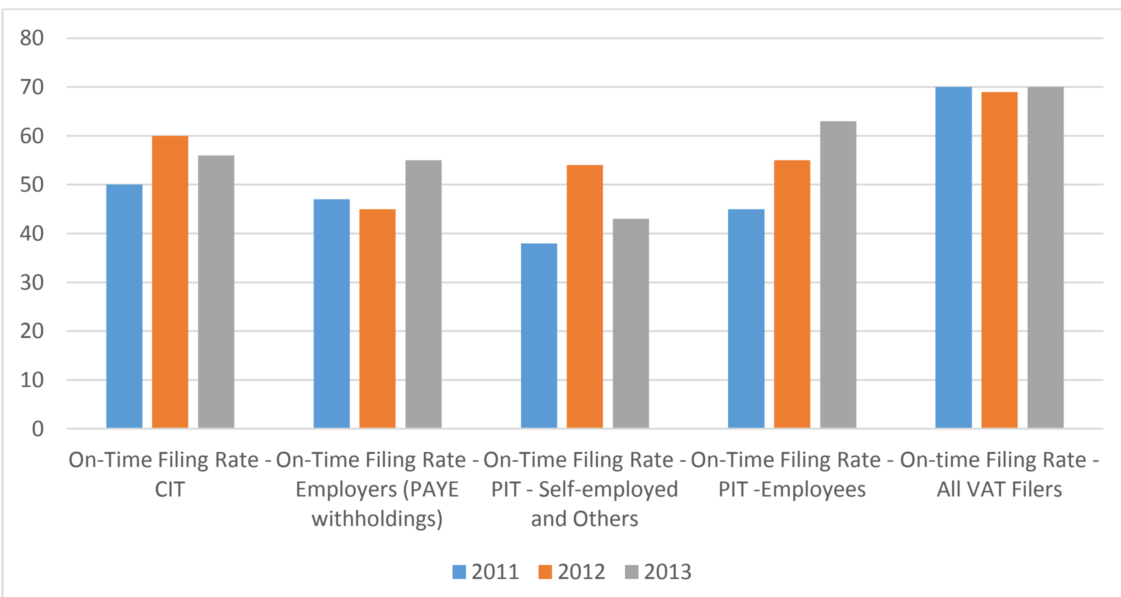
RA-FIT round 2 survey, uploading data for 2011 to 2013. This process, in itself, is a major step to support planning and decision-making in low-capacity tax administrations. On average, the completion rate for this group of countries was very high (92 percent), boosted by the support of STX missions deployed to closely work with country authorities in RA-FIT data interpretation, collection, and reporting. Nevertheless, data quality is still a concern and will warrant further support.

17. **Performance data, based on the RA-FIT second round survey, show improvement in many areas across TPA-TF countries:**

- **Planning:** All the 13 surveyed countries prepared a strategic plan and eight published them. Additionally, 11 countries prepared annual performance reforms and seven published them. These results show that TPA-TF countries are taking steps towards a more robust and transparent strategic management.

- **On-time filing:** Overall, the average on-time filing rates across all taxes improved from 50 percent in 2011 to 57 percent in 2013, which is also a positive trend (see Figure 8 for details by tax type). On average, on-time filing rates are higher for the VAT, at about 70 percent, and lower for PIT self-employed, at about 40 percent.

Figure 8. Average (Mean) on Filing Time Rates



- **Taxpayer segmentation:** All of the sample countries have set up a large taxpayer office (LTO), accounting for about 72 percent of the total domestic revenue collections, which is in line with FAD advice and a positive action to secure revenues.

- **Registration:** As a proportion of the total register, there has been an average increase in excise (20 percent) and VAT registrations (5 percent) alongside an average decrease in CIT (-1 percent) and PIT

(-2.4 percent) registrations, over the course of the three years. This, in part, reflects efforts towards cleaning up of the taxpayer register, a key area of assistance.

- **Arrears:** Total arrears increased from 9.5 to 11.3 percent of total collections over 2011-2013[7]; CIT and PIT arrears increased slightly on average (2.8 and 1 percent respectively) while VAT arrears decreased slightly on average (-2.9 percent).

- **Taxpayer service:** Six countries conducted regular taxpayer/client surveys, eight published public service delivery standards, while 10 published a set of taxpayer rights and obligations.

- **Cost of collection:** On average, total cost of collection remained low (less than 1 percent of total revenues). This low level may reflect underfunding of the tax administrations.

18. **Table 4 consolidates all indicators of the TPA-TF's SLF—at both impact and strategic levels**.

Table 4. TPA-TF SLF Indicators

Level	Source	Indicator Description	2011	2012	2013	2014*	2015*
Impact	IMF/WEO	Tax-to-GDP ratio (average 19 countries)	15.5	16.4	16.4	16.6	16.4
1.1	IMF/ RA-FIT	Business/Strategic Plan Published (13 responses)	9	9	8	10 (of 18)	10 (of 18)
2.1	IMF/ RA-FIT	Tax expenditure provided (13 responses)**	5	6	5	n/a	n/a
2.2	IMF/OECD	VAT C-Efficiency (average of 7-11 countries)***	0.43	0.48	0.44	0.46	n/a
3.1	IMF/ RA-FIT	Cost of Collection (average of 12 responses)	0.72	0.88	0.81	n/a	n/a
3.2	IMF/ RA-FIT	On-time VAT filing (average of 11 responses)	70	69	70	n/a	n/a
3.3	IMF/ RA-FIT	Taxpayer survey conducted (of 13 responses)	5	4	6	5	n/a

* Not available from RA-FIT yet (responses provided by TPA TTF project managers)

