Overview
The Tax Policy and Administration Topical Trust Fund (TPA TTF) was launched by the International Monetary Fund (IMF) in April 2011, in partnership with several donor agencies, to help meet increased demand for technical assistance (TA) from low- and lower middle-income countries in the area of revenue policy and administration. The TPA TTF is being implemented by the IMF’s Fiscal Affairs Department (FAD).

The TPA TTF was designed to respond to the fact that many low-income and lower middle-income countries suffer low tax yields (with tax-GDP ratios averaging only around 17 percent in 2014), reflecting weaknesses in both policies and administration. This focus reflects the recognition that:

● Help in boosting tax collection can allow countries to finance the infrastructure and social spending needed to help meet their growth and development objectives.

● Strengthening the efficiency and administration of the tax systems can help promote development by bringing the underground economy into the formal sector, improving governance, and reducing aid dependence over the medium term.

This US$30 million program is being funded by Belgium, European Union, Germany, Republic of Korea, Kuwait, Luxembourg, Netherlands, Norway, and Switzerland. Now just mid-way through its initial five-year cycle, the TPA TTF has achieved broad geographical coverage and exposure with 21 programs active worldwide.

Modular Approach
The TPA TTF TA has nine modules designed to address critical areas in building sustainable revenue systems. These modules are being delivered individually or in small packages as needed, or integrated into a sequenced program over several years.

Total Approved Budget by Region

Module Category Key Objectives

<table>
<thead>
<tr>
<th>Module</th>
<th>Category</th>
<th>Key Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Revenue strategy</td>
<td>Develop a multi-year revenue policy and administration plan</td>
</tr>
<tr>
<td>II</td>
<td>Reform management</td>
<td>Adopt reform governance arrangements</td>
</tr>
<tr>
<td>III</td>
<td>Tax policy</td>
<td>Develop country-specific tax policy frameworks</td>
</tr>
<tr>
<td>IV</td>
<td>Tax administration organization</td>
<td>Improve the tax administration structure</td>
</tr>
<tr>
<td>V</td>
<td>Tax procedure code and core processing functions</td>
<td>Improve core functions of the tax administration</td>
</tr>
<tr>
<td>VI</td>
<td>Enforcement</td>
<td>Enforce taxpayer obligations for registration, filing, payment, and accurate reporting</td>
</tr>
<tr>
<td>VII</td>
<td>Taxpayer services</td>
<td>Provide easy access to information and services for taxpayers</td>
</tr>
<tr>
<td>VIII</td>
<td>Tax administration support functions</td>
<td>Improve strategic planning and human resource, information technology, and budget policies</td>
</tr>
<tr>
<td>IX</td>
<td>Tax administration integrity</td>
<td>Improve transparency and accountability</td>
</tr>
</tbody>
</table>

Analytical Work
The TPA TTF also supports targeted analyses geared toward achieving the TTF’s main objectives. Work produced so far includes the publication of two working papers on the use of electronic fiscal devices and the comparative analysis of tax administration performance data, derived from the Revenue Administration Fiscal Information Tool (RA-FIT). Technical notes on specific topics are also a core component of the TPA TTF analytical work.

Delivery Modes

● **FAD headquarters staff:** Design and deliver technical assistance, in the context of diagnostic and review missions, working with country authorities to provide advice that is tailored to their needs and implementation capacity.

● **Short-term experts:** Under the oversight of FAD staff, provide specialized skills in specific areas to support the implementation of FAD technical advice.

● **Long-term experts:** Provide on-the-ground capacity development as resident advisors to the government and support implementation of reforms.

● **Workshops and seminars:** Deliver targeted training and disseminate lessons learned.
Achievements to date

Tax policy: Personal and corporate income tax reforms have been implemented in Cabo Verde and Myanmar, and transfer pricing laws and regulations enacted in Bolivia.

Tax administration: Key results were achieved in the following areas:
- Organizational redesign and/or strengthening of the headquarters function in Cabo Verde, Mauritania, Senegal, Paraguay, Liberia, Ethiopia, Haiti, and Myanmar.
- Successful launch of the new Liberian Revenue Authority in July 2014.
- Taxpayer segmentation principles implemented in Burundi, Côte d'Ivoire, Mauritania, and Senegal.
- Taxpayer self-assessment strengthened in Mali and Swaziland.
- Operational procedures simplified and strengthened in Bolivia (audit, including for mining), Burundi (collection), Ethiopia (taxpayer services and new call center), Mauritania (registration and filing) and Liberia (audit and taxpayer service).

Governance

A Steering Committee comprising representatives of the external donors and IMF staff guides the TPA TTF work. This Committee provides strategic guidance and contributes to setting policies and priorities, endorses annual work plans, and monitors program performance and achievements. Technical assistance needs and work plans are identified and prioritized in discussions between recipient countries and the IMF.

Evaluation

An independent external mid-term evaluation of the TPA TTF recently concluded that the program is on track to achieve its objectives in a sustainable manner in most of the countries it covers. The evaluators also recommended some improvements that will inform the delivery of the remainder of the program.

What’s next?

At the June 2015 meeting, the Steering Committee decided to begin work on Phase II of the TPA TTF, which could be in place by June 2016. This will involve a review of the objectives and design of the instruments and provide an opportunity to align them even more closely with the Sustainable Development Goals that are currently being defined. Phase II will also be an occasion for other donors to consider their interest in a partnership with the TPA TTF.

Global Partnerships

International Monetary Fund

700 19th Street NW
Washington, DC 20431, USA
Tel.: 1-202-623-9880
Fax: 1-202-623-7106

GlobalPartnerships@imf.org

Implemented by the Fiscal Affairs Department