

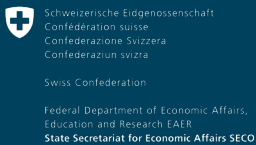


# Global Tax Umbrella Program

## FY21 ANNUAL PROGRESS REPORT

FISCAL POLICY AND SUSTAINABLE GROWTH UNIT  
MACROECONOMICS, TRADE AND INVESTMENT GLOBAL PRACTICE

JULY 2020 – JUNE 2021



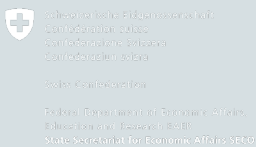


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The GTP FY21 Annual Report draft is not for citation or for further distribution. It serves as background for the GTP Steering Committee meeting which will be held September 27-29, 2021. The Report will be finalized following the Meeting.

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# ACRONYMS

AfCFTA	African Continental Free Trade Area Agreement
AML	Anti-Money Laundering
ASA	Advisory Services and Analytics
ASAs	Advisory Services and Analytics
ATAF	African Tax Administration Forum
BEPS	Base Erosion and Profit Sharing
BCM	Business Continuity Measures
CFT	Combating the Financing of Terrorism
CIAT	Inter-American Center of Tax Administrations
CIT	Corporate Income Tax
CMU	Country Management Unit
CoP	Community of Practice
CPAT	Carbon Pricing Assessment Tool
CPLC	Carbon Pricing Leadership Coalition
CRATES	Customs Reforms and Trade Enhancement Somalia
CVP	Communications and Visibility Plan
DFID	Department for International Development (UK)
DRM	Domestic Resource Mobilization
EAC	East African Community
ECR	External and Corporate Relations
EOI	Exchange of Information
EOIR	Exchange of Tax Information Requests
ESMAP	Energy Sector Management Assistance Program
FCV	Fragility, Conflict and Violence
FCI	Finance, Competitiveness, and Innovation
FCDO	The Foreign, Commonwealth & Development Office
FfD	International Financing for Development
FIODS	Financial Information and Investigation Services
FIRS	Federal Inland Revenue Service
FPP	Fiscal Policy Pillar
FPU	Fiscal Policy Unit
GDT	General Department of Taxation
GGP	Governance Global Practice
GMT	Global Minimum Tax
GP	Global Practice
GST	Global Sales Tax
GTP	Global Tax Program
IDB	Inter-American Development Bank
IEG	Independent Evaluation Group
IFFs	Illicit Financial Flows
IMF	International Monetary Fund
IPF	Investment Project Financing

IRC	Internal Revenue Commission
ITC	Innovations in Tax Compliance
KM	Knowledge Management
LMIC	Lower- and Middle-Income Countries
LTO	Large Taxpayers Office
MAP	Mutual Agreement Procedure
MDTF	Multi-Donor Trust Fund
MOF	Ministry of Finance
MTI	Macroeconomics, Trade, and Investment Global Practice
MTRS	Medium-Term Revenue Strategy
NORAD	Norwegian Agency for Development Cooperation
NRA	National Risk Assessment
NSW	National Single Window
OECD	Organization for Economic Co-operation and Development
PforR	Program for Results
PROFR	Prosperity from Revenue program
PCT	Platform for Collaboration on Tax
PIT	Personal Income Tax
PM	Practice Manager
PNG	Papua New Guinea
PFM	Public Financial Management
RF	Results Framework
SC	Steering Committee
SDGs	Sustainable Development Goals
SDTF	Single Donor Trust Funds
SECO	State Secretariat for Economic Affairs, Switzerland
SRGI	Strategic Revenue Growth Initiative
SSAP	Small States in Asia and Pacific
SSBs	Sugar-Sweetened Beverages
STS	State Tax Service
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TAXGIP	Tax Administrators' Exchange of Global Innovative Practices
TF	Trust Fund
TFA	Trade Facilitation Agreement
TPD	Tax Policy Department
TPAF	Tax Policy Assessment Framework
VAT	Value-added Tax
WBG	World Bank Group
WCO	World Customs Organization
WHO	World Health Organization



# I. Executive Summary

The FY21 Annual Report provides an update on the progress of the activities undertaken by the Global Tax Umbrella Program (GTP Umbrella) during the period of July 2020 – June 2021.

The Global Tax Program is a key vehicle in delivering Bank’s domestic revenue mobilization (DRM) strategy. This strategy is centered around supporting countries’ efforts in raising more and better revenues to achieve SDGs by (1) promoting fairness, equity, and inclusive growth, and (2) ensuring a stable, predictable, and sustainable fiscal environment.

The GTP has been generously supported in the past years by nine development partners: Australia, Denmark, France, Japan, Luxembourg, Netherlands, Norway, Switzerland, and the United Kingdom. The Bloomberg Philanthropies joined the GTP in March 2021 with a focused support on health taxes. During the review period, with additional commitments from the UK, another strategic focus area on gender equality and taxation was added as a work stream. At the close of FY21, the total pledges to the GTP Umbrella were slightly over US\$ 80 million—US\$ 75.4 million for the Domestic Revenue Mobilization Pillar, and US\$ 5.6 million for the temporal Fiscal Pillar in FY21.

As of June 30, 2021, the allocations under the DRM Pillar reached nearly US\$ 60 million. More than 81 percent of these resources were channeled to country-level activities (Window 2). The remaining financed the development of new diagnostic tax tools and assessment frameworks (Window 1), and frontier research, data analytics, and experimental methods informing how to strengthen country-level tax systems (Window 3).

Despite the full year spent in teleworking, the GTP project were active in supporting country counterparts achieve significant results. A few highlights include: adoption of the Medium-Term Revenue Strategy (MTRS) and the preparation of the Implementation Matrix in Senegal; Benin and Rwanda strengthening transfer pricing (TP) regulations by adopting World Bank’s recommendations; Liberia’s approval of the amendments to the Revenue Code strengthening the transfer pricing regime and their capitalization rules. In Nigeria, law provisions on electronic money transfer levy, VAT registration by non-resident companies and time of supply were enacted under Finance Act 2020. Also, the Nigeria’s Federal Inland Revenue Service and the Nigeria Customs Service adopted and implemented the Business Continuity Measures. In Peru, major progress was made towards improving the transfer pricing framework, implementation of tax transparency international standards, and other international tax measures. In Panama, the government presented to Congress an important bill, which introduces 5 amendments to mitigate tax evasion risks. GTP work on tax evasion has also made progress during this period. Panama has adopted the enhanced national risk assessment methodology and is using it to prepare the Financial Action Task Force (FATF) report.

Altogether, the GTP project teams operating under the DRM pillar have proposed a total of 77 reform recommendations during the reporting period, bringing to date a total of 201 recommendations since the Program’s inception in 2018. Out of this total, 73 reform recommendations have already been endorsed by respective countries’ governments. In FY21 alone, 28 reforms recommendations have been endorsed in 12 countries. During the review period, 40 capacity building events were conducted. 17 countries benefited from country specific trainings (total count 36) and 4 capacity building events were conducted with a regional or global approach. Under the customs administration activities of the GTP, a virtual regional Customs Community of Practice (CoP) was created and is currently operational with the support of the Niger Customs project. The platform aims to promote regional exchange between customs data specialists, with peer-to-peer support, and

provide private and secure exchanges with other customs organizations in the region with the collaboration of the World Customs Organization, including on practical responses to the COVID-19 crisis. In addition, the GTP teams assisted their counterparts with 11 country specific background notes on a wide range of relevant topics such as the impact of COVID-19 on formal firms. Another highlight during the review period was the development of the COVID-19 Monthly Revenue Tracker online tool.

In May 2020, the GTP Steering Committee (SC) agreed to create a temporal pillar to accommodate fiscal policy responses to address the economic and fiscal impact of COVID-19 crisis through advice on effective, efficient, and balanced fiscal policy responses, including strengthened accountability and monitoring. France, Norway, Switzerland, and the United Kingdom have contributed US\$5.6 million of which US\$3.2 million was allocated to 31 projects across 27 countries in FY21<sup>1</sup>. An additional seven proposals are in no-objection stage, bringing the allocated budget of approved projects and the pipeline to nearly 83 percent of the total contributions received. Several activities under the pillar are being implemented in close collaboration with other World Bank (WB) operations, or linked to larger ASAs, thereby offering key synergies with other activities within the WB. To date, the Fiscal Pillar projects have leveraged 11 lending operations and 20 Advisory Services and Analytics (ASAs) technical assistances projects.

The Fiscal Pillar supports a full range of fiscal policy responses to the COVID-19 crisis, including macro-fiscal policy, expenditure policy, and fiscal risk management, plus important cross-cutting themes such as poverty and distributional impact and fiscally related transparency and accountability measures. The ongoing activities bring to bear the full range of the World Bank's expertise in fiscal policy, represented by the Global Practices Macroeconomics, Trade and Investment, Governance (MTI), Finance Competitiveness and Innovation (FCI), and Poverty & Equity (POV). The projects under the pillar are in initial stages of implementation. Nevertheless, they have engaged substantively with government counterparts on several fronts, including providing options for fiscal policy in responding to COVID-19, drawing on fiscal sustainability analysis, issuing guidance on Public Investment Management, and developing and providing training in macro-micro-simulation models to assess the poverty and distributional impacts of the pandemic.

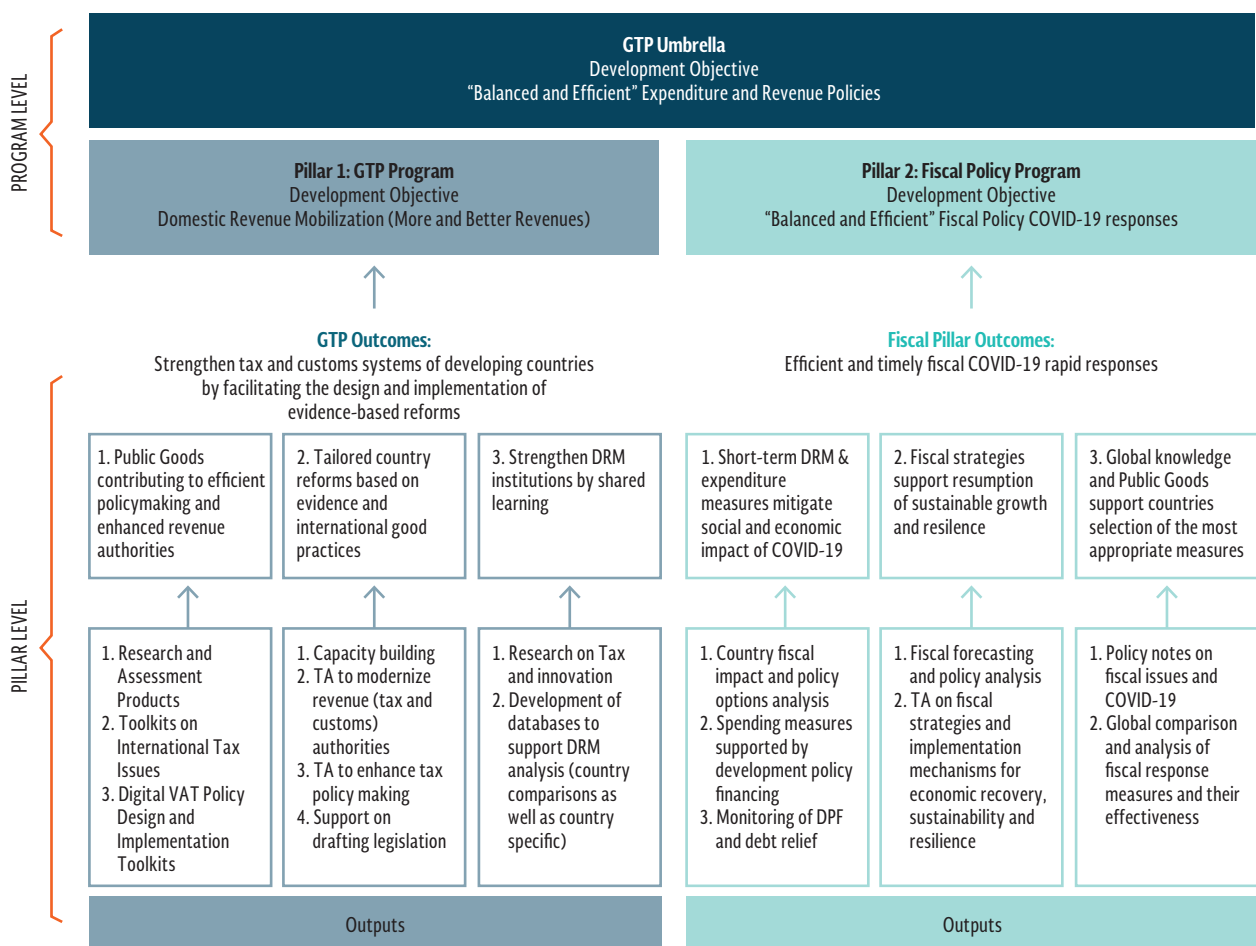
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<sup>1</sup> In Zimbabwe, Indonesia, and Philippines, the Fiscal Pillar financed projects are implementing several different thematic activities.

## II. Introduction

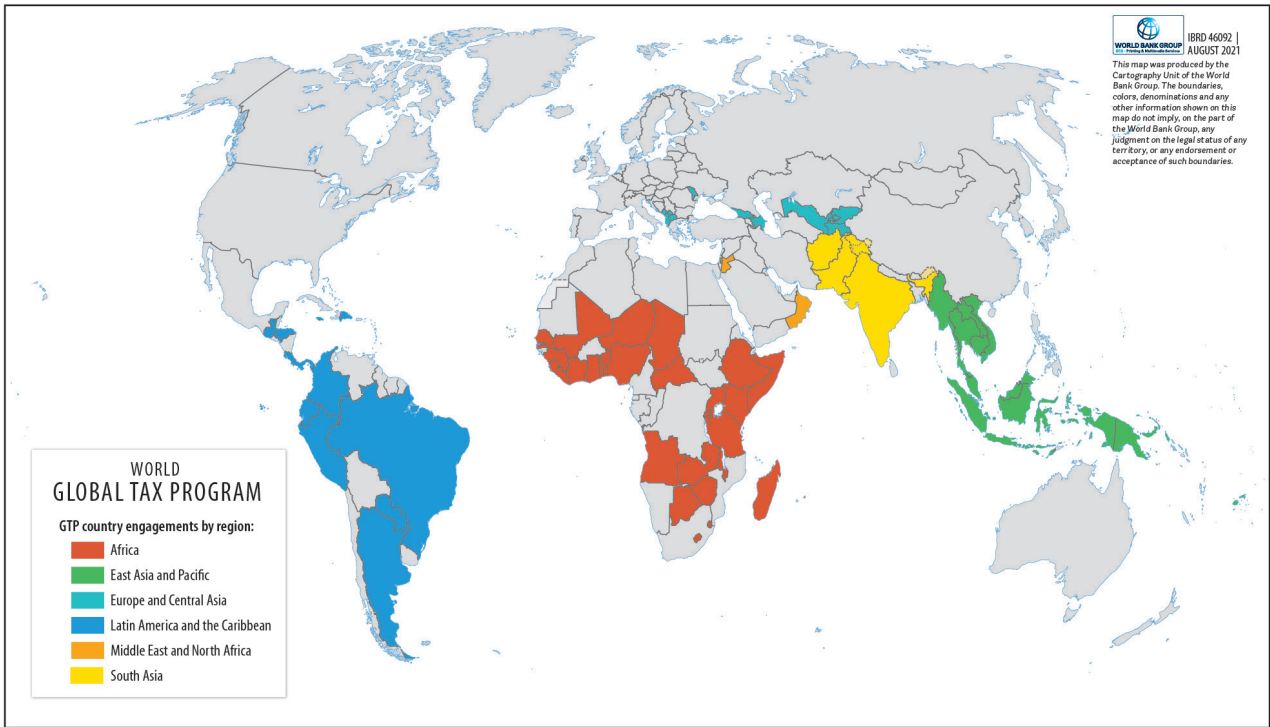
1. The FY21 Annual Report provides an update on the GTP Umbrella and its activities' progress, status of development partners' contributions, the expenditures realized during the review period. The projects' activities outlined in this Report were funded by the Multi-Donor Trust Fund TF072864 and Single Donor Trust Funds TF072930 and TF073303. This year's report covers Fiscal Year 2021 (FY21), starting on July 01, 2020 and ending on June 30, 2021. The Report is submitted to the Steering Committee of the GTP for its meetings on September 27-29, 2021.
2. GTP portfolio consists of Bank-executed advisory and technical assistance projects. The GTP Program is one of the Umbrella 2.0 pilots for Trust Fund Reforms. Figure 1 illustrates the scope and logical chain of the key expected results of the two pillars, Domestic Revenue Mobilization Pillar and Fiscal Pillar of the GTP Umbrella.

Figure 1. GTP Umbrella Framework

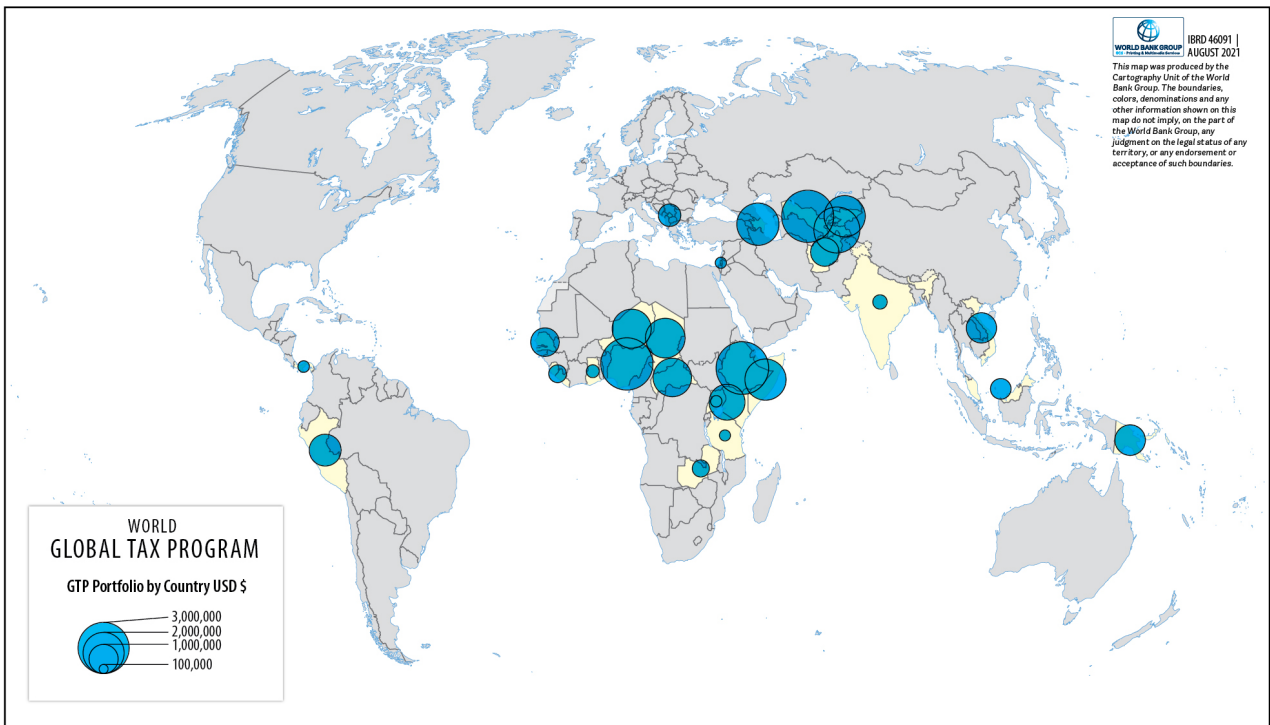


3. Since its inception in 2018, the GTP Domestic Revenue Mobilization (DRM) Pillar has funded engagements in 69 countries, of which 67 percent are IDA-eligible. This pillar provides an overarching framework for domestic revenue mobilization support and finances an ongoing program of activities on strengthening tax institutions and mobilizing revenues at international and domestic levels. Map 1 illustrates geographic focus of the DRM pillar portfolio; and Map 2 illustrates the DRM portfolio size (in US\$) by country.