** 9 of13 adminstrations estimate this themselves

*** 11 countries for 2011, 10 countries for 2012, 8 countries for 2013, 7 countries for 2014

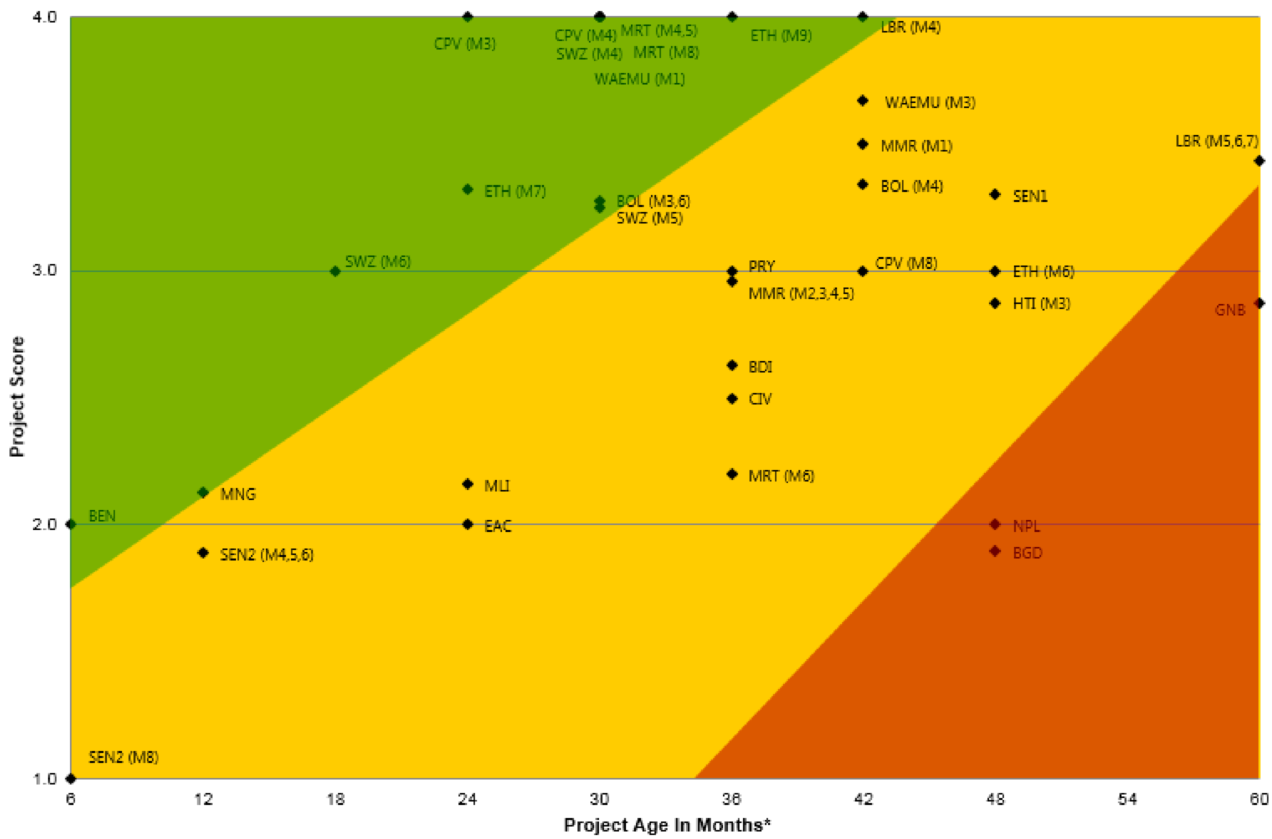
B. Country Project Outcomes

19. **TPA-TF countries continue to differ in terms of the pace of project implementation and achievement of results; however, the majority of the projects are showing robust performance.** Figure 9 highlights the average scores and relative age for all projects. It is typical that lower scores are recorded in the earlier years of projects, however, the two that started in FY2016 (Benin and Mongolia) showed early results (rating above 2) and good prospects for the future. In Benin, for instance, the authorities are showing significant commitment to the reform and adopted a new legislation on organizational restructuring in the first six months of the project. More mature projects, such as Liberia

[7] This average is affected by an outlier. Out of six countries that responded to the question on total arrears, four had a decrease in the total level, while two had an increase—one of which saw its arrears doubling over the period. As mentioned, data quality remains a challenge and further support needs to be deployed to assess accuracy of reporting.

and Cape Verde, are progressing well. The current pool of projects is showing a more robust and sustainable improvement than in previous years as some slow performing projects have been closed (e.g., Kyrgyz Republic and West Bank and Gaza) or reduced (e.g., Haiti). As was the case in FY2015, no project recorded a negative change in performance during FY16.

Figure 9. Classification of Projects by Performance and Age



* Project age as of end of FY16 for active projects; age at completion for completed projects/ modules
SEN 1: 2012 - 2015; SEN2: 2015 - 2017

20. **In two countries (Haiti and Nepal), assistance was only provided on tax policy (module 3) but not on tax administration.** The reasons for the slowdown in assistance on the tax administration front have been discussed in previous reports. In Haiti, the prolonged political instability has affected engagement with the tax administration officials. FAD is waiting for the electoral process to be concluded before reassessing the work in the country. In the case of Nepal, TPA-TF work on tax administration (modules 5 and 6) came to an end in FY15. A post-earthquake assessment of the tax administration was performed under an ongoing Japanese-financed project but there has been no obvious traction for this earlier advice. TPA-TF support on tax policy continues (module 3).

21. **Risks continued to materialize in some countries in FY16.** The political crisis in Burundi led to the suspension of the project, which was quickly replaced by a new project in Benin. In November 2015 a terrorist attack took place in Mali while a TPA-TF mission was on the ground. Even though the situation is contained, new Ebola cases were registered in Liberia in the beginning of 2016. And, finally, a new political instability hit Guinea Bissau (the government has been dismissed while this report is

being prepared, and the situation is currently unclear). These political and health risks are being permanently reported and assessed, and mitigating measures are being proposed when needed. Nevertheless, they create a challenging environment to deliver TA and build sustainable institutional capacity.