Map 1. Geographic Focus of GTP DRM Country-Specific Support



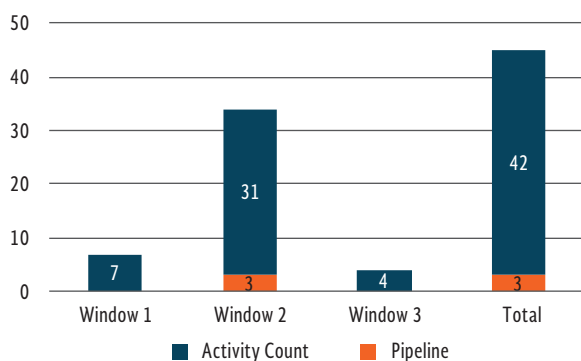
Map 2. GTP DRM Pillar Portfolio by Country<sup>2</sup>



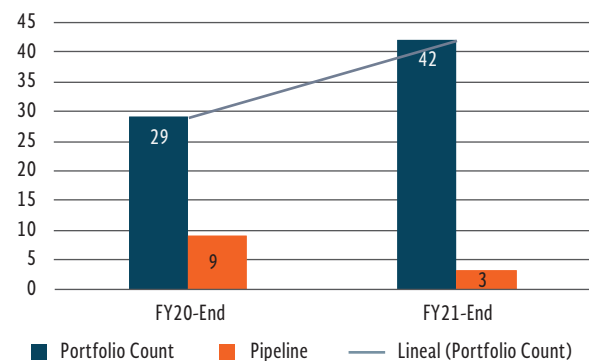
2 Map shows budget allocations for country-specific TA provided by the GTP but does not reflect the engagements managed under the International Tax Program.

4. The GTP's original anchor is the DRM Pillar which finances the DRM portfolio through four windows:
- Window 1 - Global Tax Activities and Global Public Goods finances development of tax-related diagnostic tools and frameworks.
  - Window 2 - Country Level Activities consist of technical assistance projects in the areas of tax policy, and, tax and customs administration.
  - Window 3 - Actionable Research and Data, Knowledge and Learning funds activities developing and implementing innovative research methods, new approaches to data collection and data analytics anchored with country pilots.
  - Window 4 - Program Implementation and Supervision funds the GTP Secretariat's activities concerning management and execution of the Multi-Donor and the Single Donor Trust Funds of the Umbrella.
5. A temporal Fiscal Pillar came into effect in FY21 with the aim to help countries address the economic and fiscal impact of COVID-19 crisis through quickly mobilized advisory services on effective, efficient, and balanced fiscal policy responses, including strengthened accountability and monitoring. During the review period, the Fiscal Pillar supported 31 projects across 27 countries. More projects were added to the pipeline portfolio: seven proposals have been sent to the Development Partners for a no-objection review, and ten proposals are in early stages of the portfolio pipeline undergoing internal review. (See Annex 4 for a detailed review of the Fiscal Pillar portfolio).
6. In FY21, the GTP DRM portfolio comprised of a total of 45 activities in over 52 countries. Thirty-four activities are being financed under Window 2—country level activities—which represent 81 percent of the total current value of the DRM pillar portfolio; seven are in implementation under Window 1—global and/or regional public goods; and, four projects are in implementation under Window 3—actionable research, data generation, knowledge, and learning activities (Figure 2a).
7. Portfolio growth was significant, increasing from 29 activities in FY20 to 42 in FY21. (Figure 2b). While forty of these activities are under implementation, one completed its delivery in FY20 and another one was completed at the end of FY21. As of the end of FY21, the portfolio has three pipeline activities: TPAF Development (Window 2), Myanmar Tax Reform Assistance and East Asia and Pacific (EAP) Tax Evasion.

**Figure 2a. GTP Portfolio Count as of FY21-End**



**Figure 2b. GTP Portfolio Growth**



8. In FY21, the DRM Pillar projects executed a total of US\$ 9.42 million out of the US\$ 16.71 million of the total budget planned for the period. This represents a 55% execution rate consistent with the FY20 performance. (For a detailed analysis please refer to Annex 2).
9. In FY21, under the DRM Pillar, three new projects were endorsed by the GTP SC for implementation.
- **Environmental Tax Reforms (US\$ 400,000)** aims to support developing countries in designing appropriate environmental tax reforms and building capacity in support of a fiscally and environmentally sustainable recovery from the current economic crisis. This project is financed by the MDTF.
  - **East Asia Pacific (EAP) Tax Evasion (US\$ 1,16 million)** aims to build capacity in developing countries in the EAP region to combat tax crimes, support revenue authorities in identifying risks that could facilitate tax evasion and increase regional cooperation in this area. This project is financed by the MDTF.
  - **Peru Tax Domestic (US\$ 600,000)** aims to support the Ministry of Economy and Finance (MEF) of Peru with just-in-time advice on the design of ongoing fiscal policy reforms to address the economic impact of the COVID-19 pandemic, both for short, and long term. This project is financed by the SECO SDTF.
10. In FY21, GTP introduced a new work stream on gender equality and taxation under the DRM Pillar. Global Tax Program portfolio already included two activities that have a tax and gender equality focus.<sup>3</sup> In end-March 2021, the GTP has received additional funding from the UK Foreign Commonwealth and Development Office (FCDO) to develop a comprehensive program to enhance global knowledge to design and implement tax policy and administrative reforms with gender equality objectives in countries. Internal Bank concept note review was conducted in August 2021 preparing the ground for the operationalization of a programmatic approach which will support methodological work and research on the impacts of different types of taxes (including importantly VAT, trade, and local taxes) on men and women in countries with different economic structure and level of development and will simulate alternative policy and reform scenarios. The additional financing for this work stream will allow innovative and operationally relevant research to be carried out on the administrative capacities of countries' tax and customs administrations. The insights will in turn, help shape technical assistance to help those administrations incorporate specific gender equality objectives into their work.

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<sup>3</sup> In Ethiopia, GTP project named Ethiopia Gender and Taxation is conducting an innovative incidence analysis by disaggregating spending and revenue pillars to assess the net effect of each on male and female income. The careful decomposition of fiscal spending and tax pillars is providing new insight into the redistributive effects of the government budget, and the approach can be used in other countries with similar data. Another project, Property Taxes is conducting a gender study in India by collecting evidence about the impacts of tax policies and administration measures that provide rebates for property tax or stamp tax waivers for women in eight cities and states. The study is reviewing and documenting policy and administrative measures with the goal of understanding their impact on women's property ownership.

### Box 1. Rationale for a focus on Gender Equality and Taxation

Gender inequality remains a global problem, hampering economic, social, and political development. It is especially pernicious in low-income settings, where women and girls continue to lag behind men and boys in access to healthcare, education, jobs, entrepreneurship, and access to finance, and bear disproportionate responsibility for unpaid work and care. The gender gaps in labor market participation led to significantly lower productivity, and in turn, economic growth. The positive impact of increased female labor supply on growth goes beyond simply increasing the number of workers: it is found that increasing gender diversity brings new, complementary skills and ideas to the workplace to the benefit of both men and women and can support sectoral reallocation and economic development (Ostry and others, 2018).

The COVID-19 pandemic has only exacerbated gender gaps: an accumulating body of evidence suggests that women have been disproportionately harmed. As a result of the related economic crisis, women lost jobs faster than men and have faced more obstacles in regaining paid employment. The ongoing economic crisis in developing countries has only accentuated the need to improve our ability to use fiscal policies and practices to contribute to gender equality. For the most part, the spending side of the budget has been seen as the place to incorporate or adapt programs and policies to eliminate gender gaps. A wide variety of spending programs have sought to further gender equality goals in such areas as education, healthcare, social protection, and infrastructure. Relatively little attention has, in contrast, been paid to the revenue side of the government budget to contribute to the achievement of gender equality goals. Although equity and efficiency are considered among the key principles of a sound revenue system, the definition of equity has less often encompassed gender equity. This view is changing, however. Over time, several countries have sought to promote gender equality through reform of pillars of their tax system to remove explicit and reduce implicit gender biases.

There continues to be debate in the global tax community about whether tax reform is an appropriate focus for achieving gender equality goals. Even if revenue needs could be met, there remain many structural challenges to revenue systems, such as taxing the digital economy and multinational firms, which the global community is currently seeking to address. It is thus necessary that the incorporation of gender equality goals in taxation be guided by strategic awareness of specific entry points, and solid evidence on their effectiveness. The time is ripe to do more, especially in light of the proposed IDA20 policy commitment to accelerate efforts in at least 10 IDA countries to make fiscal policy more gender-responsive, including by removing discriminatory provisions from tax legislation and enhancing administrative capacity to raise revenue in an inclusive and efficient manner. The new GTP work stream will contribute substantively to these efforts.

Source: WB staff, Gender Equality and Taxation Project Concept Note

11. In FY21, GTP welcomed Bloomberg Philanthropies as a development partner with a focused support to a new Window on Health Taxes. The new Health Tax Window under the DRM Pillar will support country authorities—the Ministries of Finance, Tax and Customs Authorities, and Ministries of Health in LMICs—in introducing/increasing and/or reforming excise taxes on tobacco, alcohol, and sugar-sweetened beverages (SSBs) with technical assistance.<sup>4</sup> The project concept makes use of a tailored approach to introducing, raising, restructuring, reforming, and administering health taxes considering improvements in health outcomes and revenue objectives. Promotion of the use of excise taxes for improving health outcomes, especially for tobacco control is not new: the World Bank and other key partners such as the WHO have been doing impactful contributions in this field during the last decade.<sup>5</sup> This project is intended to advance this work with a strong focus on revenue policy and administration dimensions grounding the work in countries' overall fiscal and tax dialogue.

<sup>4</sup> As of early FY22 (September 2, 2021) Norway, has also provided additional financing for the new Health Tax Window. Their contributions will be reflected and discussed in the February 2022 Semi-Annual reporting.

<sup>5</sup> Such as the World Bank Tobacco Control Program's work (closed in FY20); the WHO's work on Health Taxes; and, The Task Force on Fiscal Policy for Health.

### Box 2. Rationale for a focus on Health Taxes

The new window is an important contribution to the portfolio given the win-win dimension of health taxes both from health and revenue perspective. From health perspective, more than 10 million premature deaths each year (about 16% of all deaths in the world) could be prevented by reducing consumption of tobacco, alcohol, or sugar-sweetened beverages. Excessive consumption of unhealthy products is persistent/increasing in many LMICs, where non-communicable diseases affect people at a younger age with dire implications on their Human Capital accumulation. From revenue perspective, excise taxes that increase the prices of tobacco, alcohol, and sugar-sweetened beverages by 50% could raise on average 0.7% of GDP in additional revenue in low- and middle-income countries (WB, 2019). Evidence shows that when long-term dynamics are considered these taxes are progressive.<sup>6</sup>

<sup>6</sup> For further detail See World Bank research utilizing country level household survey data analysis on Distributional and Poverty Effect of Tobacco Taxation: [Bangladesh, Bosnia and Herzegovina, Chile, Georgia, Indonesia, Moldova, Russia, South Africa, Ukraine, Uzbekistan and Vietnam \(Distributional Effects of Tobacco Taxation: A Comparative Analysis\)](#) and on the Distributional and Poverty Effect of Sugar Sweetened Beverage Taxation: [Kazakhstan](#)

## A. Development Partner Contributions

12. The current level of pledges to the GTP Umbrella stands at US\$80.96 million, of which 60.32 million has been received into to the subaccount (Table 1). Table 1 Section A presents that the GTP Multi-donor Trust Fund (MDTF) DRM pillar has a total of US\$ 54.55 million in commitments. In FY21, Japan made an additional contribution of US\$1.5 million which is reflected in the new total. The Single Donor Trust Funds (SDTF) total commitments stand at US\$14.91 million (Table 1 Section D).
13. In FY21, GTP received further commitments toward developing work streams in two strategic focus areas which are discussed earlier in the Report: (1) Bloomberg Philanthropies committed US\$ 4 million for a health tax work stream; and, the FCDO committed US\$ 1.9 million to support design and implementation of tax reforms with gender equity objectives. In FY21, a temporal Fiscal Pillar which came into effect also received additional financing as detailed in Table 1 Section C (Fiscal Pillar funding flows and further finance and budget details are discussed in Annex 4). Table 2 summarizes each GTP development partners' commitment to the GTP Umbrella.



**Table 1. GTP Umbrella Development Partners Contributions, as of June 30, 2021 (in US\$)**

<b>A- MDTF - DRM</b>	<b>Commitments in US\$</b>	<b>Paid in US\$</b>	<b>Unpaid in US\$</b>
Australia-Department of Foreign Affairs and Trade	7,070,555.00	7,070,555.00	
Denmark - Royal Ministry of Foreign Affairs	5,253,317.17	5,253,317.17	
France - Ministry of Economy and Finance	4,787,200.00	2,367,200.00	2,420,000.00
Japan - Ministry of Finance	3,500,000.00	3,500,000.00	
Luxembourg - Ministry of Finance	2,433,958.19	1,949,958.19	484,000.00
Netherlands - Minister for Foreign Trade & Dev Cooperation	3,000,000.00	2,000,000.00	1,000,000.00
Norwegian Agency for Development Cooperation (NORAD)	12,256,657.06	12,256,657.06	-
Swiss State Secretariat for Economic Affairs (SECO)	4,376,626.50	4,376,626.50	
United Kingdom - FCDO	11,873,656.50	5,201,656.50	6,672,000.00
<b>Sub Total</b>	<b>54,551,970.42</b>	<b>43,975,970.42</b>	<b>10,576,000.00</b>
<b>B- MDTF - Thematic Contributions</b>	<b>Commitments in US\$</b>	<b>Paid in US\$</b>	<b>Unpaid in US\$</b>
Health Taxes - Bloomberg Philanthropies	4,000,000.00	1,813,000.00	2,187,000.00
Gender - United Kingdom FCDO	1,935,829.40	274,140.00	1,661,689.40
<b>Sub Total</b>	<b>5,935,829.40</b>	<b>2,087,140.00</b>	<b>3,848,689.40</b>
<b>C- Fiscal Pillar</b>	<b>Commitments in US\$</b>	<b>Paid in US\$</b>	<b>Unpaid in US\$</b>
France - Ministry of Economy and Finance	1,773,650.00	1,773,650.00	
Norwegian Agency for Development Cooperation (NORAD)	2,307,697.97	2,307,697.97	
Swiss State Secretariat for Economic Affairs (SECO)	658,255.62	658,255.62	
United Kingdom - FCDO	820,740.00	820,740.00	
<b>Sub Total</b>	<b>5,560,343.59</b>	<b>5,560,343.59</b>	
<b>D- SDTF</b>	<b>Commitments in US\$</b>	<b>Paid in US\$</b>	<b>Unpaid in US\$</b>
Swiss State Secretariat for Economic Affairs (SECO)	7,908,734.36	5,944,163.96	1,964,570.40
Netherlands - Minister for Foreign Trade & Dev Cooperation	7,000,000.00	2,750,000.00	4,250,000.00
<b>Sub Total</b>	<b>14,908,734.36</b>	<b>8,694,163.96</b>	<b>6,214,570.40</b>
<b>TOTAL= A + B + C= D</b>	<b>80,956,877.77</b>	<b>60,317,617.97</b>	<b>20,639,259.80</b>

**Table 2. Total Donor Commitments to the GTP Umbrella (in US\$)**

<b>Development Partner</b>	<b>Total Commitments in US\$</b>	<b>% of Total</b>
Norwegian Agency for Development Cooperation (NORAD)	14,564,355.03	18.0%
United Kingdom - FCDO	14,630,225.90	18.1%
Swiss State Secretariat for Economic Affairs (SECO)	12,943,616.48	16.0%
Netherlands - Minister for Foreign Trade & Dev Cooperation	10,000,000.00	12.4%
Australia-Department of Foreign Affairs and Trade	7,070,555.00	8.7%
France - Ministry of Economy and Finance	6,560,850.00	8.1%
Denmark - Royal Ministry of Foreign Affairs	5,253,317.17	6.5%
Japan - Ministry of Finance	3,500,000.00	4.3%
Luxembourg - Ministry of Finance	2,433,958.19	3.0%
Bloomberg Philanthropies	4,000,000.00	4.9%
<b>Total</b>	<b>80,956,877.77</b>	<b>100.0%</b>

14. The projected cash flow position for FY21 is satisfactory. Table 3 details DRM pillar cash balances. While FY21 cash balance reporting shows a satisfactory picture, it should be noted that the liquidity cushion will depend on the timely allocation committed but unpaid contributions (see Table 1, section A and related footnote). And current cash balances will significantly narrow as the GTP Steering Committee is expected to endorse a new call of proposals that will allocate funding to new set of GTP-funded activities in FY22.

**Table 3. DRM Pillar Cash Balances, As of June 30, 2021 (in US\$)**

MDTF TF072864 (in US\$) - DRM Pillar							
Donors	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Contributions</b>							
Australia	1,110,150.00	1,901,405.00	1,989,900.00	2,069,100.00			
Denmark		2,285,958.12	2,967,359.05				
France				1,187,100.00	1,180,100.00	2,420,000.00	
Japan		2,000,000.00		1,500,000.00			
Luxembourg	1,018,718.19	456,520.00	474,720.00		484,000.00		
Netherlands		1,000,000.00	1,000,000.00		1,000,000.00		
Norway		1,985,983.99	5,989,208.19	4,281,464.88			
Switzerland	1,006,472.60	810,619.11	799,600.20	879,459.13	880,475.46		
United Kingdom	804,301.00	2,302,475.50	2,094,880.00			6,672,000.00	
<b>Total Contributions</b>	<b>3,939,641.79</b>	<b>12,742,961.72</b>	<b>15,315,667.44</b>	<b>9,917,124.01</b>	<b>3,544,575.46</b>	<b>9,092,000.00</b>	
Investment Income	19,296.49	210,753.39	280,779.25	74,695.71			
<b>Total Cash Available</b>	<b>3,958,938.28</b>	<b>12,953,715.11</b>	<b>15,596,446.69</b>	<b>9,991,819.72</b>	<b>3,544,575.46</b>	<b>9,092,000.00</b>	
Disbursements	2,634,935.17	4,019,854.02	6,305,346.43	7,912,927.31	14,119,000.00	10,541,600.00	2,247,000.00
<b>Cash Balance</b>	<b>1,324,003.11</b>	<b>10,257,864.20</b>	<b>19,548,964.46</b>	<b>21,627,856.87</b>	<b>11,053,432.33</b>	<b>9,603,832.33</b>	<b>7,356,832.33</b>

MDTF TF072864 (in US\$) - Health Taxes			
Donors	FY 2021	FY 2022	FY 2023
<b>Contributions</b>			
Bloomberg Philanthropies	1,813,000.00	2,187,000.00	
<b>Total Contributions</b>	<b>1,813,000.00</b>	<b>2,187,000.00</b>	-
Disbursements		2,500,000.00	1,500,000.00
<b>Cash Balance</b>	<b>1,813,000.00</b>	<b>1,500,000.00</b>	-

MDTF TF072864 (in US\$) - Gender Equality and Taxation			
Donors	FY 2021	FY 2022	FY 2023
<b>Contributions</b>			
United Kingdom	274,140.00	695,000.00	966,689.40
<b>Total Contributions</b>	<b>274,140.00</b>	<b>695,000.00</b>	<b>966,689.40</b>
Disbursements	21,234.70	947,905.30	966,689.40
<b>Cash Balance</b>	<b>252,905.30</b>		

SECO SDTF TF072930 (in US\$) - DRM Pillar							
Donors	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Contributions</b>							
	1,983,955.12	2,153,631.05		1,806,577.79	1,964,570.40		
Disbursements	49,635.46	599,190.63	947,204.69	888,016.34	2,204,000.00	1,513,000.00	646,000.00
<b>Cash Balance</b>	<b>1,934,319.66</b>	<b>3,488,760.08</b>	<b>2,541,555.39</b>	<b>3,460,116.84</b>	<b>3,220,687.24</b>	<b>1,707,687.24</b>	<b>1,061,687.24</b>

**Table 3. (continued)**

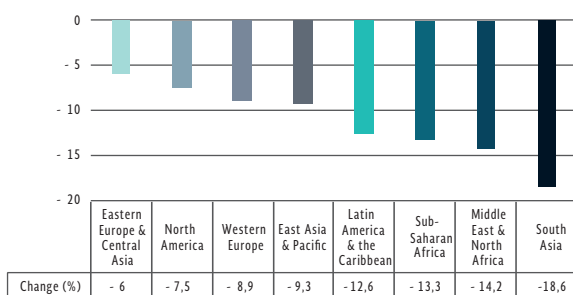
<b>Netherlands SDTF TF073303 (in US\$) - DRM Pillar</b>						
<b>Donors</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Contributions</b>	2,750,000.00			4,250,000.00		
Disbursements		505,093.05	1,097,519.45	2,463,000.00	1,639,000.00	495,000.00
<b>Cash Balance</b>	<b>2,750,000.00</b>	<b>2,244,906.95</b>	<b>1,147,387.50</b>	<b>2,934,387.50</b>	<b>1,295,387.50</b>	<b>800,387.50</b>

Note: MDTF disbursements include PCT related expenditures amounting to US\$2 million from FY18-21. Amounts allocated to PCT has been fully disbursed at the end of FY21.

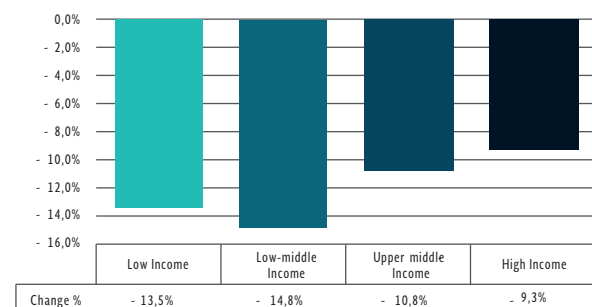
### III. Impact of COVID-19 Pandemic

15. COVID-19 crisis has resulted in a sharp drop in tax revenue in real terms as compared to 2019, in all regions, ranging from 3% for ECA to 16% for SAR (Figure 3). Low Income Countries, the main beneficiaries of the GTP activities, have seen some of the sharpest drops with an average of 14% drop in 2020 as compared to 2019 (Figure 4). Several countries are expected to drop below the 15% tax-to-GDP level that has been found as a critical benchmark to meet the most pressing developmental needs.
16. Available FY21 data indicate that across the board revenue growth is at best muted, if not negative. GTP-funded Revenue Academy project developed a [COVID-19 Monthly Revenue Tracker](#) which covers 60 countries, including 15 IDA countries, and has monthly data until December 2020. Figure 5 shows year-on-year tax revenue growth by month in 2020. Drop in tax-to GDP ratios during the COVID-19 crisis match or exceed the drop experienced during the 2009 financial crisis. As a reference, during the global financial crisis of 2009 year-on-year tax revenue dropped by a maximum of 10% (ECA region), and the average time countries took to recover to 2009 pre-crisis tax-to-GDP ratios was more than 5 years on average, in some close to 10 years.

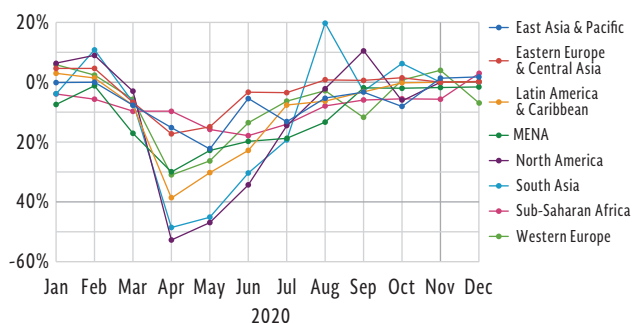
**Figure 3. Tax revenue change (%) – 2020 vs 2019 (real) by Region**



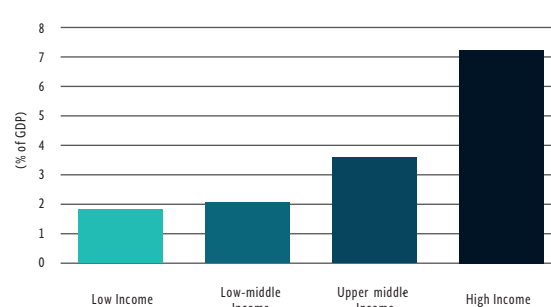
**Figure 4. Tax revenue change (%) – 2020 vs 2019 (real) by Income Group**



**Figure 5. Tax Revenue year-on-year growth for 2020 by Region**

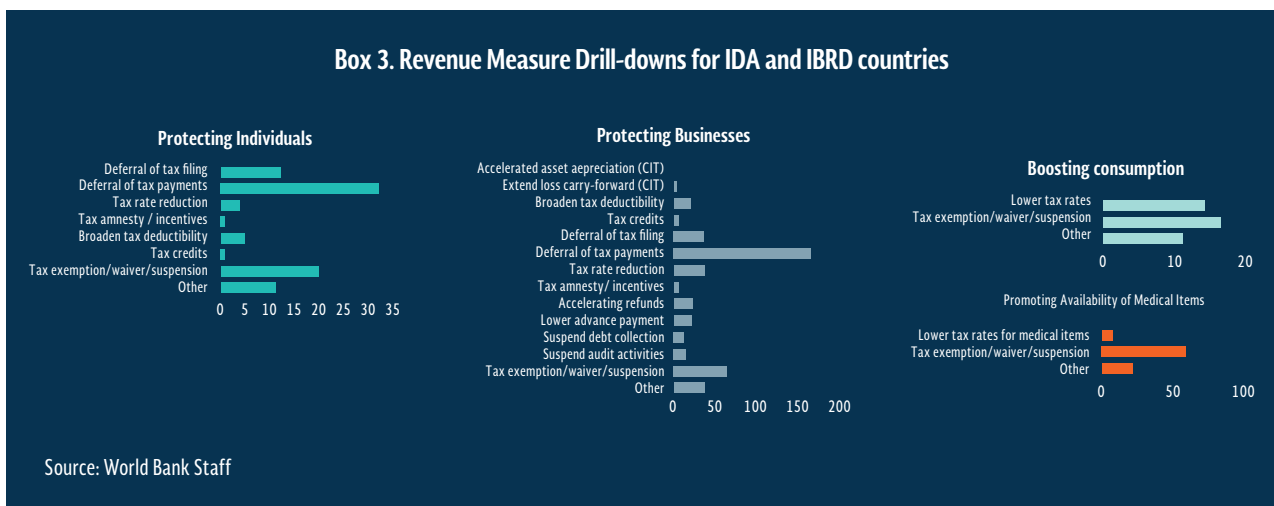


**Figure 6. COVID-19 additional spending and estimated forgone revenue by Income Group (as % of GDP)**



Source: Figure 3, Figure 4, and Figure 5 World Bank Staff; Figure 6 IMF Fiscal Monitor October 2020.

17. Many countries introduced various tax measures to ease the economic burden on taxpayers. These measures' revenue impact remains uncertain, while their phasing-out during the recovery may be difficult (see Box 3). In FY21, COVID-19 related additional spending and foregone revenue across countries regardless of income group was significant (Figure 6). There is a real risk that tax deferrals could become permanent revenue losses, and some tax rate reductions could also become permanent. Past experience shows that tax exemptions can take many years to unwind. For example, evidence from 2009 financial crisis shows that some policy measures could take several years to be reversed (it took 3 years for VAT rates in ECA and LAC and 4 years for PIT rates in SSA to come back to pre-crisis levels).



18. GTP teams are providing valuable support to countries in their efforts towards economic recovery with sustainable fiscal space. As the pandemic recedes, tax measures need to be carefully weighed in considering short-term stabilization with long-term sustainability objectives. For a green recovery, countries are considering low-carbon investments in their stimulus packages, increased taxes (or reduced subsidies) on fuel, and other environmental tax instruments. The environmental taxation and CPAT projects in the GTP portfolio are expected to provide critical insights to countries who are considering growth enhancing reforms and steering their economies onto a green, resilient, and inclusive development path.
19. The COVID-19 pandemic demonstrated the criticality of internet-based compliance and online payment platforms for revenue administrations. Where such platforms existed, the negative impact of COVID-19 on revenue was not a function of administrative factors but restricted to economic factors. The ability of revenue administrations to maintain business continuity in a pandemic emerged as a critical element of success. Countries had different starting points and, hence, varying levels of readiness to face the COVID-19 pandemic. The GTP project teams supported their counterparts in this adaptation. For example, in Kyrgyz Republic, the team provided advisory support to State Tax Service (STS) to develop and implement improvements to business processes which ensured a smooth transition of VAT administration from paper invoices to e-invoices.
20. Business continuity became an immediate area of focus and support. The lockdown measures to contain the spread of COVID-19 impacted the revenue administrations' operations, often interfering with the core taxpayer services and trade operations. Various GTP project teams provided support on business continuity measures (BCM) to country authorities, for example in Azerbaijan, Tajikistan, Uzbekistan, and Nigeria. In FY21, the project team in Nigeria continued providing TA to the Federal Inland

Revenue Service and the Nigeria Customs Service with the implementation of BCM, which allowed continued services to citizens, taxpayers, and importers through various measures (see Box 4).

21. In some cases, GTP project teams introduced new activities to provide just-in-time support to their counterparts. Project teams were often quick to consider the impact of COVID-19 on tax operations in designing and planning their project's activities. For example, Uzbekistan, Tajikistan, and Azerbaijan projects have integrated the COVID-19 related considerations into project design and they were able to adopt their activities, or introduce new ones, to ensure strong alignment with countries' new priorities in view of the crisis.
22. In some countries the decline in revenues generated stronger support for ongoing DRM reforms. In the Kyrgyz Republic, the pandemic and the subsequent economic slowdown and dip in revenue collection have further solidified counterparts' drive in pursuing revenue reforms. This was also the case in Nigeria where counterparts put a stronger emphasis on their domestic revenue mobilization program, Strategic Revenue Growth Initiative (SRGI), and introducing a 2.0 version to account for the impact of COVID-19 with the WB team's assistance.

#### Box 4. Nigeria Tax and Customs Emergency Support to Mitigate the Impact of COVID-19

The COVID-19 pandemic caused economic dislocations in Nigeria, as was the case worldwide. The prices of crude oil, the country's principal revenue earner, plummeted from an average of US\$ 66.4 in January 2020 to US\$ 14.3 per barrel<sup>7</sup>. Non-oil revenue also dropped, witnessing a decline of 18% in CIT collection in the first quarter of 2020. Despite a 50% increase introduced to the VAT rate, VAT collection increased by a meager 5.2% and 0.8% in the first and second quarters, respectively (not adjusting for inflation).

The Nigeria DRM Reform Technical Assistance project was initiated in January 2020. By June 2020, the World Bank team carrying out the TA was already adopting to the situation on the ground. Activity timelines were adjusted, and a new component of emergency support was introduced to the TA to help authorities address COVID-19 related disruptions. The immediate emphasis was put on protecting revenues, with a focus on activities that required minimal face-to-face interaction.

The World Bank conducted an extended virtual mission from June 2020 onwards to help develop an appropriate response to the crisis. The World Bank team shared experiences from different countries on COVID-19 response, including maintaining business continuity in the tax administration. Weekly virtual meetings were held with government counterparts to assess the progress on action items. The World Bank sought closer collaboration with other stakeholders, especially with the IMF, to exploit synergies and ensure a coordinated approach.

To ease taxpayer compliance burdens, the Government extended the VAT filing deadline and suspended penalties for taxpayers that paid early but filed their returns late.

The World Bank team identified some short-term revenue raising options. These included the increase of excise rates on harmful goods and revenue collection from businesses that performed better during the pandemic (e.g., mobile telephones, digitalized business). Additional measures, such as the introduction of anti-fragmentation rules for CIT, a more structured approach to international tax and rationalization of tax incentives, (such as removal of agricultural loan income exemptions) were proposed to protect and expand the tax base.

Audit and compliance measures were scaled back. However, the World Bank team recommended that the tax administration (FIRS) improve the quality of desk audits with better targeting, and address compliance bottlenecks such as filing errors. Series of practical recommendations to encourage the use of electronic platforms, especially by large and medium-size taxpayers, in filing and paying taxes, improve taxpayer services and communications and enhance the exchange of information with other parties (such as Customs which carry out revenue forecasting and budgeting) were also offered.

To support further automation of FIRS processes, the World Bank assisted in drafting the IT Strategy and Investment Plan for the migration from three legacy IT systems to a single platform. Further, the World Bank facilitated in training Customs staff in IT techniques, and has proposed a program to improve audit and compliance management skills at FIRS.

7 <https://www.cbn.gov.ng/rates/DailyCrude.asp>

23. Crisis also led to some projects' outputs to be used in additional ways, in turn helped the World Bank and authorities to respond to the crisis more effectively. For example, Innovations in Tax Compliance (ITC) team adapted their country pilots to have new and additional purposes: in Tajikistan pilot informed the Tax Reform Operation project in Tajikistan; and ITC analysis served as background note to the Country Economic Memorandum of Albania.
24. In FY21, the GTP project teams adopted their delivery models to remote work modality and conducted their work through virtual missions. Country assessments, policy discussions, capacity building activities, and trainings moved to virtual platforms with active participation of local revenue authorities and trainers/assessors. Bandwidth and internet connectivity issues, especially for counterparts from the LMICs, have at times been problematic, nevertheless, all projects were able to continue their engagement with their respective counterparts and continue their support.
25. A full year under the pandemic conditions, in FY21 country level activity implementation has slowed down across the portfolio. In some cases, activities had to be rescheduled, and delivery timelines were extended. Out of the 30 activities in implementation stage under Window 2—Country level activities, 11 projects were impacted by capacity constraints of their respective counterparts due to COVID-19. The GTP teams on each occasion worked closely with their counterparts to review the implementation work plans and ensure their alignment with the governments' operational plans and evolving priorities.
26. In most instances, GTP project teams benefited from strong Bank country office presence and local staff and consultants on the ground. All GTP country-level activities have strong presence and support of country office-based staff. These teams were able to rely on their colleagues based in-country office and/or local consultants who are part of the project team to coordinate and deliver activities and receive early feedback to adjust the project's plan according to the local environment; and allowing for working closely with the designated focal point by counterparts. For example, for the Uzbekistan and Azerbaijan projects, working with local consultants and having a focal point from the client government ensured smoother implementation of their activities. Similarly, in PNG, the World Bank team carefully reviewed the implementation plan to align with the government's operational plans and priorities by appointing a local consultant to coordinate activities on the ground to better assist their counterparts. In Ethiopia, the World Bank team was able to deliver some training activities in person thanks to the strong Bank country office presence (see Box 5).

### Box 5. Ethiopia Technical Assistance to Support Tax Policy Reforms

The main objective of the project is to support the Government of Ethiopia (GOE) to enhance its tax revenue collection capacity in an efficient and equitable manner with a focus on strengthening the legal framework in domestic and international taxation. The TA consists of four components to assist the Ministry of Finance and Ministry of Revenue to: (1) implement tariff reforms aimed to facilitate the full accession to WTO and Africa Continental Free Trade Area (AfCFTA); (2) continue recent tax policy reforms to compensate for the revenue loss from further trade liberalization and to enhance the efficiency in overall revenue collection; (3) build in-house capacity for tax policy and tax expenditures analysis; and (4) assess sector-wise revenue impact of COVID-19 pandemic.

As the project was launched during COVID-19 pandemic, from the outset the World Bank team recognized the significant pandemic-induced risks to the project operation and immediately adjusted the modality of collaboration and deliveries. Internally, the World Bank team sought the guidance by the Country Management Unit and the World Bank's Corporate Health Management Department for the upfront clearance and help with protocols to conduct in-person workshops, consultations, and trainings as requested by the Ministry of Finance (MOF) Tax Policy Department (TPD). Through timely and continued dialogue with the TPD management, the team has facilitated and participated in a mix of in-person and virtual workshops and trainings. Such events are regarded by the TPD as essential, time sensitive, conducive to the government's immediate needs for reforms, especially in the area of tariff restructuring.

The FY21 project activities aimed to underpin the MOF's ongoing review of the existing tax and trade law and legislation. The studies and technical assistance support were wide ranging such as:

- The assessment of the tariff regime and short-term revenue impacts of tariff reforms. Various workshops with the MOF and other relevant government agencies were conducted with a wide-stakeholders participation.
- Review of property taxes.
- Study on sector-wise Effective Rates of Protection (ERP) as part of the overall assessment of the country's trade policy. The analytical framework and methodologies have been discussed and agreed with MOF.
- Assessment of COVID-19 impact on tax base and revenues. w
- Study on welfare impact of tariff liberalization under AfCFTA. The study helps identify and quantify the impact, at sector level, from AfCFTA—looking more specifically at the sectors that the authorities need to focus on to benefit from the AfCFTA in exports, and the sectors that need safeguard to survive under the terms of the free trade agreement.
- Tax-related trainings: Comprehensive training on tax policy analysis and revenue forecasting was conducted during November 16-27, 2020. The training covers the topics on economic impacts of taxation, design of major taxes, revenue forecasting modeling and application by major tax type, and selective themes in international taxation under the BEPS with particular focus on transfer pricing in taxation of multinationals.

Collectively, in FY21, the inputs from the studies listed above and frequent consultations between the World Bank and the TPD teams have contributed to the MOF's extensive review of the tariff book. Specifically, the project team has provided recommendations on (i) removing the second schedule (exemptions) and creating a unified tariff book; and (ii) rationalizing the tariff rates and aligning the tariff structure with the industrial strategy to promote manufacturing. These recommendations were adopted and incorporated in the revised tariff book, effective as of August 11, 2021. In addition, the technical assistance is expected to create synergies for the World Bank's overall macro-fiscal support to the country and preparation of the forthcoming Public Expenditure Review (PER).

The World Bank team and Ministry of Finance Tax Policy Department have recently met to take stock and identified the following activities with a forward-look: (1) Completing the ongoing studies on estimating the sector-wise ERPs, and the analysis tariff reforms' welfare impact; (2) Commencing a study on income tax; (3) Providing technical support for the fiscal incentives administration; and (4) Conducting the second round of tax/tariff training. The World Bank team continues close collaboration and coordination with other TA providers, especially the FCDO, the IMF, and the EU.

27. In other instances, local firms and local consultants helped carry out discrete tasks on the ground ensuring timely completion of activities. The country pilots implemented under the Innovations in Tax Compliance project is a good example. Once the pandemic proved that international travel was not



possible, the team quickly adopted and conducted technical assistance through virtual missions, while relying on local firms and local consultants to carry out the taxpayer compliance surveys and the political economy assessments. Thanks to this adaptation in delivery modality in FY21, the team has successfully completed the Georgia pilot (completing the survey remotely) and initiated new pilots in Tajikistan and Albania. Commitment from the regional teams and government counterparts was a key factor in the success of these pilots. The pilots' success was widely recognized and generated interest of several other Bank Country Management Units including the North Macedonia, and Pakistan.