22. **Despite the challenges, TA programs have led to robust and concrete results in FY16.** Box 1 summarizes the major achievements of active projects.

Box 1. Key Achievements in TPA-TF projects in FY16

Bangladesh: The authorities published the start date for the VAT law (2012) as July 1, 2016 and also engaged a project management consultancy to provide technical support. Staff training was concluded as well as wide ranging taxpayer sensitization activities. Progress was made in installing software and equipment for the VAT and training.

Benin: A draft strategic reform plan was developed and henceforth serves to the tax administration as a reference point for business operational plans, work plans, and performance measurement that will drive decision-making at all levels of the organization. A new legislation aligning the organizational structure along functional lines and taxpayer segmentation was adopted in January 2016.

Bolivia: A working group has prepared a study on enhancing transfer pricing audits; an action plan on tax arrears is being drafted; and a comprehensive technical review of the LTO functioning was undertaken.

Cape Verde: Taxpayer services have been reorganized, which resulted in great improvement; and taxpayer education has worked well. Some enforcement procedures, such as invoice issuing control (including electronic invoices), have been discussed within the Finance Ministry. In the human resources area (Module 8), the managerial capacities needed at the DNRE and the gap to reach them had been identified, which provides a road map for future trainings.

Côte d'Ivoire: The creation of the two pilot medium-sized taxpayer offices in Abidjan has resulted in an increase of the filing rate of medium-sized taxpayers from 76 percent in November 2014 to 95 percent in March 2016. Revenue collection from medium-sized taxpayers increased by 30 percent in the same period.

Ethiopia: The authorities set up a new enterprise risk management department, which has identified 10 main risks, and assigned the respective risk owners. Tax compliance risk is assessed via a segment-specific compliance perception survey, and reports on mitigating measures were prepared and are being implemented. This activity is being expanded to incorporate additional data from the IT system.

Guinea-Bissau: A strategic plan was developed, an audit manual was produced, and an IT taxpayer registration module was developed. More than 200 irregular staff were reallocated from the tax administration to other offices as a way of addressing integrity problems. A public competition to hire about 100 new qualified technical staff took place, and they are being trained in May 2016 with the support of FAD technical assistance. An IT strategic plan was developed and endorsed by the Ministry of Finance.

Haiti: The authorities set up a new local working group which worked with FAD staff to finalize two studies: the VAT and Tax Expenditure studies. Two other studies for the PIT and CIT will be completed in the fall of 2016. Drafting the tax code also expected to resume soon.

Liberia: Capacity building in establishing a desk audit function and training in computer assisted audit techniques (CAAT) continued, as well as the enhancement of the taxpayer service and education program, and a comprehensive taxpayer service strategic plan. Work also continued with aligning business processes within the IT system (SIGTAS). A LTX was placed on the ground in January 2016.

Mali: The medium-sized taxpayer filing compliance rate increased from 74 percent to 90 percent in end 2015, third party information from the Treasury and customs departments was used to broaden the taxpayer base, audit coverage rate increased (reaching 15 percent for the medium-sized taxpayers), and procedures were further simplified via payment through banks.

Mauritania: A new organizational structure, along functional lines and taxpayer segmentation, was implemented. Staff and management capacity was also enhanced via training, introducing new rules for specialized skills such as tax auditors, implementing a set of performance indicators, and implementing procedures for delegating authority throughout the tax department. A tax procedure code has been drafted, but has yet to be adopted and enacted.

Mongolia: The project started off very strongly during the first half of the year with the tax department endorsing the compliance strategies for small and micro enterprises (SMEs) and large taxpayers, appointing a steering committee and project teams to oversee and support the reforms, and developing detailed action plans for implementing the compliance strategies. During the second half of this year progress in implementing the reforms slowed due mainly to events beyond the control of the tax administration including government's decision to introduce a tax amnesty, merge the tax and customs departments, and appoint new leadership and managers. These initiatives distracted the tax authorities from implementing the project supported reforms.

Myanmar: The high level revenue modernization strategy has been prepared but not publically promulgated subject to the new government's revenue reform direction. A simple program management and governance framework is in place and some commercial and income tax changes have been made although many more are needed, and an excise tax has been enacted. The headquarters has been restructured to align with modern tax administration, new procedures and performance standards continue to be piloted in the LTO, and work is underway to develop procedures for the new directorates.

Nepal: The government's High Level Tax System Review Commission (HLTSRC) submitted its report on a comprehensive tax reform program in July 2015. In this regard, the Ministry of Finance (MOF) plans to draft a new unified tax code within two years and requested FAD assistance.

Paraguay: Several reform projects were implemented and targeted toward improving tax compliance. Progress was made in implementing electronic services, such as registering taxpayers through the internet, electronic notification, the tax administration's smartphone app, electronic data capture, among others, and, in implementing a strategy to control medium-sized taxpayers, implementing biometric data capture, and improving persuasive arrears collection.

Senegal: A new version of e-tax procedure has been introduced and likely to be operational in June 2016 to improve current numbers (by end-August 2015, only 63 large taxpayers had filed their returns on line and 20 had paid their taxes on line). A census of all tax arrears by tax, by origin, by size and by age has been finalized and an action plan to monitor them is underway. Technical solutions and operational procedures for reporting and data analysis to enhance better management of taxpayers was provided. Automated data analytics and reports are planned to be available in June 2016.

Swaziland: Work on the development of a risk model and practical guidance on using the model for selecting cases for audit progressed well. This work involved working closely with the audit management team in identifying risk factors and devising rules input into the audit case selection module of the IT solution used by the tax administration. These rules were then tested in the selection of cases with close scrutiny being given to the results attained post audit. While some ongoing adjustment of rules is required, the initial results have been positive. Specific sector-based compliance projects were also launched, e.g., the construction industry, with great success in terms of audit yield.