28. The GTP teams who were already utilizing web-enabled platforms to engage with their counterparts were well-positioned to overcome challenges of remote work. This was certainly the case with the DIAMOND framework and tool which allowed greater insight into the challenges facing a tax or customs administration, and generated demand for new operations. The country counterparts appreciated the fact that the modules are “very operational” and “provide on-the-ground solutions.” While COVID-19 grounded face-to-face missions, it turned out to be an opportunity for more country-counterpart ownership in terms of the utilization of the tool and its insights. The online feature of the DIAMOND tool has continued to prove to be convenient and efficient during this period of confinement and travel restrictions. Moreover, it has demonstrated the importance of maintaining and improving the online platform features so that they are up-to-date and user-friendly across interfaces. The online feature of the DIAMOND tool has helped to continue some of the technical assistance that was already initiated at the country-level (Panama, Tajikistan, Azerbaijan, Georgia, North Macedonia, and Uzbekistan) and allowed the launch of remote rapid-response work. The DIAMOND assessment reports also led to extensions of technical assistance programs (e.g. Azerbaijan) and front-loaded the technical assistance that led to the approval of new operations in June 2021 (e.g. IPF in Uzbekistan, PforR in Tajikistan). Another such highlight of online engagement is from the TADAT project. Colombia TADAT assessment conducted during FY21 was the first of its kind delivered in full-fledge virtual mode. Lessons extracted from this virtual assessment are informing similar TADAT exercises that require remote engagement.
29. COVID-19 pandemic further increased the importance of tax expenditure related analysis that can inform policy-makers' decisions. Low-income countries are particularly exposed to tax competition, causing a race to the bottom of corporate income tax (CIT) rates. Falling CIT rates in nearly all regions meant that on average the CIT revenue collection have remained stagnant compared to the other revenue sources. As a result, indirect taxes have largely borne the brunt of revenue increase measures, further exacerbating inequality. Bank teams note that the country demand for know-how and technical assistance on how to rationalize tax incentives to limit revenue losses is increasing. The GTP Tax Incentives project team responded to this context by organizing a webinar to address some of the pressures and tools to help governments answer their questions on how to rationalize tax incentives in the recovery phase. The analysis provided by this project will also help analyze impact new proposals of the Global Minimum Tax (GMT) would benefit the overall policy of rationalizing tax incentives.
30. During FY21, the GTP-funded International Tax project team saw an increase in country demand for technical assistance. The country authorities are adapting to remote training and technical assistance modalities; and the international taxation issues are taking a central role in most countries. As digital-based transactions increase worldwide, policymakers are keen to increase their pace of implementation of solutions to extend the VAT net to address digital-based transactions of goods, services, and intangibles, particularly for cross-border transactions. Thus, the GTP project team anticipates an increased country demand to implement VAT on the digital economy— reflecting the uptake of the

recommendations of the regional joint OECD-WB toolkits. It is also expected that there will be further engagement in the areas of fighting tax evasion and money laundering. The National Risk Assessment (NRA) Tax Evasion project are one of the key components in the fight against Illicit Financial Flows (IFFs), and technical assistance to support countries' risk assessments have gained momentum in the context of COVID-19 recovery.

## IV. Progress Update at the Window Level

### A. Window 1 - Global Tax Activities and Global Public Goods

31. GTP activities under Window 1 make up 6% of the total Program allocations to date. Window 1 activities focus on three main areas: i. the development of more efficient tax policy and administration assessments to enhance the legitimacy of country governments and facilitate cross-country comparisons and learning; ii. preparation of toolkits and research documents that improve the ability of tax authorities in participating countries to apply international tax practices that fit country circumstances; iii. development of tools to support developing countries to design evidence-based green tax reforms and make informed fiscal decisions, especially with respect to carbon taxes, and design appropriate environmental tax reforms and building capacity in support of a fiscally and environmentally sustainable recovery from the current economic crisis.
32. In FY21, twelve new modules/tools/databases were developed under Window 1. The DIAMOND team completed a Sub National Tax Administration module, which will be piloted in Papua New Guinea during the next fiscal year.
33. A first version of the multi-regional Input-Output tool (MRIO), which simulates the sectoral impacts of green fiscal policies, was completed by the Environmental Tax Reforms for a Sustainable Recovery project. This tool is expected to provide policy insights into several important issues, such as how specific combinations of green taxes and spending policies can boost output and employment; which industries will be viable and can grow in a low-carbon post-COVID-19 future; how many jobs will be created and lost; and which types of occupations and skill sets will be needed as economies green. The Environmental Tax Reform project team completed and internally peer reviewed several working papers including one on fiscal policies for a sustainable recovery and a green transformation.
34. Another major delivery on environmental taxation front has been the completion of Version 1.0 of the Carbon Pricing Assessment Tool (CPAT) in FY21. The tool is aimed to be user friendly for fiscal economists even without a specific climate economics specialization, and it allows rapid estimation of multiple economic and non-economic effects including macroeconomic affects, energy and emissions, distribution and incidence, and development co-benefits. CPAT Version 1.0 covers 150 countries and includes four modules (1) estimating tax revenues, (2) output effects, (3) greenhouse gas emissions and associated structural change, and (4) development co-benefits. Additionally, CPAT offers analysis of equity impact of carbon taxes in 40 countries.
35. In FY21, the Toolkits on International Taxation project completed a new toolkit on tax treaty negotiations (joint initiative of the IMF, OECD, UN and WBG). The aim of this tool is to provide capacity-building support to developing countries on tax treaty negotiations, building on existing guidance, particularly from the UN Manual for the Negotiation of Bilateral Tax Treaties between Developed and Developing Countries. Also, the team is claiming an output, not reported before, for the toolkit on taxation of offshore indirect transfers published in June 2020 (a joint initiative of the IMF, OECD, UN and World Bank Group). The aim of this toolkit is to help developing countries tackle the complex issues around taxing offshore indirect transfers of assets. Also, the Transfer Pricing E-Learning Tool was released in December 2020 (Output counted in FY20) and the course has been piloted in 14 countries.

In addition, during this FY, the Toolkits on International Taxation project published a study on transfer pricing jurisprudence and a book on tax and digital economy.

36. The Digital VAT Guidelines project team, in partnership with the OECD, IDB and CIAT, completed and launched the “VAT Digital Toolkit for Latin America and the Caribbean Region” during the 55th General Assembly of the CIAT held in Guatemala City, in June 2021. The report provides detailed guidance to assist LAC tax authorities in the design and implementation of robust policies for the application of VAT to digital trade. This toolkit covers the core components of a comprehensive VAT strategy directed at the main types of digital trade and e-commerce, particularly the online sales of services, intangibles and goods to private consumers by foreign businesses and digital platforms that often have no physical presence in their consumers’ jurisdiction (see Box 6).

**Table 4. Key Aggregated Results Under Window 1**

	Standard Indicators	Projects	Project target FY21	Project results FY21	Results details FY21	Cumulated targets FY21	Cumulated results FY21	Inception to date targets	Inception to date results	Total targets	Total results
OUTPUTS	A.1 Number of new modules/tools/database developed	1.2 TAX DIAMOND	0	1	1. Sub national Tax Administration module ready for piloting	7	12	21	25	25	25
		1.3 Toolkits & Research	0	2	1. Toolkit: The Taxation of Offshore Indirect Transfers (published in 2020 - not reported before); 2. Toolkit on Tax Treaty Negotiations (a joint initiative of the IMF, OECD, UN and WBG)						
		1.4 Digital VAT Guidelines	2	1	1. VAT Digital Toolkit for Latin America and the Caribbean (OECD/WBG/CIAT/IDB)						
		1.5 Tax Incentives Reform	0	3	1. Database of effective tax rates; 2. Global tax expenditure database; 3. Global METR database						
		1.6 Carbon Pricing	4	4	CPAT modules for: 1. estimating tax revenues, 2. output effects, 3. greenhouse gas emissions and associated structural change, 4. development co-benefits.						
		1.7 Environmental Tax Reform	1	1	1. A first version of the multi-regional Input-Output tool (MRIO)						
	A.2 Number of documents, reports, studies, notes, guidelines, training materials prepared	1.3 Toolkits & Research	3	3	1. A Review of Transfer Pricing Case Law: A Comparative Study of Court Decisions on Transfer Pricing (2012-2018); 2. Tax Theory Applied to the Digital Economy : A Proposal for a Digital Data Tax and a Global Interne; 3. Article published in the International Banker on "A More Just International Tax System"t Tax Agency	9	6	15	10	24	10
		1.5 Tax Incentives Reform	2	1	1. Initial benchmark for income tax expenditures						
		1.6 Carbon Pricing	1	1	1. Technical guide for documenting the CPAT						
		1.7 Environmental Tax Reform	3	1	1. Working paper "Fiscal policies for a sustainable recovery and a green transformation".						

### Box 6. VAT Toolkit - GTP Contributes to Global Effort for the taxation of the Digital Economy

**There is worldwide attention to the challenges posed by the digital economy on the collection of VAT from cross-border transactions a coordinated response.** In response to those challenges, the WBG has embarked on a multilateral effort to support tax authorities from different regions on the design of policy actions aimed at ensuring an effective collection of VAT from digital trade, while minimizing distortions. In partnership with the OECD and key regional partners the WBG supports the development of regional VAT Digital Toolkits with detailed practical guidance for the design and implementation of effective VAT legal and administrative actions tailored to the specific needs of the Latin American and the Caribbean (LAC), the Asian Pacific (APAC) and the African regions. The Digital VAT Policy Design and Implementation Toolkit project is being designed based on internationally accepted guidelines and good practices, following a collaborative and inclusive approach with the active participation of partner institutions, regional revenue authorities and representatives from the private sector. The first series of the VAT Digital toolkits project which covered the LAC region was successfully released and disseminated in May 2021.

**VAT is the main source of tax revenue in many emerging and developing countries.** The integrity and efficient performance of VAT systems is thus crucial as those countries strive to enhance domestic resource mobilization in the aftermath of the COVID-19 crisis. While providing comprehensive and detailed guidance to assist tax authorities in the design, implementation and operation of robust VAT strategies targeted at digital trade, the Digital VAT Toolkit is designed to help governments safeguard significant VAT revenues from the buoyant digital sector and to ensure a level playing field between domestic brick-and-mortar establishments and foreign online sellers. This toolkit covers the core components of a comprehensive VAT strategy directed at the main types of digital trade and e-commerce, particularly online sales of services, intangibles, and goods to private consumers by foreign businesses and digital platforms that often have no physical presence in their consumers' jurisdictions. Finally, it also encompasses guidelines for the effective design of strategies to apply VAT to inter-jurisdictional transactions of the gig and share economy.

**The VAT Digital Toolkit for LAC has been developed through an inclusive and collaborative process with the active involvement of regional tax authorities and partner institutions.** The Inter-American Center for Tax Administration (CIAT) and the Inter-American Development Bank (IDB) partnered with the WBG and the OECD on the production of the LAC regional Toolkit. These institutions led the organization of three regional seminars with stakeholders from government authorities and private sector institutions to enhance the understanding of international best practices on the VAT taxation of digital trade from a legal and administrative perspective. Those seminars were also instrumental to ensure the VAT Toolkit meets the institutional and operational needs of revenue systems of the LAC region. Country officials from ministries of finance and revenue administrations of more than 15 countries shared their experience, views, and expectations about the VAT Toolkit Project, further enhancing its content with practical insights at the country level.

**The GTP project will continue to support the next phases of this project with the ongoing production of the VAT digital toolkit for the APAC and Africa regions in collaboration with OECD and regional partners.** In anticipation, development partners organized a launching event through a virtual workshop with participation of countries from the APAC region, under the sponsorship of the Asian Development Bank (ADB), which was informed by lessons learned from the consultation process followed for the LAC Toolkit.

## B. Window 2 - Country-level Activities

37. GTP activities under Window 2 currently represent 81% of the total Program allocations to date. Since Program inception, GTP activities financed under Window 2 have proposed a total of 129 tax-related reform recommendations (laws or regulations) out of which, 50 of these proposals have been endorsed by country governments as of end-FY21. In FY21 alone, 43 reform recommendations (laws or regulations) were delivered by project teams in 19 countries, and 17 reform recommendations (laws or regulations) have been endorsed by respective governments in 7 countries. Out of these 17, 9 reform recommendations were fully adopted in 4 countries.
38. At the Outcome level, key results during this period were achieved by the International Tax Program, Peru International Tax, NRA Tax Evasion, Nigeria Tax and Customs, and Sierra Leone and Liberia Tax projects. Recommendations issued by the International Tax team to improve the transfer pricing

(TP) regulations were adopted in Benin<sup>8</sup> and Rwanda<sup>9</sup>. Contributions from the Sierra Leone & Liberia Tax project were also significant. During FY21, the project team provided comments on the Liberia Revenue Code amendments (which were approved in late 2020) strengthening the transfer pricing regime and capitalization rules. Also, TP regulations incorporating the team's advice were submitted to the Sierra Leone Cabinet in December 2020 and approved. In Nigeria, law provisions on electronic money transfer levy, VAT registration by non-resident companies and time of supply were enacted under Finance Act 2020. In Peru, progress was made towards improving the transfer pricing framework, implementation of tax transparency international standards, and other international tax measures, with the following key results: i. the completion of the assessment on meeting security and confidentiality standards by the OECD Global Forum; ii. the development of regulations governing disclosure of client account information financial institutions to report to SUNAT; iii. exchange of tax information from 21 jurisdictions through an automatic exchange under the Mutual Assistance Convention; iv. Peru ratified the Japan-Peru Income Tax Treaty and v. reactivation of the deadline for filing CbC reports for FY 17, 18, and 19. Under the NRA Tax Evasion project, the Panama government presented to Congress Bill N° 624, which introduces 5 amendments to mitigate tax evasion risks<sup>10</sup>.

39. At the Output level, contributions from the International Tax Program, Nigeria Tax and Customs, Sierra Leone and Liberia Tax, Ethiopia Tax Policy and the Peru International tax project were also significant. During FY21, the International Tax team provided 21 reform recommendations in 10 countries, mainly to improve the transfer pricing tax framework. In Nigeria, the project team delivered several recommendations on permanent establishment, digital service tax, anti-avoidance provisions, electronic money transfer, and some international tax issues (i.e., source rules, and model legislation for CFC, Royalty, Dividend, Interest and Technical fees). In Sierra Leone, the team conducted a tax policy review and jointly with IMF provided comments on the draft tax incentive policy. In Liberia, the team provided comments on amendments to improve TP regime and capitalization rules. In Peru, the project team reviewed the draft legislation on bilateral advance pricing agreements (APAs) and provided criteria adopted based on comparative legislation and peer reviews in other countries. The team also supported SUNAT on the OECD peer review on the implementation of BEPS Action 13 (CbCR) and addressed issues related to the BEPS Action 14 minimum standard and legislative technique by reviewing draft legislation prepared by MEF, which intends to modify the Tax Code concerning the mutual agreement procedure (MAP) included in double taxation conventions. In Kosovo, the project team completed *Enhancing the Quality and Scope of Tax Registration in Kosovo*, a comprehensive legislation review report. This report identified necessary legal changes to relevant tax laws, business registration laws, and other relevant regulations and internal procedures to improve tax registration quality. The project team has held several meetings with the management of Tax Administration of Kosovo and the Data Sharing Forum (Heads of Agencies of the Tax Administration and other registry agencies) to present and discuss recommendations from the report and prioritize follow-up actions. In Uzbekistan, the team commented on two drafts of the Presidential Resolution on the shadow economy and delivered the broad components of a strategy to combat the shadow economy. The project team also estimated the size of the shadow economy. GTP-funded tech-

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8 In Benin, a transfer pricing instruction has been published on May 28, 2021.

9 In Rwanda, a Ministerial Order Number 003/20/10/TC of 11/12/2020 establishing the general rules on transfer pricing (TP) between related parties involved in controlled transactions was published.

10 During this FY, the Panama government presented to Congress Bill N° 624, which introduces amendments to 1) Law 52/2016 to (a) improve access in Panama to accounting records on offshore business operations, and (b) strengthen sanctions for non-compliance with Exchange of Information (EOI) requests, 2) Law 129/2019 to improve the effectiveness of the beneficial owner registry (UBO Registry) to ensure that: (a) it is operational: access granted to the tax authority, legal persons required to update information within 15 days after changes occur (versus original 30 days), five days period for agent residents to notify changes; (b) risk-based inspections are carried out to verify the information; and, (c) sanctions for non-disclosure and delayed disclosure are dissuasive (including non-compliance fines that range from B. 5,000 to B. 5,000,000).

nical assistance in Uzbekistan complemented and leveraged the WB lending project Tax Administration Reform Project in Uzbekistan (P173001). The Chad Tax and Customs project team delivered two policy notes during this period, on tax expenditures and to enhance VAT efficiency. Both policy notes will be validated and disseminated to Chadian counterparts during the first half of FY22 and GTP-supported technical assistance complemented and leveraged the IDA Grant Chad Domestic Resource Mobilization and Management and COVID-19 response project (P164529). The Ethiopia project team made significant contributions to the country's tariff reform efforts (see Box 5). Another key highlight during this period for the Vietnam Tax Reform project was the completion of the recommendations on Vietnam Tax Reform Strategy 2021-2030. This resulted from the close collaboration between the WB team and the General Department of Taxation and the Tax Policy Department over the last two years (see Box 7). In addition, the project team supported the General Department Taxation by providing inputs to two draft Ministry of Finance circulars that guides the administration on e-commerce and digital transactions.<sup>11</sup>

**Table 5. GTP Reforms Recommendations (Laws or Regulations) Endorsed Under Window 2**

Standard Indicators	Projects	Project target FY21	Project results FY21	Results details FY21	Cumulated targets FY21	Cumulated results FY21	Inception to date targets	Inception to date results	Total targets	Total results
OUTCOMES B.1 Number of reform recommendations (laws/regulations) endorsed	2.04 International Tax Program	3	2	Benin (1): A transfer pricing instruction has been published on May 28, 2021 Rwanda (1): A ministerial Order number 003/20/10/TC of 11/12/2020 establishing the general rules on transfer pricing (TP) between related parties involved in controlled transactions was published.	9	17	43	50	137	50
	2.05 Tax Reform in Uzbekistan	2	0							
	2.14 NRA Tax Evasion	1	5	Panama government presented to Congress Bill N° 624, which introduces amendments to: improve access in Panama to accounting records on offshore business operations, and strengthen sanctions for non-compliance with EOI requests, improve the effectiveness of the beneficial owner registry (UBO Registry) to ensure that: it is operational, risk-based inspections are carried out to verify the information; and sanctions for non-disclosure and delayed disclosure are dissuasive.						
	2.15 Nigeria Tax and Customs	0	3	"Electronic money transfer levy" and provisions for "VAT registration by non-resident companies" and "Time of supply" were enacted under Finance Act 2020						
	2.26 Vietnam Tax Reform	1	0							
	2.28 Peru Internation Tax	1	5	1. The deadline for filing CbC reports for fiscal years 2017, 2018, and 2019 has been reactivated; 2. Peru successfully completed its assessment on meeting security and confidentiality standards by the OECD Global Forum; 3. Regulations governing disclosure of client account information financial institutions to report to SUNAT were issued in December 2020; 4. In December 2020, Peru began to not only send but also receive tax information from 21 jurisdictions; 5. Peru ratified the Japan-Peru Income Tax Treaty by way of Supreme Decree No. 060-2020-RE.						
	2.31 Sierra Leone & Liberia Tax	0	2	1. SL: The TP regulations incorporating team's advice were submitted to the Cabinet in December 2020 and approved; 2. L: The team provided comments on amendments to the Revenue Code, which were approved in late 2020 and strengthened transfer pricing regime and thin capitalization rules.						
	2.33 CHAD	1	0							

<sup>11</sup> One MOF circular concerns domestic individual businesses, and the other concerns the foreign suppliers operating outside of Vietnam.

Table 6. GTP Reforms Recommendations (Laws or Regulations) Proposed Under Window 2

Standard Indicators	Projects	Project target FY21	Project results FY21	Results details FY21	Cumulated targets FY21	Cumulated results FY21	Inception to date targets	Inception to date results	Total targets	Total results	
OUTPUTS B.1.1	Number of reform recommendations (laws/regulations) proposed	2.04 International Tax Program	11	21	Benin (1), Ghana (1), Uganda (1), Fiji (1), Jamaica (10), Seychelles (2), Ecuador (2), Cabo Verde (1), Mauritius (1), Dominican Republic (1)	48	43	119	129	202	129
		2.05 Tax Reform in Uzbekistan	1	1	1. - The team commented on two drafts of the Presidential Resolution on the shadow economy and delivered the broad components of a strategy to combat the shadow economy.						
		2.10 Somalia Customs Support	1	0							
		2.15 Nigeria Tax and Customs	3	7	1. Attribution of Profits to a Nigerian Permanent Establishment; 2. CFC Rules; 3. Introduction of Digital Service Tax; 4. Anti-Avoidance Provisions; 5. Definitions of Royalty, Dividend, Interest and Technical fees; 6. Regulations on Electronic Money Transfer; 7. Introduction of lottery scheme.						
		2.16 Kosovo Tax Registration	1	1	1. Business process design and legal review to identify necessary legal changes to relevant tax laws, business registration laws and other relevant laws, regulations and internal procedures to improve the quality of tax registration						
		2.17 Tax incentives	14	0							
		2.19 CAR	1	0							
		2.20 Malaysia Tax Policy Reform	1	0							
		2.25 Tax Reform in Azerbaijan	4	1	1. The team reviewed and delivered recommendations to the cashless payment law in August 2020						
		2.26 Vietnam Tax Reform	0	1	1. The WB team provided inputs for GDT for the drafting of two MOF circulars that guides the administration of e-commerce and digital transactions.						
		2.28 Peru International Tax	3	3	1. Reviewed draft legislation on bilateral advance pricing agreements (APAs) and provided criteria adopted based on comparative legislation and peer reviews in other countries; 2. Supported SUNAT on the OECD peer review on the implementation of BEPS Action 13 (CbCR); 3. The team addressed issues related to the BEPS Action 14 minimum standard and legislative technique by reviewing a draft legislation prepared by MEF which intends to modify the Tax Code in relation to the mutual agreement procedure (MAP) included in double taxation conventions.						
		2.29 Peru Domestic Tax	2	0							
		2.31 Sierra Leone & Liberia Tax	3	3	1. SL: Tax policy review prepared and informs the tax policy changes including tax legislation amendments; 2. SL: The team provided joint comments with the IMF on the draft tax incentives policy of the government; 3. L: The team provided comments on amendments to the Revenue Code to strengthen transfer pricing regime and thin capitalization rules.						
		2.32 Senegal MTRS Tax and Customs	2	0							
		2.33 CHAD	1	2	1 -2. Two policy notes were developed on Tax expenditures and to enhance VAT efficiency.						
2.34 Ethiopia Tax Policy	0	3	1. Review of the tariff book, with emphasis on approach to eliminate the second schedule (exemptions), planned to be incorporated in the first schedule (reduced rates) and the regular rate schedules; 2. prepare the tariff offers for the African Continental Free Trade Area Agreement (AfCFTA). The team provided recommendations on removing the second schedule and have a unified tariff book. Also recommended the authorities to rationalize the tariff rates and align the tariff structure with the industrial strategy of promoting manufacturing; 3. The welfare impact assessment was conducted only in the context of AfCFTA and recommended the sectors that the authorities need to focus on to benefit from the AfCFTA in exports and the sectors that need safeguard to survive following the free trade area agreement.								



### Box 7. GTP Assisting in Formulating the Tax Reform Strategy in Vietnam

Structural reforms in the tax system are being designed to close the deficits and sustain the fiscal balance in Vietnam. The GTP project supports Vietnam to formulate its Tax Reform Strategy 2021-2030 and strengthen the legal framework and capacity on international taxation and selected domestic tax issues. Due to the COVID-19 pandemic, several large events which were meant to support MTRS development that the project team planned for FY21 could not take place. Nevertheless, the Vietnam Ministry of Finance (MOF) managed to maintain focus on medium-term plans, including preparing for, formulating, and developing tax reform strategies. The planned strategy workstream in Vietnam will formulate the income distributional considerations as well as other negative external effects, such as environmental and health impact, that need to be addressed by a sensible mix of revenue policies and revenue administration reform. With the objective of creating a conducive environment for businesses and growth, the GTP project supports the MOF in addressing the tax system as a whole and elaborating the definition and achievement of quick wins and long-term goals.

Vietnam Tax Reform Strategy 2021-2030 was developed in collaboration with the General Department of Taxation (GDT) and the Tax Policy Department (TPD). This tax reform strategy includes specific reform activities, such as Base Erosion and Profit Shifting (BEPS), digital taxation, tax incentive programs, as well as comprehensive risk management for the tax administration. Underpinning analytics of the WB recommendations include a tax administration assessment using the DIAMOND tool and a tax policy review. The DIAMOND tax administration assessment was completed and shared with the government client in FY21.

A virtual technical discussion workshop was hosted during FY21 in collaboration with the MOF, GDT and TPD. The workshop was very productive with 68 attendees actively participating from line ministries, tax officials, academicians, international tax experts, and business representatives to discuss the tax policy options for the mobilization of domestic resources. Several tax policy proposals have been put forward with a clear objective of mobilizing additional revenue to make up for the revenue losses due to structural changes in the tax system.

The regulatory framework of digitalization was strengthened for the operators of the platforms and marketplaces to account for VAT on transactions via online marketplaces and digital platforms. In 2019, the WB's recommendation on the taxation treatment of foreign suppliers operating on e-marketplaces and digital platforms was adopted in the revised Tax Administration Law. In 2021, the WB team supported the GDT in the development of MOF circulars regulating the administration of e-commerce and digital transactions. The GTP project team assisted the GDT in developing new measures in improving the efficiency of the tax administration while reducing all compliance burdens for the suppliers; most of them are very small. These measures include the use of digital platforms and e-marketplaces as intermediaries to file and pay VAT on behalf of the suppliers, plus facilities on the tax administration portal to assist the taxpayers in complying with the new regulations.

The project team collaborated with the IMF and other parts of the WBG in supporting the tax reform strategy in Vietnam. As part of the larger WB Fiscal Public Financial Management Program, the project team worked in tandem with the MOF-executed technical assistance financed by the PHRD grant supporting tax policy reform, business process reengineering, and the design of a new IT system for the tax administration. The project team also collaborated with the IFC in advising the government in reforming its investment incentive regime.

The COVID-19 pandemic poses several challenges for the implementation of the project activities. In addition to the difficulties due to social distancing measures, a significant part of the government resources was dedicated to addressing the negative impacts of the pandemic on citizens and businesses. As a result, there are fewer resources for the implementation of reform activities originally planned with the government counterparts. The project team has reviewed the implementation plan to align with the government counterparts' operational plans and priorities. This is to ensure the technical assistance provided by the WB team is an integral part of their operations and not extra work.

Persistence is needed in assisting government counterparts in carrying out reforms. WB team started to support GDT to strengthen its capacity to manage large taxpayers in 2015, including the recommendation to establish a full-fledged Large Taxpayer Office (LTO). In 2007, the MOF proposal to set up a full-function LTO was rejected by the cabinet as it was considered going against the directive to streamlining the administrative system. Given the importance of the LTO function in the tax administration, the WB team continues supporting GDT in this area. Finally, the Prime Minister agreed to the LTO proposal, and the LTO was established and fully operational in May 2021.

FY22 is expected to be a difficult year for Vietnam as access to vaccines is lagging. The WB team will continue supporting the government counterparts in adopting the tax reform strategy 2021-2030 and implementing some prioritized reforms identified in the strategy. Vietnam's 2021-2030 Socio-Economic Development Strategy, adopted in February 2021, emphasizes digital transformation as a key driver in renewing its growth model and enhancing its competitiveness and sustainability by promoting climate resilience and green growth. A forward-looking tax system that would support such an inclusive, digitally transformative, and sustainable growth model would need to strengthen international taxation, including digital taxation, and adopt environmental taxation, which would support the greening of the economy in the medium to longer term. In addition to the assistance to MOF (GDT & TPD), the project team plans to engage the Budgetary Committee of the National Assembly to prepare for the revision of key tax laws, such as CIT, VAT and Excises.

40. Since the start of the program, GTP project teams have also proposed 71 reform recommendations to improve procedures, practices, or standards. As of FY21-end, 23 of these reform recommendations have been endorsed by client governments. In FY21 alone, 33 reform recommendations (procedures, practices, or standards) were delivered by project teams in 13 countries, and client governments have adopted 11 reform recommendations (procedures, practices, or standards) in 7 countries.
41. The Senegal MTRS Tax and Customs, Niger Customs, NRA Tax Evasion, and Nigeria Tax and Customs projects achieved significant progress in the reporting period. In Senegal, key results include adopting the MTRS by the authorities and launching the Implementation Matrix preparation. Additionally, recommendations for improving business processes based on diagnostics of the Human Resources in the Customs Directorate were included in the MTRS. The Niger Customs project achieved one major outcome towards strengthening human resources management and monitoring. The data analytics unit of the Niger Customs established the first set of performance indicators and launched the performance contracting pilot. Also, the team assisted Customs authorities in the development and monitoring of a virtual regional platform for Customs Community of Practice (CoP) (see Box 8). The online platform is operational and aims to promote regional exchange between customs data specialists, with peer-to-peer support, and provide private and secure exchanges with other customs organizations in the region with the collaboration of the World Customs Organization, including on practical responses to the COVID-19 crisis. In Nigeria, the Federal Inland Revenue Service and the Nigeria Customs Service adopted and implemented the Business Continuity Measures allowing continued services to citizens, taxpayers, and importers through an online e-services platform. The GTP work on tax evasion implemented by the NRA Tax Evasion project team has progressed at the country-level support. Panama has adopted the enhanced national risk assessment methodology and is using it to prepare the FATF report due during the calendar year 2021. It is worth mentioning that the TA provided under this project has been critical to effectively support the policy dialogue under a current WB lending<sup>12</sup> operation with Panama regarding the risks of tax evasion and legal entities/structures.
42. At an Output level, the GTP teams made significant contributions in Kosovo, Senegal, Kyrgyz Republic, PNG and in countries supported by the International Tax Program. The Kosovo Tax Registration project team completed a business process analysis of the current situation, and elaborated recommendations for business process designs for tax and business registration, de-registration, and reporting of business/taxpayer information updates. The team also provided recommendations to improve the quality in the business and taxpayer registers, clean up business and tax registers, standardize inter-agency data-sharing agreements, and elaborated a mapping of current data exchanges and associated business processes and recommended necessary future data exchanges. In Senegal, the project team conducted a customs assessment to complement the TADAT review and provided recommendations for customs reform mainly to strengthen risk analysis and risk management, modernize and secure transit goods management, modernize the management of human resources, enhance digitalization, strengthen post-clearance controls and audits, and introduce performance indicators to monitor and manage customs operations. In Kyrgyz Republic, the project team provided advisory support to the State Tax Service (STS) in adjusting a business process for VAT reporting to use e-invoices, provided recommendations on developing the newly created STS Analytical Department's functional responsibilities, and expanded risk management functions at the STS. Also, the team developed the recommended key elements of a compliance risk management strategy. In response to the PNG's Internal Revenue Commission (IRC) request, the project team assisted the IRC in developing a risk assessment

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12 Panama Pandemic Response and Growth Recovery Development Policy Operation (P174107)

model for GST refund that will help conduct a risk analysis of GST taxpayers submitting GST refund claims. The IRC expects to adopt a risk-based approach in processing GST refunds to enhance the efficiency and effectiveness of GST refund operation. Currently, the model is being tested to ensure its appropriateness to the IRC operations. In addition, during the reporting period, four countries benefited from GTP recommendations on international tax issues. The International Tax Program team provided support on practical, technical, or operational issues relating to audit cases in Uganda, Eswatini, and Lesotho and provided TA on TP cases to Fiji.

**Table 7. GTP Reforms Recommendations (Procedures, Practices or Standards) Endorsed Under Window 2**

Standard Indicators	Projects	Project target FY21	Project results FY21	Results details FY21	Cumulated targets FY21	Cumulated results FY21	Inception to date targets	Inception to date results	Total targets	Total results
OUTCOMES B.2 Number of recommendations to improve procedures/practices/standards adopted	2.04 International Tax Program	1	2	Uganda (2): the URA reached settlement on two international tax audits						
	2.05 Tax Reform in Uzbekistan	5	0							
	2.07 Property Taxes	0	1	1. State of Punjab has notified Capital Value based property taxation for its Local Urban Bodies India						
	2.11 Niger Customs Advisory and TA	2	2	1. A pilot (performance contracting) started in April 2021; 2. An online platform was set up to create a Virtual regional Customs Community of Practice (CoP) of customs data specialists						
	2.14 NRA Tax Evasion	1	1	1. Panama adopted the NRA tax evasion risk assessment methodology and is also using it to prepare the FATF report	17	11	21	23	90	23
	2.15 Nigeria Tax & Customs	3	3	The Nigeria's Federal Inland Revenue Service and the Nigeria Customs Service adopted and implemented the Business Continuity Measures						
	2.16 Kosovo Tax Registration	1	0							
	2.27 STS Kyrgyz Republic	4	1	1. The STS Endorsed recommendations on new business process to invalidate VAT invoices and VAT reporting to use e-invoices						
	2.32 Senegal MTRS Tax and Customs	0	1	1. Recommendations for improving Human Resources in the Customs Directorate were included in the Medium-Term Revenue Strategy.						

Table 8. GTP Reforms Recommendations (Procedures, Practices or Standards) Proposed Under Window 2

Standard Indicators	Projects	Project target FY21	Project results FY21	Results details FY21	Cumulated targets FY21	Cumulated results FY21	Inception to date targets	Inception to date results	Total targets	Total results
OUTCOMES B.2.1 Number of recommendations to improve procedures/practices/standards proposed	2.04 International Tax Program	3	8	Uganda (2), Eswatini (3), Lesotho (2), Fiji (1)						
	2.05 Tax Reform in Uzbekistan	2	0							
	2.11 Niger Customs Advisory and TA	1	2	1. The Data analytics unit established the first set of performance indicators in January 2021; 2. An online platform was set up to create a CoP of customs data specialists, with peer-to-peer support, and provide private and secure exchanges with other customs organization in the region with the collaboration of the World Customs Organization.						
	2.13 Tajikistan	1	0							
	2.15 Nigeria Tax & Customs	6	6	Business continuity plans to provide services to citizens, taxpayers, and importers on an online platform, which includes e-filing, e-payment of taxes and duties, operationalizing of an e-platform for VAT and an electronic submission system for bills of lading through the Federal Inland Revenue Service and the Nigeria Customs Service (Outputs not claimed in FY20)						
	2.16 Kosovo Tax Registration	2	5	1. Business process analysis including as-is and recommended to-be business process designs for tax and business registration, de-registration and reporting of business/taxpayer information updates elaborated; 2. recommendation to improve the quality in the business and taxpayer registers, 3. mapping of current data exchanges and associated business processes and a recommendation of necessary future data exchanges; 4. recommendations on how to clean up business and tax registers, and 5. recommendations on how to standardize interagency data sharing agreements.	29	34	67	72	111	72
	2.19 CAR	3	0							
	2.22 PNG Tax Reform Assistance	1	1	1.The project team delivered a GST refund model for the IRC.						
	2.25 Tax Reform in Azerbaijan	1	0							
	2.27 STS Kyrgyz Republic	6	3	1. The team provided advisory support to the STS in adjusting a business process for VAT reporting to use e-invoices; developing functional responsibilities of the newly created STS Analytical Department and strengthening and expanding risk management functions at the STS; 3. developed the recommended key elements of a compliance risk management strategy.						
2.31 Sierra Leone & Liberia Tax	2	3	SL: 1. IT strategy has been delivered; 2. TA provided on revenue forecasting functionality for the future ITAS; L: 3. initial draft of the tax exemptions registry was delivered to the government.							
2.32 Senegal MTRS Tax	1	6	1-5. A Customs Assessment to complement the TADAT review was delivered, including recommendations for customs reform; 6. Preliminary findings of the Fiscal incidence analysis of incentives focusing more on the VAT System.							

### Box 8. GTP Assisting to Strengthen Institutional Capacity of Niger Customs

The GTP funded project supports the Niger Customs Administration through strengthening the role of customs in border management by enabling customs to leverage data science and disruptive digital technologies for reform. The project team provides agile, flexible, targeted and situation tailored technical assistance and advisory to Niger Customs. These results have been achieved in FY21 through (1) technical support for the establishment of a Data Analytics Unit (2) a Geospatial Study of cross-border trade flows to inform the redeployment of customs border bureaus; and (3) the creation of a Virtual Regional Customs Community of Practice (CoP) for data analysts.

Data Analytics Unit was established, and data analytics capacity was strengthened. The BETF supported the creation and implementation of the Niger Custom Data Analytics Unit (CADRE), and introduction of Performance contracts in the Custom administration. The project supported the institutionalization and capacity building of the Data Analytics Unit through a series of strategic workshops, network analysis workshops and focus group discussions. The data analysis training courses covered topics such as the basics of computer language python, machine learning and database management. The BETF assistance also entailed introduction of performance contracts in the Custom administration through technical training on monitoring of performance indicators through data analysis tools. Activities for performance contracts are ongoing, and the CADRE has already established the first sets of performance indicators in January 2021 and organized the signing ceremony of performance contracts, chaired by the Minister of Finance, in June 2021. The introduction of performance contract is one of the key reforms to be monitored within the framework of the ongoing Bank Governance Project (PCDS) in Niger, which complement activities supported by the project.

A geospatial study was conducted with the objective of supporting the Niger Customs to adopt a redeployment strategy of customs units across the territory. Based on GIS data on trade routes and smuggling, the study identified trade centers on the Nigerien borders, in particular the urban localities most connected to the transport network (cross-border routes). Using multiple data sources, the study will identify among these trade centers and the pathways connecting them to those which have experienced the most significant economic development over the past 20 years. The technical report of the geospatial study will inform the designing of redeployment strategy for Niger Customs.

The project team assisted the Customs authorities in the development and monitoring of a virtual regional platform for Customs Community of Practice (CoP). The virtual platform enabled greater information sharing among peers, promoted discussions on the shift towards data science, disruptive technologies, trade flows analysis, and practical responses to the COVID-19 crisis. The online platform was set up in close collaboration with Nigerien officials and a senior customs advisor from AFD and ex-World Customs Organization official. A specialized IT firm with significant experience working with Sahel government agencies was recruited to design and set up the online platform. The platform is now running and fully operational as of 2021.