23. **Coordination of the TPA-TF work with TADAT and RA-GAP intensified in FY16.** Identifying the current baseline of the tax administration and the gap that must be bridged to reach a desired and realistic end-state is a crucial step for the design of successful TA projects. In this sense, TPA-TF projects

have been benefitting from an increasing number of TADAT and RA-GAP assessment missions, which help shape the TA plan and measure progress. In FY16, TADAT assessments were done in Cote d'Ivoire (June 2015) and Ethiopia (April 2016). RA-GAP missions were delivered to Cape Verde, Nepal, and Senegal, to measure VAT gaps. The use of these fiscal tools is supporting more robust diagnostic assessments to refine TA delivery under the program.

24. **Coordination with other TA providers on the ground was also enhanced and achieved greater impact in FY16.** In a series of TPA-TF countries, efforts to better coordinate the work with other TA providers who are also engaged in tax administration reform materialized with good success. For example:

- In Guinea-Bissau, cooperation with the US Treasury's Office of Technical Assistance (OTA) is proving very effective: regular meetings between FAD and OTA staff are being held through which project coordination is discussed, results monitored, and risks assessed; information is routinely shared, including TA reports (with the consent of the authorities); and work is being allocated among providers under a clear work plan (e.g., the FAD works on strategy, organization, and human resources, while the OTA is focusing on audit and taxpayer services). Coordination with the World Bank is also complementing the project with a focus on IT and office infrastructure, as wells as support for training activities.

- In Liberia, a series of donors and TA providers are also involved in the tax administration project, fully coordinating with FAD. For instance, complementing the work of the TPA-TF, the OTA is focusing on internal control and integrity issues; DFID is working on natural resources (mining); and the World Bank is involved in IT infrastructure and the dispute resolution system. In FY16, FAD fielded an MNRW mission to focus on petroleum and further work is expected in the period ahead.

C. Research Project Outcomes

25. **The research agenda progressed in FY16, with the preparation of two studies**:

- A paper on **Managing Tax Administration Reform Programs** is near conclusion. The paper analyzes the Fund's experience in building capacity in tax administration in low- and lower middle-income countries over 2011-2016 under the TPA-TF. It concludes that successful reform programs typically rely on coordinated action by the country authorities, international donors, and technical assistance providers. Key elements supporting strong reform results include a clear diagnostic assessment identifying the problems to be addressed, creation of a vision, approving and publicly committing to a reform strategy, consistent execution and monitoring of reform efforts, and institutionalization of the change. However, sustaining success has proven difficult in low capacity environments, and progress is often disrupted by external shocks. Capacity development efforts need to take these elements in consideration to maximize the likelihood of sustainable impact. This paper will be presented in the TPA-TF conference in Accra, Ghana, in June 2016, and conference inputs from partners, TA providers, and authorities will be used to strengthen its analysis before publication. This paper is a key contribution of the TPA-TF in identifying and distilling lessons regarding TA planning and implementation. The conference will also provide a platform for experience sharing and peer-to-peer learning, which is crucial for capacity development.

- A technical note on **Revenue Authorities and Revenue Boards** was concluded. It summarizes the conclusions and lessons learned from the cross-country workshops held in 2013 (South Africa, in collaboration with ATAF) and in 2014 (Mauritius, in collaboration with CATA). This paper provides a brief overview of the role and nature of management boards as used in the Revenue Authorities (RA)8 model. An RA is often the term used to describe the governance regime for an organization engaged in revenue administration, where the regime provides for more management autonomy than that afforded a normal revenue department in a ministry. If managed properly, this autonomy can help tax administrations improve their performance by removing impediments to effective and efficient management while maintaining appropriate accountability and transparency vis-à-vis government and the taxpaying public. In sum, an effective management board plays a key role in ensuring proper management accountability to government.

26. **A major achievement over the course of FY16 was the consolidation of RA-FIT as an international platform.** Ninety countries participated in Round 2 of the survey, which is now closed. Data inputs are currently being analyzed to ensure quality control. This work culminated in the development of a dissemination Data Portal, which was launched in early May 2016. The portal will permit participating administrations user-controlled access to country specific information. Over time, it is hoped that most information gathered using the International Survey on Revenue Administration (ISORA) would be in the public domain.

27. **The launch of RA-FIT was a collaborative effort and benefitted from the support of the TPA-TF.** Work under Round 3 involved CIAT, IOTA and the OECD, and resulted in a complete overhaul of the survey to accommodate each international institutions' data needs with a view to all parties using a single, shared survey. This approach had the advantage of defining common questions and definitions increase the comparability of cross-country analysis, minimizing the burden on countries who are members of more than one organization, and ensuring a much larger data set (150 revenue administrations are expected to participate). Furthermore, all collaborating institutions agreed to make use of the RA-FIT data collection platform as the host platform to ISORA and a memorandum of understanding was signed in Washington DC on April 16, 2016 during the Spring Meetings. The TPA-TF Chair was present at the signing ceremony and the IMF acknowledged the invaluable support it has received from this trust fund. Discussions to include ATAF in the partnership of institutions have been positive so far, and all parties look forward to welcoming them onboard in the near future.

28. **Through the generous support of the TPA-TF, the IMF was able to provide a training workshops in partnership with several RTACs**. An RA-FIT workshop was offered to PFTAC countries in

[8] RAs are often referred to as semi-autonomous agencies. Their autonomy is primarily in the management area and they remain closely accountable to the government for the administration and enforcement of the revenue laws.

Fiji, in August 2015, on Round 2. This support improved the participation rate from this region. Additionally, a series of short user-testing/training workshops were held in November and December 2015 for CARTAC countries in Barbados, AFW2 countries in Ghana, AFE countries in Tanzania, and AFS countries in South Africa. This latter series included participants from 28 countries. All workshops have provided valuable opportunities to sensitize administrations on the usefulness of the data and the benefits of participation.