The GTP project aims to continue delivering the tools that are crucial in addressing administrative and policy gaps in the Niger customs system. The project has already started supporting the development of a database on customs fraud and illegal smuggling. The project team collaborated closely with international organizations such as the WCO, IMF to discuss complementarity between respective engagements in Niger and partnered with AFD who complemented the World Bank engagement and provided a senior international advisor based on the ground to work with the Niger Customs authorities. Despite the challenging context of COVID-19, meetings respecting certain preventive measures were allowed and the WB team continued to work in close cooperation with Niger Customs authorities. Virtual meetings with the client have helped to ensure the continuation of activities even during the COVID-19 pandemic. The team organized a virtual change management workshops through video conference based on the Netmap methodology which was a first, nevertheless proved to be successful.

## C. Window 3 - Actionable Research and Data, Knowledge & Learning

43. GTP activities under Window 3 make up 5% of the total Program allocations to date. As of FY21-end, three activities are under implementation and one activity recently closed in this Window. During this period, the project's teams prepared 14 knowledge assets, developed an online tool, and drafted two policy briefs (for more detailed information see Table 11).
44. Among the knowledge asset documents prepared, key results achieved under the Innovations in Tax Compliance project include completing a report on building trust through tax transparency and a study

on enhancing tax transparency in collaboration with GIFT. The project team also finalized and peer-reviewed six topical chapters of the Innovations in Tax Compliance knowledge product, covering: i. Taxation of Personal Income, ii. High Net Worth Individuals, iii. Subnational taxation, iv. Taxing SMEs, v. Corporate Tax Compliance and vi. Tax and Technology Challenge.

45. The Ethiopia Tax and Gender project completed three key research studies on gender and tax incidence of rural land use fee and agricultural income tax, gendered and fiscal incidence analysis and, in collaboration with the Central Statistics Agency, completed a report on taxation of individuals, households, and nonfarm enterprises in Ethiopia, which includes findings from the 2018/19 Ethiopia Socioeconomic Survey. In addition, the team also drafted two non-technical policy briefs, based on the research studies for wider knowledge dissemination/policy audiences.
46. During the same period, the Data & Research on DRM project prepared one working paper on effective corporate tax rates (accompanied by 10+ country specific notes) and published an [EFI-ICTD Insight note](#) using the tax treaty database and 11 country specific back-ground notes on the impact of COVID-19 on Formal Firms. Also, the team provided TA using the cross-country tax administrative database in three countries: Albania, Honduras, and Montenegro. This project was completed at the end of FY21 (for more details on the results achieved see Box 9).
47. The Revenue Academy project team developed a [COVID-19 Monthly Revenue Tracker](#), which is informing policies on the extent of the revenue slowdown as well as what potential recovery would look like. The online tool enables users to track countries, regions, or income groups, and also compare them, on the impact of COVID-19 on revenues. The tool covers 60 countries, including 15 IDA countries, and has monthly data until December-2020.

**Table 9. Key Aggregated Results Under Window 3**

	Standard Indicators	Projects	Project target FY21	Project results FY21	Results details FY21	Cumulated targets FY21	Cumulated results FY21	Inception to date targets	Inception to date results	Total targets	Total results
OUTPUTS	C.1 Number of KM documents prepared	3.1 Innovations in Tax Compliance	5	8	1. "Innovations in Tax Compliance: Building Trust, Navigating Politics and Tailoring Reform"; 2. Making Tax Work: A Framework for Enhancing Tax Transparency; 3-8. Six topical chapters of the Innovations in Tax Compliance knowledge products: i. Taxation of Personal Income, ii. High Net Worth Individuals, iii. Subnational taxation, iv. Taxing SMEs, v. Corporate Tax Compliance and vi. Tax and Technology Challenge						
		3.2 Data & Research	1	3	1. 11 country specific back-ground notes on the impact of COVID-19 on Formal Firms; 2. Effective Tax Rates and Firm Size: Evidence from Micro Tax Data in 14 Countries; 3. EFI-ICTD Insight note: 'Using New Data to Support Tax Treaty Negotiation'.	6	14	11	19	15	19
		3.4 Ethiopia Gender and Taxation	0	3	1. Policy Research Working Paper "Gender and Tax Incidence of Rural Land Use Fee and Agricultural Income Tax in Ethiopia"; 2. A Gendered and Fiscal Incidence Analysis for Ethiopia; 3. The Taxation of Individuals, Households, and Nonfarm Enterprises in Ethiopia Findings from the 2018/19 Ethiopia Socioeconomic Survey						
C.2	Number tools/modules/training materials developed	3.3 Revenue Academy	0	1	1. COVID-19 Monthly Revenue Tracker online tool	0	1	6	5	7	5
C.3	Number of documents, reports, studies, notes prepared	3.4 Ethiopia Gender and Taxation	0	2	Two Policy Briefs: 1. Disaggregated Survey Data on Taxation to Improve Policy Design: A Perspective from The Ethiopia Socioeconomic Survey (2018/19), 2. Gender Implications of Rural Land Use Fee and Agricultural Income Tax in Ethiopia	0	2	0	2	5	2

### Box 9. Data & Research – GTP Contributes to Improved Tax Policy Analysis in Client Countries

The Data and Research Project was implemented with support from the GTP between FY19-21. The objective of the Project was to increase the availability and use of DRM data analytics in support of operational work and related research with a focus on low- and middle-income countries. The project was successfully completed in June 2021. Outputs from this project are: i) increased availability of DRM data, ii) presentation of new stylized facts about tax systems of lower-income countries, and iii) contributions to World Bank country dialogues.

The project consisted of two pillars, the first pillar focusing on the collection and analysis of micro-level administrative tax data, the second pillar focusing on expansion of, and access to, third-party datasets to inform tax treaty policy making and related research.

Thanks to the creation of a new cross-country administrative tax dataset and the expansion of (access to) existing datasets, the project was able to leverage micro data in support of better tax policy analysis. Under the project the World Bank expanded its access to key third-party data sources such as the ORBIS TP Catalyst database, which facilitates transfer pricing analysis, and created two new databases: [the Tax Treaty Explorer](#) and a unique database that centralizes (anonymized) administrative data from corporate income tax returns for 15 low- and middle-income countries, referred to as the International Tax Data-Lab. These databases were leveraged to produce 5 knowledge papers, accompanied with country-specific background notes, and to support technical assistance to 3 countries: Albania, Montenegro, and Honduras.

Two papers which leveraged this new data stand out; the first predicts the impact of COVID-19 on formal firms, while the second presents new evidence on the relationship between firm size and effective levels of taxation. The COVID-19 paper examines how the pandemic would impact firm profits and tax payments in developing countries by micro-simulation, modelling the impact on profitability, employment, firm survival, and tax revenue. The results highlight the importance of differences in sectoral composition and firms' cost structure to understand the economic impact of COVID-19. The second paper provides new evidence on the effective taxation of firms in lower-income countries and its relationship with the size of firms. It shows that domestic tax provisions lower the effective tax rate by, on average, 20% compared to the statutory tax rate. Moreover, the ETR increases with firm size, but drops sharply at the very top, suggesting that the largest firms are most effective in lowering their tax liabilities.

Centralizing, cleaning, and harnessing cross-country tax administrative data is challenging. Even in administrative data some entries can be incomplete, requiring investments in compiling and cleaning the data. Concepts and data definitions also vary across countries and require standardization. Moreover, given the sensitivity of taxpayer data, extreme care needs to be taken when working with such data. Different countries have different rules in place to guide this process, and often limit the extent to which such data can be shared or results from it can be published. Coordination with country teams and country economists is thus crucial.

Building on the successful first phase, the project team intends to further improve the quality of tax policy analysis by mainstreaming the use of administrative tax data. This pilot phase illustrated the potential of leveraging harmonized cross-country administrative tax data for policy analysis and advice and showed that many countries demand such analysis and are willing to share data. This data can be further leveraged to develop analytic tools and guidance that incorporates the findings from policy-oriented research, improving the quality of tax policy analysis provided by the World Bank and conducted by client countries.

## D. FY21 Progress Update on the Fiscal Pillar

48. In FY21, thirty-one activities in implementation under the temporal Fiscal Pillar contributed to a full range of fiscal policy responses including macro-fiscal policy, expenditure policy, and fiscal risk management, plus important cross cutting themes such as poverty and distributional impact and fiscally related transparency and accountability measures. Fiscal Pillar project teams have engaged with government counterparts on multiple fronts. Several projects have had initial discussions with Ministry of Finance and other government counterparts to define the scope, sharing initial results of assessments and benchmarking exercises, providing options for fiscal policy in responding to COVID-19, issuing guidance on Public Investment Management, and developing and providing training in macro-micro-simulation models to assess the poverty and distributional impacts of the pandemic. These efforts are helping clients make better informed policy, expenditure, and investment decisions.

49. Two-thirds of Fiscal Pillar activities in implementation in FY21 supported authorities efforts in containment of the adverse impacts of COVID-19 (Phase 1). The main emphasis for this group of activities has been on short-term fiscal policy responses aimed at protecting critical public expenditures as government revenues decline and at supplying emergency relief to vulnerable populations and affected businesses (see Table 10). Examples of support include the following:
- *Public Investment Management.* The Zimbabwe Emergency Public Investment Management (PIM) project addresses these problems and challenges. The Emergency PIM Guideline was developed under this project with approval by the MOFED, thereby delivering a well-structured and transparent capital budget preparation and management during an emergency.
  - *Equity assessments.* Several projects under the pillar provide support to developing comprehensive fiscal micro-simulation tools using Commitment to Equity (CEQ) to carry out ex-ante simulations and ex-post evaluation to assess the impact of specific tax and spending reform scenarios on poverty and inequality. A comprehensive fiscal microsimulation tool has been developed under the Indonesia project to estimate the impact of growth and social assistance programs on poverty post COVID-19. Similarly, a macro-microsimulation model was developed under the Thailand project, which informed the analysis of the government’s social protection response that was featured in the July 2021 Thailand Economic Monitor (TEM).
  - *Revenue projections.* Revenue projections, which set the envelope for government support measures, are particularly difficult in the current context. A range of extreme tax policy measures (i.e., delays in tax filing, and tax relief) are proving difficult to estimate. The use of advanced approaches to costing of tax policy measures, including tax expenditure analysis and tax micro simulations, are needed. The Albania Revenue Forecasting TA project developed a Personal Income Tax microsimulations model for the Ministry of Finance and Economy (MoFE) and tax authority (GDT) and will in the fall train officials in the use of the model through a series of virtual workshops.
  - *Data generation.* In several developing countries, the quality of fiscal data is poor and only available with significant delay, thereby preventing the effective design of policies as well as the monitoring and evaluation of government programs. The pillar has funded activities to conduct rapid monitoring phone surveys of households and service delivery, allowing the World Bank to provide policy recommendations on COVID-19 related response measures. The survey brief on the impact of COVID-19 on households has been published on the World Bank’s website.
50. One third Fiscal Pillar activities in implementation in FY21 supported authorities’ efforts in achieving medium- to long-term recovery and growth (Phase 2 and 3). Beyond short-term measures, governments will also need to develop fiscal policies that build the foundation for increased resilience and longer-term growth. The activities under the pillar are supporting the preparation and completion of medium-term fiscal frameworks, public sector reforms, fiscal policies to support the resilience of SMEs, increasing the fiscal space for post-pandemic recovery, and developing medium to long term public investment plans. Specific examples of support include the following:
- *Fiscal rules.* The TA in Dominica helped authorities draft a Fiscal Rules and Responsibility Framework (FRRF) to facilitate increased budget discipline and adherence to stated targets. This was completed and introduced to Parliament on June 28, 2021. The operational and management guidelines for the Vulnerability Risk and Resilience Fund (contingencies fund) have been drafted in close consultation with the World Bank and through the provision of substantive TA. These guidelines represent best practice in the area and draw from such guidelines developed in other



countries and adapted to the Dominica context. These guidelines are now proceeding through the Cabinet approval process.

- *SME resilience.* The ‘DRC Positioning for recovery: Improving fiscal environment the SMEs’ project provided recommendations on reforms to simplify the tax regime for the many SMEs struggling financially in the wake of COVID-19 in order to reduce their compliance burden and to facilitate voluntary compliance. The team has conducted a series of consultations with local counterparts including the Ministry of SMEs and the Business Climate Unit at the Presidency (*Présidence De La République, Cellule Climat des Affaires*).
- *Budget monitoring.* The Philippines Data analytics for budget expenditure on COVID-19 project provides a timely, reliable mechanism for monitoring, analyzing, and responding to public expenditure results for COVID-19 related activities. The purpose of the activity is to help provide assurances that the funds are spent when and where intended and allow for the analysis of expenditure impact across the country, particularly vis-à-vis the poorest and most affected provinces. The initial stage of this work has been focused on examining the available data bases, cleaning and refining data, identifying priority issues to examine using the current data sets, and engaging the Department of Budget and Management (DBM) staff. The next phase will lay the groundwork for more sophisticated analyses and for transitioning from the Unified Reporting System (URS) to the Budget and Treasury Management system (BTMS).

**Table 10. List of Fiscal Pillar Projects Providing Short term vs. Medium-Long Term Support**

Phase 1 Containment	Phase 2 & 3 Recovery and Sustainable Growth
<ul style="list-style-type: none"> <li>• <b>Albania</b> Revenue Forecasting</li> <li>• <b>Armenia</b> Assessment of the distributional and poverty effects of fiscal policies to mitigate the social and economic consequences of the COVID-19 pandemic</li> <li>• <b>Cambodia</b> Promoting Greater Equity in the Design of Fiscal Policy Responses to COVID-19</li> <li>• <b>CEMAC Region</b> Enhancing the Effectiveness of COVID-19 Spending and Public Investment in the Central African Economic and Monetary Community (CEMAC) region</li> <li>• <b>Djibouti</b> The impact of fiscal policy to mitigate the impact of COVID-19 on poverty and inequality</li> <li>• <b>Fiji</b> Assessing the distributional impacts of fiscal policies to mitigate the social and economic consequences of the COVID-19 pandemic</li> <li>• <b>Grenada</b> CEQ</li> <li>• <b>Indonesia</b> Fiscal Microsimulation to Support COVID-19 Response</li> <li>• <b>Iraq</b> The impact of fiscal policy to mitigate the impact of COVID-19 on poverty and inequality</li> <li>• <b>Kazakhstan</b> Fiscal Policy for Post COVID-19 Recovery</li> <li>• <b>Lao PDR</b> Program for Fiscal Policy Response to COVID-19</li> <li>• <b>North Macedonia</b> Strengthening Fiscal Policy responses of the Government in Support of the Private Sector</li> <li>• <b>Pacific Islands</b> COVID-19 Wage Bill Management in the Pacific</li> <li>• <b>Thailand</b> World Bank Support to the Government to promote an effective fiscal response to COVID-19 and ensure macro-fiscal sustainability.</li> <li>• <b>Timor-Leste</b> High-Frequency (HiFy) Monitoring of the COVID-19 Fiscal Response</li> <li>• <b>Tunisia</b> The impact of fiscal policy to mitigate the impact of COVID-19 on poverty and inequality</li> <li>• <b>West Bank Gaza</b> Palestine Central Bureau of Statistics</li> <li>• <b>Zimbabwe</b> TA to support the Government in managing more effectively scarce public resources to minimize the impact of COVID-19</li> <li>• <b>Zimbabwe</b> Program for Fiscal Policy Response to COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Dominica</b> COVID-19 Response and Strengthening Fiscal Resilience</li> <li>• <b>DRC</b> Positioning for recovery: Improving fiscal environment the SMEs</li> <li>• <b>Dominican Republic</b> Strengthening the Dominican Republic’s Fiscal Response to the COVID-19 Crisis</li> <li>• <b>El Salvador</b> Strengthening El Salvador’s Fiscal Response to the COVID-19 Crisis</li> <li>• <b>Guatemala</b> Strengthening Revenue Mobilization Capacity of Tax Authority</li> <li>• <b>India</b> Sub-National Tax Reform – Mitigating Kerala’s Revenue crisis due to COVID-19</li> <li>• <b>Indonesia</b> Post COVID-19 fiscal resilience assisted by SOE reform</li> <li>• <b>Philippines</b> Data analytics for budget expenditure on COVID-19</li> <li>• <b>Philippines</b> In Aid of the Bayanihan Spirit: World Bank Support to the Philippine Government in its Road to Recovery from the COVID-19 Pandemic</li> <li>• <b>Rwanda</b> Public Expenditure Review</li> <li>• <b>Zambia</b> Strengthening Expenditure Control, Cash Management and Transparency for effective COVID-19 Response</li> </ul>

51. GTP Fiscal Pillar supported work is closely linked with other World Bank operations. Several activities under the pillar are being implemented in concert with other World Bank operations to maximize developmental impact. 11 of the 31 grant activities are linked to lending operations and 16 to larger ASAs and Technical Assistance projects. For example, grant activities are: (i) deepening the policy dialogue around the publication of a consolidated and extended government budget that includes quasi-fiscal entities supported under the ongoing Development Policy Operation (Kazakhstan); (ii) assessing the evolution of poverty and inequality to be featured in the upcoming Cambodia Poverty Assessment; and (iii) measuring the impact of fiscal policies on poverty and inequality during COVID-19, which will inform the Systemic Country Diagnostic and the Country Partnership Framework as well as the PEFA (FY22) and the Country Economic Memorandum (FY23).

**Table 11. Number of Fiscal Pillar Grants with Links to Other Operational Activities**

Types of Operational Activities	Number
Lending Operations	11
Larger ASAs and TA projects	16
Standalone ASAs and TA projects	4
Total Approved Projects	31

## E. Window 4 - Program Management

### GTP Secretariat

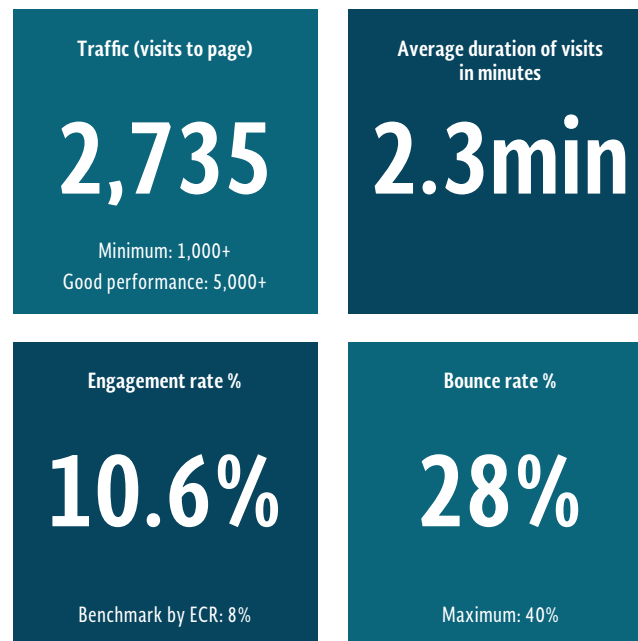
In FY21, Global Tax Program Secretariat prepared the ground for a strengthened Secretariat team to carry out the program management functions. In FY21, in addition to a senior economist who serves as program manager, the team includes a full-time program officer and a full-time M&E officer, and an expert consultant supporting the communication and KM functions. In addition, a specialist staff on Trust Fund management and Resource Management functions embedded in the FPSGU assists the Secretariat in all Bank trust fund related matters.

### GTP Website

The GTP website enabled to share knowledge to communicate strategic priorities, enhance the understanding of the approaches used and offer beneficial insights to a broader audience for greater awareness of the impact of DRM interventions on development outcomes. During this period, the website has been visited by 1,580 visitors with a total of 2,735 sessions, surpassing the minimum performance target of 1,000 sessions, and making progress towards what can be considered a good performance by reaching 54% of the WB web governance benchmark of 5,000 sessions.