D. Outreach Activities, Partner Coordination, and Phase 2

29. **Outreach activities were enhanced in FY16 to give larger visibility and accountability to the TPA-TF, and to share experiences.** The following activities were implemented:

- **TPA-TF brochure:** A revised trifold describing the TPA-TF and its main components (including partnership, objectives, programmatic approach, and governance model) was prepared and distributed in key events.

- **TPA-TF booklet of success stories:** The booklet featured country stories, highlighted partners' support, and was distributed during the launch of TADAT in November 2015 and the 2016 Spring meetings. It will be also distributed at other events such as RTAC, RTC and thematic trust fund Steering Committee meetings, training seminars, workshops and conferences, Annual and Spring meetings. They are also accessible on the IMF external webpage and will soon be available on RTACs websites.

- **The TPA-TF page on imf.org:** The TPA-TF page on imf.org has been revamped and is accessible through the following link: http://www.imf.org/external/np/ins/english/tpattf.htm. As one more step of synergies between the TADAT and the TPA-TF, a link to the TPA website is going to be added to the TADAT webpage.

30. **Efforts were made to enhance partner coordination across the various TPA-TF activities**. Enlarged cooperation among the various players in TA work has been an objective set by the TPA-TF SC. Reinforced attention to this important issue was given in FY16 (Box 2).

31. **Extension of the TPA-TF Phase 2.** SC members endorsed the extension of the first phase of the TPA-TF by one year to end-April 2017. The extension of the current phase of the TPA-TF will enable the IMF to continue to implement phase 1 projects that needed a longer time to fully achieve results, as described in the 2015 Annual Report.

32. **A Program document (PD) for the Revenue Mobilization Trust fund has been prepared with input from partners.** In light of the increased international priority attached to resource mobilization, the trust fund has been re-named Revenue Mobilization (RMTF) under Phase 2. The strategic priorities outlined in the PD will guide the operations over the course of the six-year phase. Partners' comments have helped sharpen the strategic focus of the document. Once endorsed by the

SC, the PD will be published and used as an outreach tool, to be disseminated widely during the IMF Annual and Spring Meetings, fundraising missions, and other events at IMF Headquarters or in the field.

Box 2. Examples of Coordination Among Partners and TA Providers under the TPA-TF

Enhanced coordination and complementarity across diverse TA providers and partners was achieved in FY16 to improve impact and effectiveness on the ground. This coordination was sought at different levels and projects:

At a country project level, TPA-TF projects are benefiting from additional coordination with other TA providers who can complement the work in the field. Examples were mentioned regarding Guinea Bissau and Liberia (paragraph 24) but also in Ethiopia (DFID is supporting a large multi-agency project that is addressing, among others issues, IT enhancement and HR issues; as a result, the TPA-TF project is not focusing on Module 8 work given it is benefiting from this complementarity) and Myanmar (a US Treasury resident advisor is assisting the LTO and two World Bank advisors are supporting IT and audit work, complementing the work of the IMF advisor under the TPA-TF).

At the research level and application of fiscal tools, more coordination is helping deliver the use of these analytical tools to TPA-TF countries, as well as involving an enlarged base of providers.

- Regarding **RA-FIT**, a major achievement was reached through partner collaboration in FY16, involving the IMF, OECD, CIAT, and IOTA. This collaborative platform also benefited from RTAC support. For instance, in Latin America, CIAT took the lead to encourage and support country participation in the RA-FIT second round survey in coordination with CAPTAC regarding Central American countries. In addition, a great deal of engagement with RTACs for RA-FIT training and dissemination was reached, through the organization of various workshops in PFTAC, CARTAC, AFW2, AFE, and AFS. Moreover, RA-FIT team members started being more involved with mission work to facilitate countries understand of the usage and application of RA-FIT data on their own analysis and compliance programs (this approach was piloted in the February 2016 Ethiopia mission).

- Regarding **TADAT** and **RA-GAP**, active efforts are being made to apply these tools, where feasible, to TPA-TF countries, as a key component of the TA work. So far, TADAT assessments have been done in three TPA-TF countries (Cote d'Ivoire, Ethiopia, and Paraguay), and two more are confirmed for FY17 (Georgia and Liberia). This will cover almost one third of the active projects at the end of Phase 1. A similar approach is being done for RA-GAP assessments (20 percent of countries covered so far), even though the weak state of national accounts and VAT data in many of the LLMICs is a barrier to expand RA-GAP work.

At conferences and international meetings, the benefits of the programmatic approach of the TPA-TF have been highlighted. For example, during the 2016 Spring Meetings, this approach was discussed in several bilateral meetings with country authorities and donors, inclusive to identify potential candidates for the next phase.

LESSONS LEARNED AND LOOKING AHEAD

A. Lessons Learned

33. **The IMF has been proactively identifying lessons learned from the first phase of the TPA-TF.** This has been reflected in previous TPA-TF reports to the SC, the TPA-TF mid-term evaluation, the Revenue Mobilization Trust Fund (RMTF) program document, and the Working Paper on Managing Tax

Administration Reform. These have illustrated that tax reform programs present unique political, managerial, and technical challenges, and that institutional change is a complicated process and takes time to be realized. These lessons are illustrated in two country cases that are presented in this FY16 annual report: Myanmar and Ethiopia (Boxes 3 and 4).

Box 3. Myanmar Case Study: A Reform Approach to Modernization based on Segmentation as Pilot Case

Myanmar had been in isolation for over 50 years and thus lacked experience in modern tax administration. Its tax-to-GDP ratio in 2011 was only 3.9 percent, but reached 8.2 percent in 2015. The TPA-TF project, launched in 2013, focuses on organization design and delivery, functional strategies, reform program governance, tax policy reform and legislation drafting. Phase one of the Inland Revenue Department (IRD) modernization program includes headquarters reforms needed to support the establishment of a large taxpayer office and, in the longer term, modernization of all IRD. Five TPA-TF modules have been activated: (1) Reform Strategy; (2) Reform Governance; (3) Tax Policy; (4) Organization Design; and (5) Procedures.

The reform momentum achieved by the Myanmar IRD over the last three years has been very strong and has exceeded original expectations. The IRD has:

- ✓ Restructured its headquarters to align with modern tax administration.
- ✓ Implemented a simple program management and governance framework.
- ✓ Established a new large taxpayer office which has:
    - Achieved a 95 percent on-time filing rate in its first income tax return filing cycle.
    - Collected debt from 50 percent of large taxpayer debtors, some of which over 10 years old.
    - Begun its first round of audits and identified risks totaling billions of Kyat.
    - Built a simple computer system to monitor taxpayer compliance.
    - Developed a reputation for staff integrity.
    - Begun to impact taxpayer behavior.
- ✓ Changed the staff rotation policy to build staff capacity in reform areas
- ✓ Recruited new staff for deployment to reform areas
- ✓ Realigned the IRD operating budget to support integrity initiatives for LTO staff

Nevertheless, the IRD is still in the early stages of a long-term reform endeavor and there is much more to do. The expectations of the international community and government are high and increasing, and are likely to outpace the IRD's capacity to respond in the short term. For example, the taxpayer registration base has increased by more than 180,000 taxpayers, and over 2,000 new foreign companies were registered in the last two years. This has meant a significant increase taxpayer demand for responses to increasingly complex questions, which the 1974 income tax policy framework and the IRD are not well equipped to address.

Five critical dependencies in the reform strategy need to be addressed to buttress the reform program. These are: updating the tax policy and legislation framework; building a stronger public understanding about the importance of taxation; introducing anti-corruption measures to protect the integrity of the tax system; recruiting experienced staff to match the skills of professional advisors; and installing an information communication technology (ICT) system. Attention to these will consolidate the good initial progress and set the conditions for the reforms to achieve their ultimate objectives.

A strategic reform of this nature is a long-term proposition and needs continuous support from the main stakeholders, including development partners. The reform strategy is soundly conceived, the reform program is being effectively led, and the progress to-date has positioned the tax reform program well for continuation by the new Government. However, transformation of the IRD in accordance with international good practice in tax administration will take many years and extensive ongoing technical assistance. The gradual approach, using the LTO as a pilot for reform changes, seems appropriate for the case of Myanmar, where capacity is limited.

Box 4. Ethiopia Case Study: Improving Taxpayer Compliance Through Improved Analytics Capacity and Risk Management

Ethiopia is Africa's second most populous country and has one of the fastest growing economies. However, its tax-to-GDP ratio has remained stubbornly low at about 13.7 percent of GDP in 2014/15. Securing sustainable domestic revenue for development is therefore a critical objective of the authorities. Their target under the Growth and Transformation Plan (GTP II) is to grow tax revenue to 17.2 percent in 2019/20 or about 0.7 percentage points of GDP growth per annum.

To meet these revenue targets, Ethiopia will need to implement major reform transformations. This will require new systems and streamlined procedures underpinned by new strategies based on risk management that call for an incentivized workforce with the appropriate skill and experience. A number of partners are assisting the authorities, including the IMF, World Bank, DFID, HMRC, Dutch, China, Korea, Japan, etc.

Improving taxpayer compliance is a key focus area of FAD technical assistance under the TPA-TF. Progress has been made by the authorities in recent years. Tax compliance risk is acknowledged as an enterprise risk and some work has been done to better understand compliance issues, notably through a tax gap study and a survey of taxpayer attitudes which is conducted to better understand the compliance climate. The Tax Compliance and Risk Management Directorate analyzes feedback from three main branches. While a national view has not emerged, provisional findings suggest three high level drivers of taxpayer behaviors: a lack of knowledge, a high compliance burden, and perceptions of fairness of the tax system. Some mitigating strategies have been proposed. For example, a stronger focus on taxpayer education, and an active intelligence and review capability at the operational level are indicative of an awareness of the importance of better managing compliance risks.

The overall maturity of current compliance risk management (CRM) efforts remains low and a number of short-term practical initiatives could be introduced to leverage the CRM work that is under way. This work relates to improving management information and compliance-specific data, transforming the taxpayer survey into one of a suite of tools that provide better insights into taxpayer behaviors, developing a practical operational business planning framework that leverages the data and insights from the various business units and ensures coordination between them, and developing a series of outcome measures. This work formed the basis for FAD assistance during FY2016.

FAD work demonstrated to the authorities in concrete terms that much can be done with existing data to help and inform compliance planning and management of business processes within the authority. Three sets of data were analyzed: (1) operational data for the audit function that revealed a weak relationship between risk scores and audit yield and simulated the changes required to achieve significant growth in revenues; (2) VAT transactional data that revealed outlier values and/or distinct group for further analysis and information that can be used to advise compliance options; (3) RA-FIT data for Ethiopia which that offers a higher level view of the performance of the administration across a range of areas. Demonstration of how this data and information could further enrich the compliance planning, monitoring and analysis was made and this will continue to form basis for assistance further under the TPA-TF in FY2017.

34. **The main observations that can be drawn from the case studies are**:

- Institutional change is a long-term and challenging process. Low capacity countries face significant difficulties to plan, lead, execute, and monitor comprehensive tax reforms, which are challenging and subject to resistance even in advanced economies. Leadership skills and management commitment are key to sustain fiscal institutional reforms.