As shown in the figure below, the engagement rate metric, which measures the level of engagement that the GTP website content receives from the audience, is 10.6%. This indicates a high level of engagement compared to the benchmark of 8% set by the External and Corporate Relations (ECR) unit of the World Bank. For GTP website, most engagements were through report downloads. Also, the bounce rate, which measures the % of visitors that exit the website after viewing only one page, is 21%, exceeding the expectations of a maximum rate of 40%. The average duration of visits to the GTP webpage was of 2.3 minutes.

Figure 7. Communications performance indicators



### GTP KM events

52. During FY21, the GTP Secretariat organized four knowledge events to: i. deepen the discussion on tax and equity issues, ii. disseminate preliminary results of the work conducted by the Ethiopia Technical Assistance on Data and Policy team and a research paper developed under the GTP project Research & Data on DRM, and iii. introduce the GTP-funded frontier work on carbon pricing and environmental tax reforms. Also, during this period, the GTP Secretariat facilitated the participation of GTP teams in WB and Partner institutions events, such as the virtual seminar on Gender and Taxation in the WB's Gender Learning Week.

### Events organized by the GTP

#### GTP Deep Dive on Tax and Equity:

53. The GTP hosted a webinar on Tax and Equity on November 30, 2020, to deepen the discussion around tax and equity issues and to further discuss how the WB integrated the equity perspective in its ongoing and future projects in the topic of taxation. Together with the GTP Program management and GTP project task team leaders; colleagues from Poverty and Equity Global Practice; and the GTP development partners, this webinar explored how the GTP can take equity perspectives into consideration within the GTP Portfolio, discussed how the WB in measuring impact on equity and explored lessons learned from project leaders.

#### GTP Technical Webinar presenting Studies on Data and Policy on Gender and Taxation in Ethiopia:

54. A Global Tax Program and Data Group BBL was held on April 21, 2021, highlighting the work of the Ethiopia Technical Assistance on Data and Policy team. The team presented results from the Ethiopia Socioeconomic Survey (ESS), beginning with preliminary results from the Tax Module that collects data on the taxation of individuals, households, and household non-farm enterprises (NFEs) across different types of formal and informal taxes. Using data from this module, the team leads in-depth

analyses on Gender and Rural Land Use Fees and Agricultural Income Tax in Ethiopia, and Gendered Fiscal Incidence. This event aimed at presenting results from these studies. It also had an in-built focus on discussion sessions with colleagues to elicit reflections and feedback on the ongoing joint work between colleagues from the Global Tax Program and Development Data Group.

#### **GTP Deep Dive on Environmental Taxes and Carbon Pricing Assessment Tool (CPAT):**

55. A GTP Deep Dive on the GTP-funded frontier work on climate pricing and environmental tax reforms, where the work supporting countries' aims at designing tax reforms and building capacity for a fiscally and environmentally sustainable recovery from the current crisis was held on April 28, 2021. The Environmental Tax Reforms for a Sustainable Recovery project team introduced their work, of which the GTP is funding the preparation of five knowledge papers designed to discuss environmental fiscal reforms for green recovery. During the event, the CPAT project team also introduced the Carbon Pricing Assessment Tool, which is designed for 150 countries, aimed at fiscal economists without specific climate specialization.

#### **GTP Technical Webinar on the Relationship between Firm Size and Effective Tax Rates:**

56. The GTP hosted a webinar on June 2, 2021, to showcase the preliminary results of the research paper "Effective Tax Rates and Firm Size: Evidence from Micro Tax Data in 14 Countries" developed under the GTP project Research & Data on DRM. The paper studies the distribution of effective tax rates across firms of different sizes and across countries, modeling how these patterns impact the efficiency and equity of the tax system. The paper uses a unique dataset which contains the universe of corporate tax returns in 15 low- and middle-income countries to document novel facts on the effective taxation of formal firms. The paper also analyzes these facts through the lens of a model of firm dynamics, using a government which aims at limiting distortions while raising and redistributing revenue.

### **Participation of GTP Teams in WB and Partner Institutions Events**

#### **GTP-led Panel Discussion on Gender and Taxation: Role of Taxation in Promoting Gender Equity during the 2021 Gender Learning Week:**

57. The first Gender Learning Week (GLW) was jointly hosted by the WB Gender Group and IFC Gender and Economic Inclusion Group, in collaboration with the Open Learning Campus (OLC) team from January 25-29, 2021. The GLW aims to support a stronger approach to knowledge sharing across the WBG and partner organizations and help teams learn about state-of-the-art approaches to closing gender gaps within and across sectors to do more and better. The Global Tax Program's virtual panel, "*Gender and Taxation: Role of taxation in promoting gender equity*", raised awareness of the role of taxation in promoting gender equity; and highlighted the existing and planned work on gender and taxation in the World Bank and in Partner Institutions who are active on tax matters. The panel included the participation of the teams from the Ethiopia Taxation and Gender and Strengthening Property Taxes in India projects. The virtual panel session was attended by 124 participants.

#### **Global Initiative for Fiscal Transparency (GIFT) Webinar on Domestic Tax Transparency and the Discussion of Making Tax Work: A Framework for Enhancing Tax Transparency.**

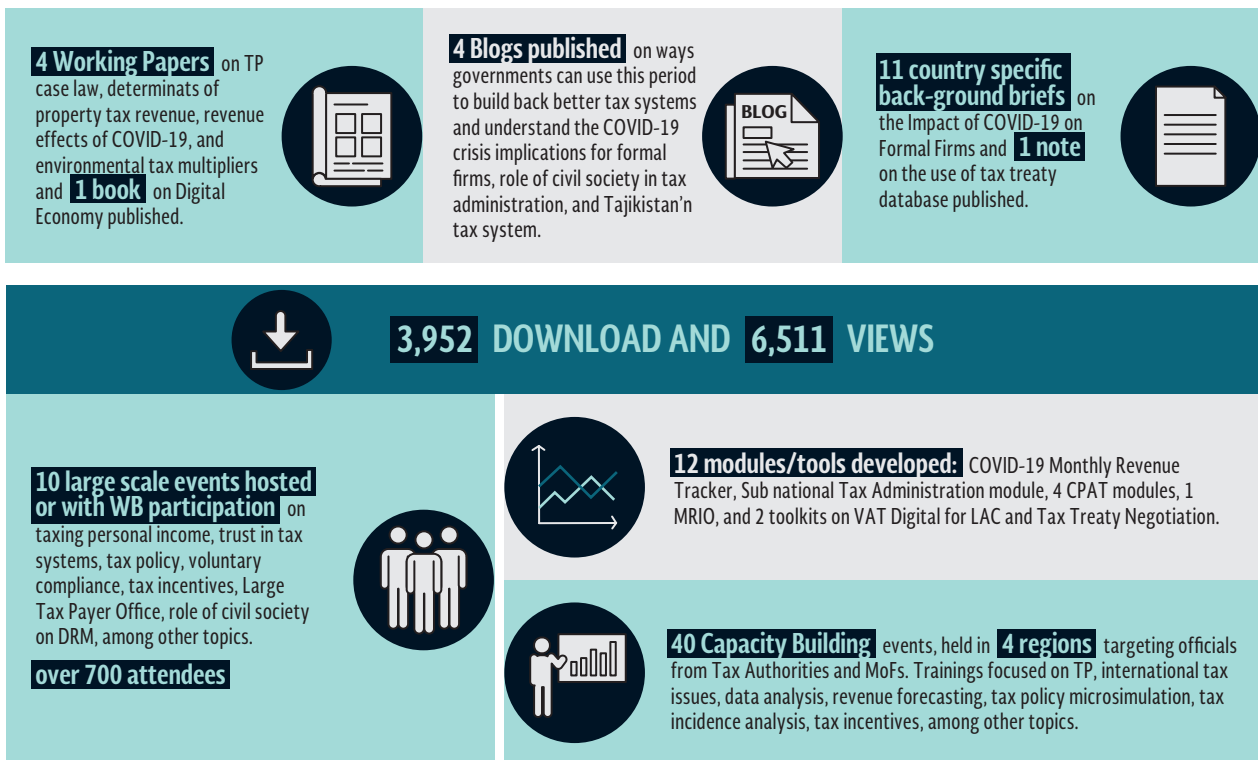
58. On March 10, 2021, GIFT hosted a seminar to critically discuss the draft compendium titled Making Tax Work: A Framework for Enhancing Tax Transparency (MTV). Commissioned by GIFT and authored by Professors Richard Murphy and Andrew Baker (University of Sheffield), which sets an analytical framework for assessing domestic tax transparency in countries around the world. This

work received support of the Innovations in Tax Compliance project of the GTP; and it is part of the Global Initiative for Fiscal Transparency (GIFT) Tax Transparency and Informed Public Dialogue in Tax Policies activity. The Innovations in Tax Compliance project TTLs were invited to this seminar as respondents.

## GTP Visibility

59. During this period, GTP teams significantly contributed to the program’s visibility by publishing several knowledge documents such as policy research working papers, studies, toolkits, blogs, and notes. Specifically, four working papers on transfer pricing case law, determinants of property tax revenue, COVID-19 impact on revenues, and regime-dependent Environmental Tax Multipliers and one book on digital economy were published during the period.
60. Four blogs were also published, two of them on ways governments can use the pandemic to build back better tax systems and understand the COVID-19 crisis implications for formal firms. And two other blogs exploring Tajikistan’s economic growth through more effective tax system and the role of civil society plays in tax administration. The Data and Research on DRM project published eleven country specific back-ground notes to the earlier [The Impact of COVID-19 on Formal Firms: Micro Tax Data Simulations Across Countries](#) paper: Albania, Costa Rica, Eswatini, Ecuador, Ethiopia, Guatemala, Montenegro, Rwanda, Senegal, South Africa, Uganda. An article on “A More Just international Tax System” elaborated by the International Tax team was published in the International Banker. Also, an EFI-ICTD insight note was published, using the tax treaty database: ‘Using New Data to Support Tax Treaty Negotiation’ ([link here](#)).
61. A total of ten large events hosted or with WB participation took place during FY21. Among the key events, it is worth highlighting the 2nd World Bank Tax Conference on taxing personal income and wealth in developing countries, where special sessions with CSOs and revenue administrations of Argentina, Ethiopia, Ghana, Rwanda and Thailand were featured. The virtual conference was organized by the Innovations in Tax Compliance project team on September 24-25, 2020 and over 170 participants joined the conference. The same project team also hosted two additional events, a workshop on ‘Bringing Trust into Tax Systems’ at the 19th International Anti-Corruption Conference (IACC), and a joint event with the Transparency and Accountability Initiative (TAI), IDinsight and the Bill & Melinda Gates Foundation, on civil society roles on DRM with a focus on tax administration. Two relevant events were also co-organized by GTP teams, one on digital platforms co-hosted by the International Tax team, the Vienna University Global Tax Policy Center and EY on March 31, 2021; and a joint webinar on the role of investment incentives in economic recovery and growth conducted by the Tax incentives project team and FCI on May 27, 2021.

Figure 8. By the Numbers - GTP Visibility



## V. Complementarities and Collaboration

62. In FY21, the GTP project teams further deepened their collaboration with partners and stakeholders to help governments solve their most urgent tax challenges. Close cooperation and coordination with PCT Partners and other key development partners, government clients and other WB teams, continued during the pandemic to leverage resources, build on prior work, and allow for more effective strategy development, policymaking, and project implementation. For example, collaboration with multiple development partners was instrumental for the CAR project team during this period. Due to the current challenges (COVID-19 pandemic and country conditions) that the authorities are facing, the GTP team prioritized coordination with IMF, African Development Bank, and European Union, to avoid further depleting the limited bandwidth of their counterparts and, thus ensure a shared approach when providing TA to strengthen DRM.
63. GTP enables substantive collaboration and coordination with internal and external Partners on environmental taxation and climate change mitigation through CPAT.
- The CPAT modules designed for estimating tax revenues, output effects, greenhouse gas emissions, equity and associated structural change, development benefits on health effects of reduced air pollution and reduced transport costs were reviewed and enriched with the collaboration of the Specialists from across the World Bank departments i.e., Macroeconomics, Energy, Transport, Environment, Health, Climate Change, and external world-class academics. The CPAT tool was approved by both the Directors of Climate Change and Macroeconomics for use in country projects. The technical quality of the work was lauded through a WB Vice President Award as it was found to transform how the World Bank can support client countries in advancing environmental taxation. The tool was piloted by the country teams to support analytics for the following countries: Brazil, Bulgaria, Cote d'Ivoire, China, Croatia, Ghana, North Macedonia, Pakistan, Peru, Poland, Romania, Vietnam. The WB and the IMF are organizing and delivering jointly a series of monthly seminars on climate-macroeconomics.
  - Collaboration between the CPAT project team and the IMF has enabled to integrate the modeling expertise and a well valuable proprietary databases of both institutions, allowing to build a solid dataset for historic energy price changes. This dataset has been key for the WB team in empirically determining output effects of fuel tax reforms. Also, the team is in close collaboration with the International Institute for Applied System Analysis (IIASA) and the European Institute on Economics and the Environment (EIEE), which are now regularly supporting the quantification of air pollution co-benefits. The inputs are helping to quantify to what extent the increase in climate-related tax policy contributes to the shift away from polluting fuels, yielding health benefits.
  - CPAT project team's provides technical inputs to the Coalition of Finance Ministers for Climate Action—which supports the mainstreaming of carbon pricing into fiscal policy. The Carbon Pricing Leadership Coalition (CPLC) is convening dialogues between the private sector and governments on carbon pricing.
  - CPAT team's other collaborative efforts include working closely with the Energy Subsidy Reform Facility (ESMAP-ESRF) which supports country programs to reduce negative carbon prices through fuel subsidy reforms; engaging with the Network for Greening the Financial System; and contributing to the newly established environmental tax work stream in the PCT. These initiatives are raising

significant interest among client countries and country teams in technical support for integrating fuel subsidy and tax reforms into macroeconomic and fiscal frameworks. The World Bank team will continue to collaborate with these partners, as well as the IMF, OECD and other institutional partners to seek synergies and avoid duplication, but also to ensure consistency in the advice provided by different TA providers.

- The team is also collaborating with the Partnership for Market Readiness (PMR), which has been helping 23 countries to build the readiness needed to introduce different carbon pricing instruments, and with the successor facility (Partnership for Market Implementation, PMI) which is gearing up to support more than 30 countries.

64. GTP enables substantive collaboration and coordination with internal and external Partners through the International Tax work stream.

- The GTP international tax and tax transparency project covers 10 countries in Africa, 4 countries in Asia-Pacific and Eastern Europe, 6 countries in LAC in strengthening the international tax framework and its implementation to protect the tax base and encourage tax transparency.
- The GTP International Tax program team had regular briefings with international development partners IMF, OECD/GF and UN and regional partners including ATAF and OADA in Africa; CIAT and IADB in LAC; and ADB and PITAA in Asia to coordinate efforts, identify synergies and avoid duplication. The semi-monthly PCT Technical Working Group and semi-annual Principals' and Partnership Council meetings allowed for deeper information exchange and coordination amongst the Partners.
- The work under the International Tax program is complemented and leveraged by eleven WB lending and advisory operations in Benin, Ghana, Ethiopia, Seychelles, Uganda, Georgia, Moldova, Costa Rica, Ecuador, and Panama. For example, the fiscal and growth stabilization development policy operations provide additional fund in supplemental financing fiscal and structural transformation reforms to cover an unanticipated financing gap that has opened due to the impact of the COVID-19 outbreak such as Benin, Uganda, Costa Rica. The GTP supports domestic revenue mobilization to create fiscal space and increase the tax base thus improving the efficiency of countercyclical fiscal policies and the introduction of effective international tax rules. The ASA projects support the governments in designing and implementing their own impact evaluations to compare effectiveness of various interventions in increasing tax revenue and strengthening the legal framework and capacity in the implementation of international tax standards to increase revenues, such as Ghana, Ethiopia, Seychelles.
- The GTP funded project teams conducted, co-hosted, and participated in global and regional events, published international case studies on international tax issues in collaboration with the development partners, university tax centers, and private sector solution partners. For example, during this period the Toolkits and Research on International Taxation project team participated in the UN Tax Committee meetings and contributed to the global discussions on tax transparency, corruption, global minimum tax, and digital economy. Also, under the Vietnam Tax Reform project, the WB and the IMF collaborated to support Vietnam in the development of its tax administration reform strategy for 2021-2030, following a the workplan that was endorsed by the MOF, which clearly stated the role and expected contributions from each development partner. The International Tax program team organized in collaboration with the Vienna University Global Tax Policy Center and Ernst & Young a global event on new opportunities and challenges of the digital platforms for tax

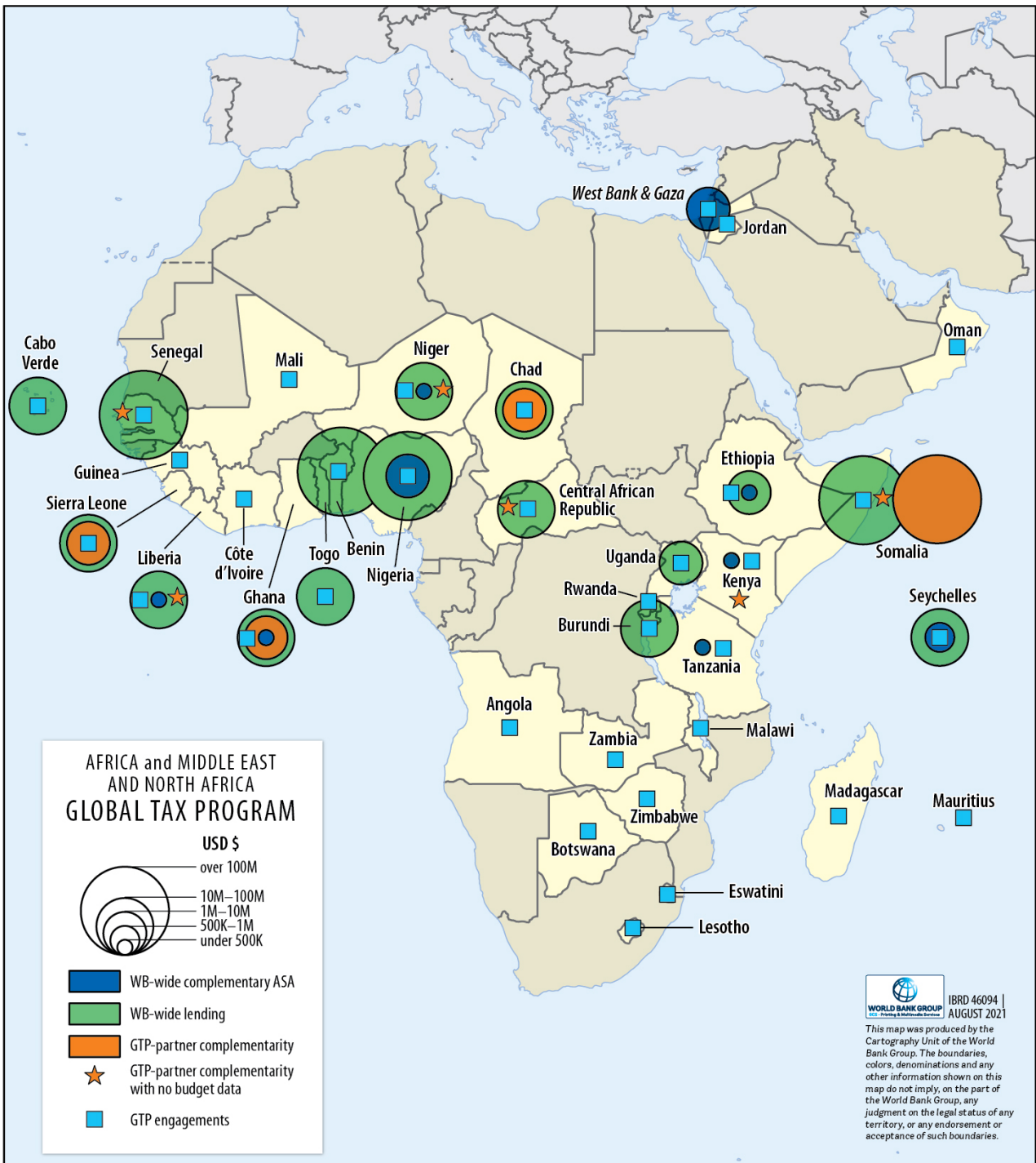


administrations and jointly conducted the consultations on the new Transfer Pricing E-learning tool with OECD and ATAF.