- Local conditions often need to dictate the pace and sequence of execution, including the effective use of pilot projects before the reforms are deployed to the rest of the tax administration. The programmatic approach of the TPA-TF, when properly used, supports this gradual reform transformation. Using segmentation to pilot project to a small number of large taxpayers has been successfully used in some countries, such as Myanmar (institutional reform started from the LTO) and Swaziland (self-assessment implementation started by the large taxpayers).

- IT systems in many low and lower middle income countries (LLMICs) often have serious deficiencies, and there is a concomitant need for enhancement. However, many tax transactions are already captured into such systems and, while data quality issues remain a problem, they may still provide a reasonable base for essential operations' processing functions. Nonetheless, this information is exploited for compliance planning, monitoring and analysis only to a limited extent in many countries.

- Data analysis skills are lacking and many senior managers in many LLMICs tax administration are unaware of the full extent of available information. TA partners can support by: taking stock of the challenges that exist regarding the quality of data and how data can be used to improve organizational performance; developing action plans to explicitly address process and data quality issues; supporting data preparation and analytics capability; setting up data analysis teams; and implementing new performance measurement and management tools such as the RAFIT. This work will build the fundamentals that are still lacking before tax administrations can address more sophisticated issues, such as international exchange of information.

B. Looking Ahead

35. **FY17 marks the final year of the TPA-TF.** As a result, it will be a year for consolidating and concluding ongoing work, and not many new projects are expected. Besides continuing work on already established projects, the key new focus of activity will be:

- The only new country project to be activated is Georgia (approved by the SC on a LOT basis on May 10, 2016). The project will focus on continuing the TA work that was done under a Japanese-financed program that was concluded in April 2016. Over the past years, FAD has supported the Georgian tax administration to build an integrated compliance improvement framework. Looking ahead, support under the TPA-TF will work on strengthen the tax administration's core functions to implement this evolving compliance strategy. The project will activate Modules 1 (reform strategy), 4 (organization), 6 (enforcement), and 7 (taxpayer services). The tax administration has requested a TADAT assessment to identify shortcomings in its current performance, which will be delivered under Module 1 of the TPA-TF.

- Enhanced synergies between TA and training will be pursued in the Guinea Bissau project. In May 2016, about 100 new tax officials will receive induction training under the TPA-TF9, based on materials prepared specifically for the country in Portuguese. This follows the support given by FAD in late 2015, under the Guinea Bissau project, to hire these new employees through a competitive and open competition process. This pilot experience can set the basis for a positive reinforcement between HR policies and training to support human capital development and institutional change.

- Hosting the TPA-TF Conference on Managing Tax Administration Reforms in Accra, Ghana, on June 28-30, 2016. This will be the first opportunity under the TPA-TF to bring together country authorities, TA providers, and partners, to discuss the successes and challenges of implementing tax administration reforms. A specific paper has been prepared to guide this discussion (see ¶ 25). This activity has been endorsed by the SC.

- Organizing a workshop on Revenue Authorities Board Governance, in partnership with ATAF, in Pretoria, South Africa, on July 14-15, 2016. This will build on work on RAs, previously done under the TPA-TF in 2013 and 2014 (African cross-country projects, concluded successfully), and the recently-prepared technical note (see ¶ 25). This is a good opportunity to closely work with ATAF to support reinforcement of good governance especially for new leadership in Africa (particularly in the light of a number of recent suspensions in the region for poor governance) and also to develop some of the themes that came out of the 2013/14 workshops.

- Organizing a number of intensive training workshops for RA-FIT/ISORA coordinators. This will be important as the data input period for the next round is much shorter. Workshops will also include CAPTAC-DR in Spanish and AFW in French in May 2016. The IMF also intends providing close support to low capacity countries to assist them in completing ISORA both via RTAC intervention and also through specific in-country visits. The outreach currently planned is again, made possible through the generous support of the TPA-TF.

- Regarding coordination with the TADAT Secretariat, two assessments will be held in TPA-TF countries in FY17: Georgia (May 2016) and Liberia (June 2016).

36. **Finally, FY17 will also mark the initial stage of the RMTF.** Regarding the transition from phase 1 to phase 2, projects under phase 1 will be closed by April 2017; projects with good performance will be re-opened under the RMTF, as appropriate and subject to approval by the RMTF SC partners. Any residual funds from the Phase 1 will be rolled over to the Phase 2 with SC members' consent. However, if a partner chooses to have its pro rata share of the residual balance returned, this will be done accordingly. The Secretariat will formally request partners' consent to roll their pro rata shares of the residual funds into Phase 2 by the next annual SC meeting in 2017.

[9] The training has been confirmed by the authorities despite the fall of the government.

Annex 1. TPA-TF Strategic Log Frame (Revision: June 2014)

Impact Level

Overarching Objective: Increased revenue mobilization to support fiscal sustainability and long-term growth.
Overall Indicator: Average tax-to-GDP ratio trends up over time (in all participating countries).

Strategic Objectives	Indicators	Sources of Baseline	Progress on indicators	Risks and Mitigation
Strategic Objective 1 Increased effectiveness of tax systems in participating countries	Indicator 1.1 Nr. of countries that have adopted and resourced a clear reform strategy	Initial project proposal and periodic assessments by project managers.	Available at country level, but not yet aggregated. Depends on each project manager's input.	Changes to the reform strategy pose risk, but not necessarily negative unless ill conceived.
Strategic Objective 2 Simpler, more transparent, and productive regimes are in place	Indicator 2.1 Nr. of countries with transparently reported tax expenditures	RA-FIT, government public websites, and information from project managers.	Very few TPA countries self-declare compliance with this indicator. Available at country level, but not yet aggregated. Depends on each project manager's input.	Political unwillingness to transparently divulge and/or quantify tax concessions. Difficulties in capturing data and implementing a sound methodology.
	Indicator 2.2 Nr. of countries where VAT productivity trends up over time	FAD database on VAT productivity and other public sources, but covers only partially the TPA countries and data often lack robustness.	Country specific baselines available for some program countries and regional averages possible for others.	Multiple VAT rates can distort productivity ratio.
Strategic Objective 3 Increased efficiency of participating revenue administrations	Indicator 3.1 Nr. of countries where the cost of collections trends down over time	RA-FIT: specific country baselines available for most TPA beneficiaries or regional averages for others.	Baselines for most program countries available. Second round of RA-FIT to be concluded only in 2014/Q3. Data reporting to be done in the mid-year report.	Revenue agencies with customs and non-core tax functions can distort costs, and the absence of donor capital costs can understate the ratio. Apportionment and inclusion of donor contributions can improve comparability.
	Indicator 3.2 Nr. of countries where compliance rates trend up (filing, debt, audit)	RA-FIT: data are usually available for on-time filing; data on debt and audit are generally missing for TPA countries.	Baselines for most program countries available. Second round of RA-FIT to be concluded only in 2014/Q3. Data reporting to be done in the mid-year report.	The absence of compliance data signals a need for reform, and is an area of significant attention in the TPA programs that includes creating systems to track compliance metrics.
	Indicator 3.3 Nr. of countries where taxpayer perceptions of service delivery trend up	RA- FIT will include a question on taxpayer services in the second round. Obtaining results of taxpayer perception surveys will be more difficult.	One specific TPA country (Liberia) is being targeted on this indicator. However, project managers to update whether other countries have taxpayer surveys.	If not performed independently, the results may not be objective and give a distorted view of taxpayer perceptions. Mitigated by using independent surveyors and robust methodology.

Strategic Log Frame Reference Sheet

- Overarching Objective and Overall Indicator: highest strategic objective and associated indicator of the TPA-TF at the impact level. Both are based on the TPA-TF Program Document (April 2011), ¶32 and ¶33, which read: "the overarching objective of TA in revenue policy and administration in low- and lower middle-income countries is to ensure that needed public spending is financed without jeopardizing fiscal stability" and "the main outcomes to be expected from a reform program should include…improved revenue performance, especially where the tax-to-GDP ratio is below the levels required for fiscal sustainability and longer-term growth".

- Strategic Objectives: the objectives that support the achievement of the overarching objective.

- Indicators: Key performance indicators associated with the achievement of the strategic objectives. All indicators for the TPA-TF to be reported showing the results in terms of numbers (and/or associated percentages) of participating countries meeting the criteria. For example, indicator 1.1 would show that "a clear reform strategy has been adopted and resourced in x (or x percent) of participating countries".

- Strategic Objective 1: Effectiveness of the tax system refers to a tax system that operates under the desired principles laid out in Box 4 of the TPA-TF Program Document (April 2011), namely a system that has: efficiency/neutrality; simplicity and transparency; equity; high revenue generating capacity; harmonization/coordination with other systems; greater reliance on domestic taxes; feasibility; and integration.

- Strategic Objective 2: Simplicity and transparency as defined in Box 4 of the TPA-TF Program Document (April 2011): taxes with simple rules; few and low rates; minimal exemptions; and a clear, wide, and measurable base. Productivity is measured by the VAT productivity indicator; taxes with few exemptions and a wide base are more productive.

- Strategic Objective 3: Efficiency of the revenue administration refers to an administration that operates under the desired principles laid out in Box 5 of the TPA-TF Program Document (April 2011), namely: the existence of a proper legal framework; efficient organizational and staffing arrangements; a system of self-assessment; streamlined collection systems and procedures; service oriented approaches; risk-based audit and other verification programs; extensive use of IT; modern HR practices; effective models for ongoing institutional change; and an environment of integrity and good governance.

Annex 2. Statistical Data

SLF's Overall Indicator: Tax-to-GDP

	2008	2009	2010	2011	2012	2013	2014	2015
TPA-TF Average (19)	**14.5**	**14.2**	**14.3**	**15.5**	**16.4**	**16.4**	**16.6**	**16.4**
Bangladesh	7.7	7.5	7.8	8.7	9.0	9.0	8.6	8.5
Benin	16.0	14.9	15.2	14.5	14.4	14.8	14.8	14.2
Bolivia	28.5	26.9	26.3	28.9	31.8	33.7	33.7	31.1
Burundi	12.0	12.8	13.7	15.0	14.6	13.2	12.8	12.1
Cabo Verde	22.0	18.9	19.0	20.0	18.3	18.4	17.7	19.0
Côte d'Ivoire	15.1	15.7	15.6	16.6	16.0	15.7	16.1	15.2
Ethiopia	9.5	8.6	11.2	11.5	11.5	12.3	12.5	13.4
Guinea-Bissau	5.4	6.8	8.0	7.7	7.7	7.0	8.1	9.9
Haiti	10.4	10.8	11.5	12.7	12.8	12.0	12.1	13.4
Kyrgyz Republic	19.1	17.9	17.9	18.5	20.6	20.5	20.6	20.0
Liberia	16.7	17.5	18.8	19.5	21.1	18.5	19.0	18.5
Mauritania	12.0	11.1	13.0	12.6	16.1	16.3	17.5	17.5
Mali	11.9	13.0	12.8	11.9	11.9	12.3	12.5	13.8
Mongolia				29.7	25.7	26.8	24.0	21.8
Myanmar	3.1	3.1	3.3	3.9	6.6	7.6	8.1	8.2
Nepal	10.6	11.8	13.0	12.6	13.3	15.2	16.0	16.4
Paraguay	10.8	11.7	12.1	12.6	12.8	12.3	12.7	12.4
Senegal	18.2	18.0	18.7	19.0	19.0	18.3	19.6	19.8
Swaziland	32.8	28.1	19.1	19.0	28.6	27.6	28.2	26.7

Source: April 2016 World Economic Outlook