- GTP International Tax program team contributed to several PCT toolkits. Jointly with the OECD, the project team finalized the TP Documentation Toolkit after incorporating comments received from PCT partners as well as from public consultations. The final version of the toolkit was released in January 2021; available [here](#). The Toolkit, developed jointly with IMF, OECD and UN under the PCT, on Tax Treaty Negotiations along with its web-based interactive edition was released in March 2021; available [here](#).
  - The WB in partnership with the OECD and key regional partners has been developing Regional VAT Digital Toolkits that provides detailed practical guidance for the design and implementation of effective VAT reform targeted at digital trade and adjusted to the specific regional circumstances. While the toolkit was developed for respectively the Latin American and the Caribbean (LAC), the toolkits are being developed for the Southeast Asia region and for the African region (see Box 6).
  - The GTP funded projects, in collaboration with the World Bank Finance, Competitiveness & Innovation Global Practice's financial integrity team, support developing countries in their efforts to identify, assess, and understand their risks for foreign tax crimes and the laundering of its proceeds and contribute to the development of more effective action plans to mitigate these risks. The ECA tax evasion project, focusing on capacity building on tax crimes, enhancing investigation techniques, was designed based on a partnership collaboration between the World Bank, EAC members, the Netherlands, and the U.S. The World Bank leverages its knowledge on threat assessments, data analytics, interagency cooperation, and risk-based enforcement and draw on its partnership with the Netherlands Financial Information and Investigation Services (FIODS), United States IRS (Criminal Investigation Department), the Danish Tax Administration (International Fraud Project), and others as relevant (which may include ATAF and the OECD) to source highly skilled experts with knowledge from the relevant field in another revenue authority. The GTP project team has been collaborating with the Netherlands tax authority and OECD Tax and Crime Academy in the provision of TA and capacity building activities to support the KRA in Kenya. While the EAC and NRA tax evasion projects are centered around domestic and offshore tax evasion, complemented by the Diamond and International Tax projects to develop a global approach to fighting tax crimes around the world. The project activities under the NRA tax evasion project in Panama informed the policy dialogue in preparation of a lending operation (budget support), which included tax evasion and AML/CFT issues.
65. Country support to Medium Term Revenue Strategies (MTRS) was another avenue of collaboration. In FY21, the GTP MTRS pilots project team contributed to the organization of two regional workshops in Africa ([page](#)), Asia ([page](#)), and laid the groundwork for the Small States in Asia and Pacific (which was successfully delivered in August 2021) in collaboration with PCT and regional partners ATAF and ADB.
66. The GTP complementary projects are depicted by region in the following maps and visualized at WB-wide complementary ASA and lending projects. Countries where the GTP is actively providing technical assistance (TA) or provided TA in previous periods are highlighted in light blue, and the WB-wide TA portfolio is presented in the darker shade of blue, WB-wide lending operations are colored in green to map the complementary projects. The PCT partner activities and other development partners are also indicated in the following maps in orange.

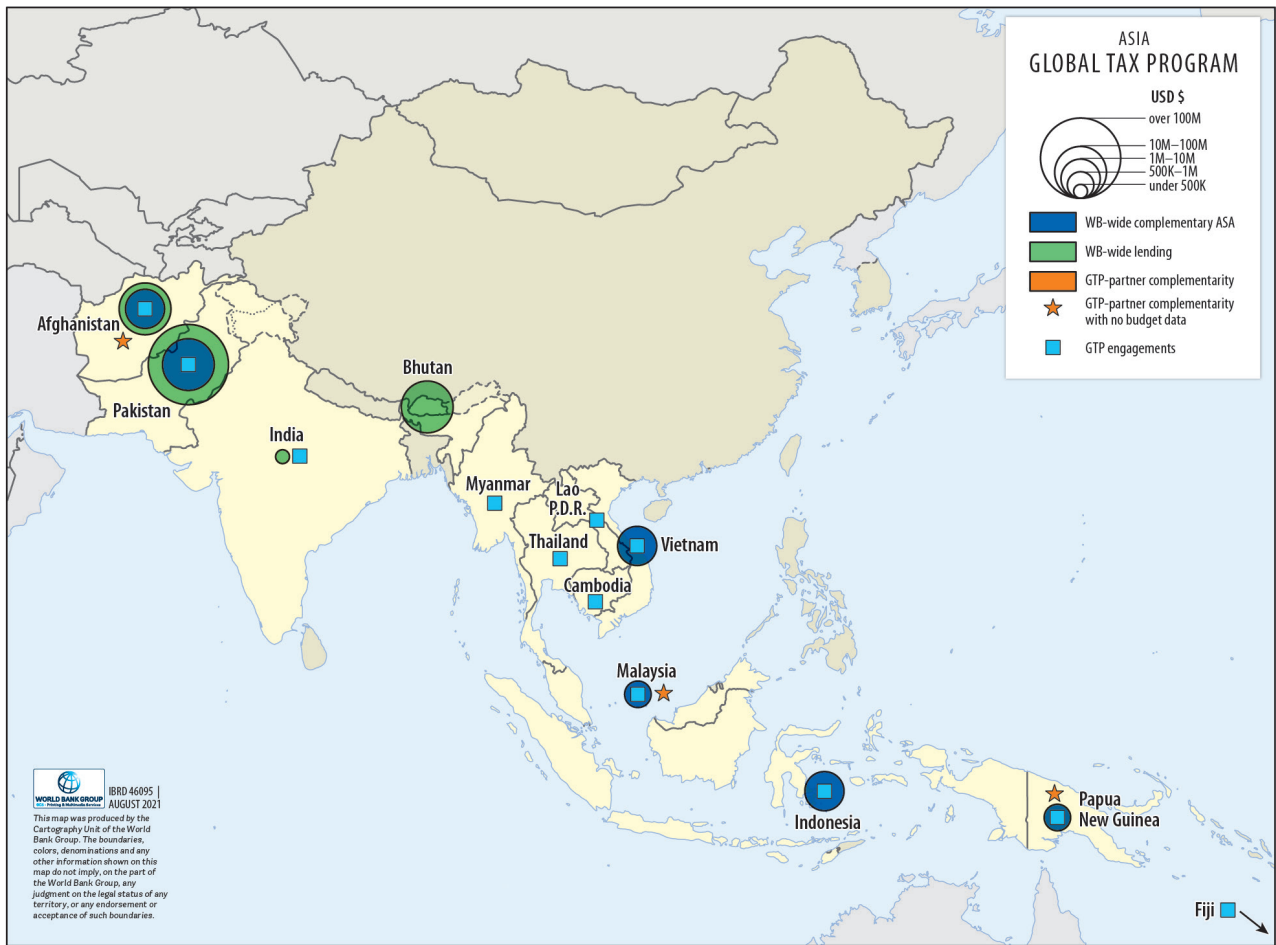
- The World Bank's current arrangement on DRM covers 105 countries and amounted to US\$ 2.8 Billion in lending with 233 active projects, including ASA. In Uzbekistan, Nigeria, and Tajikistan, the GTP projects have led to a project extension and lending projects (PforR) over the last reporting period. The operations share similar objectives, namely modernizing the tax administration, enhancing the IT infrastructure, and promoting voluntary compliance. A division of workload was agreed upon in the project of Uzbekistan, whereby the IMF will focus on tax policy and overall organization structure of the tax administration, and the World Bank will focus on operations and ICT modernization agenda in Uzbekistan. A similar outcome was achieved in Pakistan, Tajikistan and Nigeria, the work carried in those countries were completed by the long-term engagement with government clients with focus on DRM work through ASA and lending projects. For example, the conceptual framework and diagnostic toolkit that is being developed by the project of Innovations in Tax Compliance has informed a survey of perceptions of traders of cross-border trade in Pakistan. Similarly, the follow up of the Kaduna pilot supports long term engagements in Nigeria with the Government of Kaduna around DRM through lending project. In Tajikistan, the pilot supports informs the baseline of one of the PDO-level indicators of a PforR. In Malaysia, the GTP supported activities are complemented by wider program through the Growth and Inclusion ASA, the Tax and Public Expenditure ASA projects and collaborated with the IMF in the development and implementation of the MTRS. In Niger, the GTP project complement with the Niger Public Sector Capacity and Performance for Service Delivery (PCDS). While the GTP-funded work focuses on the revenue side, the PCDS focuses on tax and public expenditure workstream through PFM and HRM. The GTP project of tax incentives reform is at its initial stages however results from this project started guiding and feeding into the projects in Moldova PFR, Poland Tax Reform, and Bhutan DPO lending projects to enhance the effectiveness of their tax incentives regimes. The Malaysia GTP project team benefited from the Tax Microsimulation Model developed by the GTP Revenue Academy project and GTP Data & Research project to improve revenue collection and increase equity.
- The GTP project activities are closely coordinated and collaborated with all the development partners in fragile, conflict and violence (FCV)-affected countries. In FY21, the GTP continued to work in Somalia, Chad, Afghanistan, Nigeria, Kosovo, and Papua New-Guinea. The GTP Customs project complemented additional four lending projects in Somalia and worked closely with the IMF Program Benchmarks, EU budget support Benchmarks, the UK Department for International Development (DFID) Customs Reforms and Trade Enhancement Somalia (CRATES), and Prosperity from Revenue program (PROFR) in Somaliland. The Customs Compliance Study was complemented with the Innovation in Tax Compliance approach developed by the GTP project team to a fragile conflict and violence setting. The GTP TA project complements and leverages a broader Fiscal Policy and Public Finance Management program that the WB is currently supporting the Government of PNG. A new programmatic series of DPOs is also in the pipeline for PNG, and if this series proceeds is likely to include a significant fiscal pillar with a focus on revenue reforms. The project activities complement the IMF's MTRS implementation that help to improve the compliance risk management agenda and rationalize the tax incentive regimes.

## Africa (AFR)



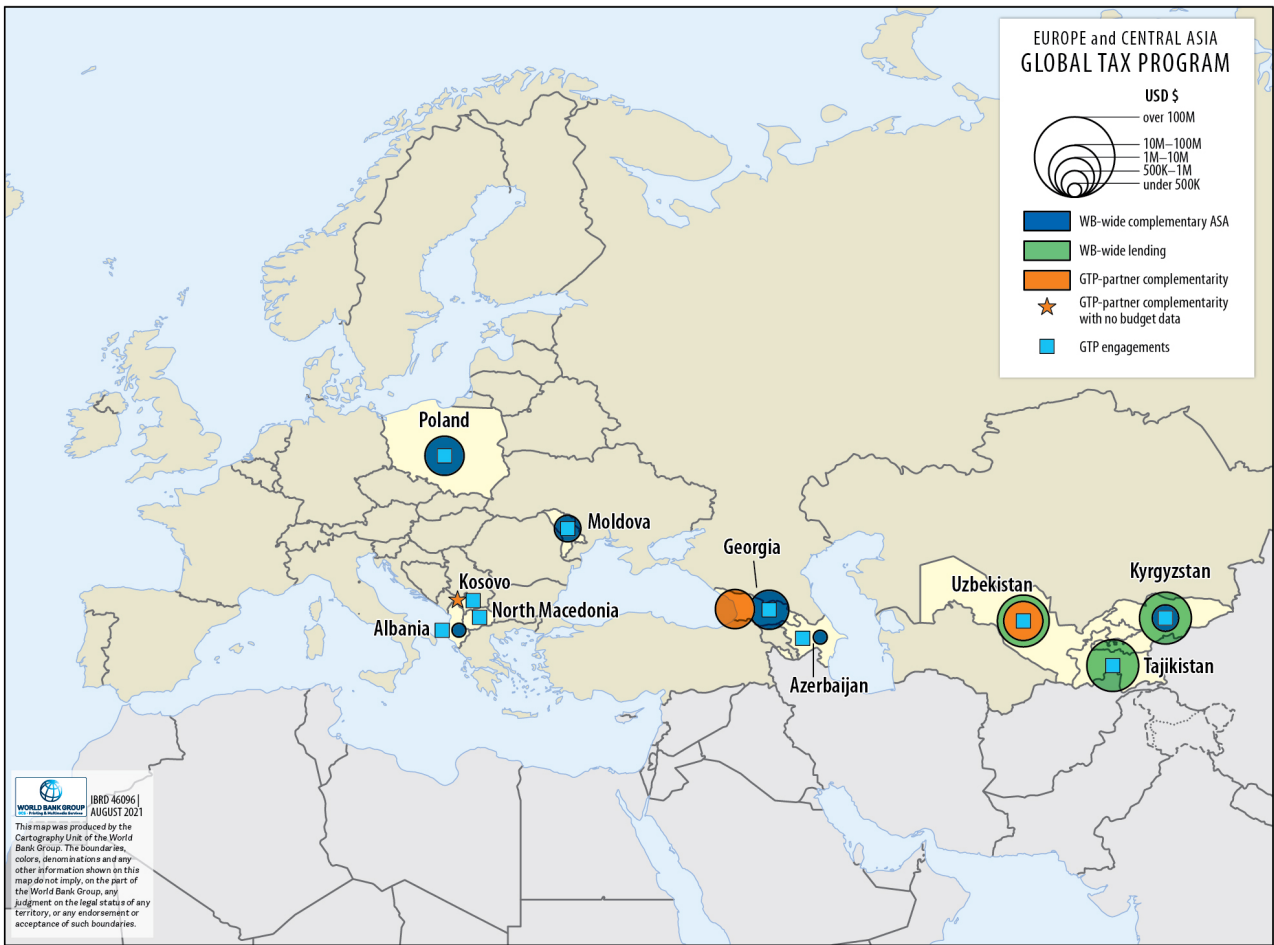
Map 3. The Complementary Projects in the Africa Region

# Asia



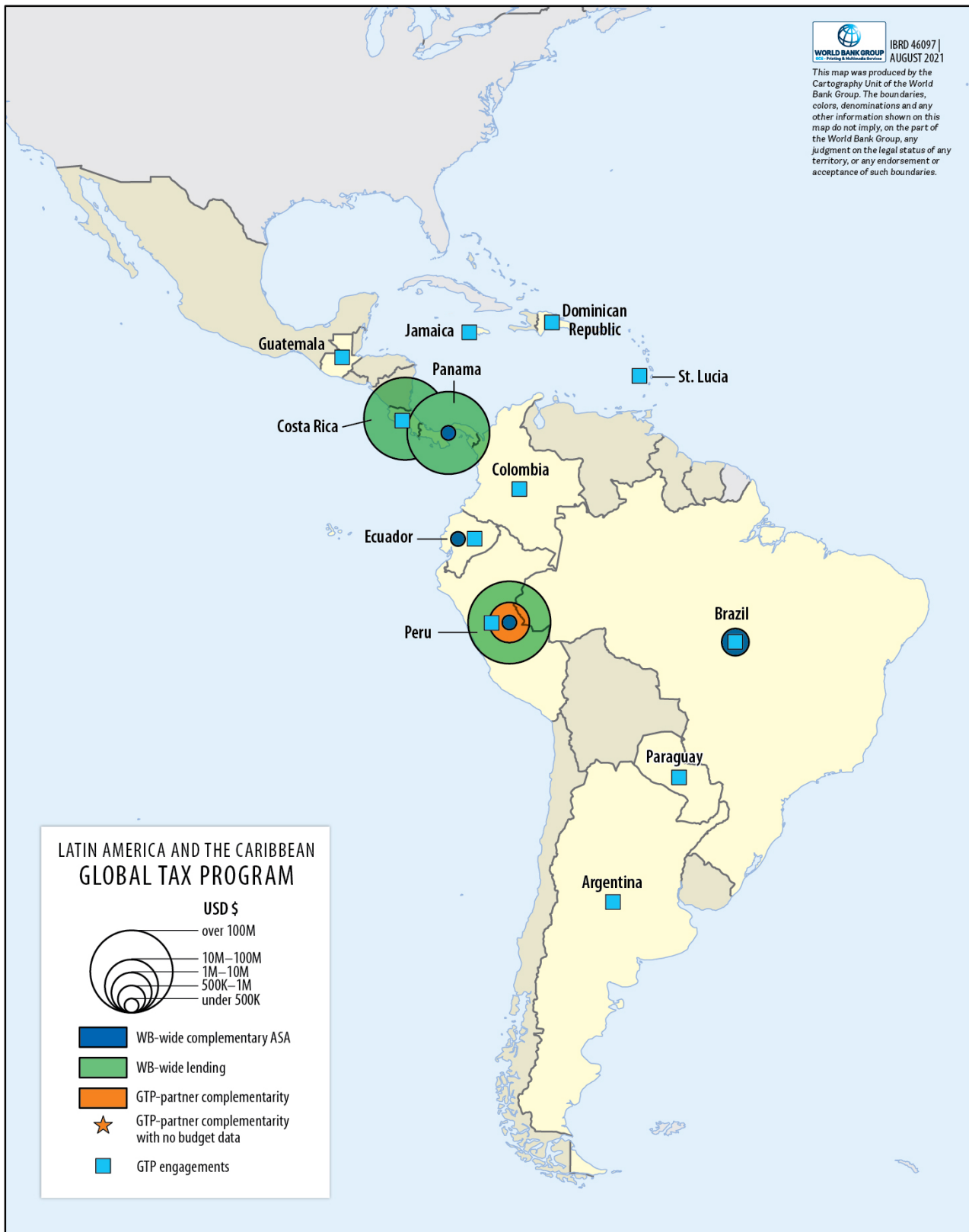
Map 4. The Complementary Projects in the Asia Region

## Europe and Central Asia (ECA)



Map 5. The Complementary Projects in the ECA Region

## Latin America and the Caribbean (LAC)



Map 6. The Complementary Projects in the LAC region

## VI. GTP Results Monitoring and Mid-Term Evaluation

### Program's Key Aggregated Results Monitoring

67. Overall, the Program achieved most of its inception-to-date targets at the output level (5 out of 8 indicators). This was mainly due to the low impact of COVID-19 on activities under Window 1 and Window 3, the strong results of the previous periods (FY19 and FY20) under Window 2, and the continuity of TA delivery during FY21 allowing teams to make significant progress towards the targets for this period.
68. At the end of FY21, the Program did not meet all its expected Outputs for the period. Though four (4) of the eight (8) key aggregated standard indicators exceeded expectations, with results that surpassed targets set for the FY. These indicators were: Number of new modules/tools developed, with twelve (12) outputs against a target of seven (7), Number of recommendations to improve procedures/practices/standards proposed, with thirty-three (33) recommendations against a target of thirty-three (33), Number of KM documents prepared, with fourteen (14) documents completed against a target of six (6), and Number of documents, reports, studies, notes prepared (W3), with two (2) policy briefs drafted against a target of zero (0).
69. At the outcome level, both indicators exceeded its inception-to-date targets. Moreover, the key outcome indicator, Number of reform recommendations (laws and regulations) endorsed, exceeded its FY targets, influenced mainly by the NRA Tax Evasion and Sierra Leone and Liberia Tax projects. Reporting a total of fourteen (14) recommendations endorsed against an inception-to-date target of nine (9). The other outcome indicator, Number of reform recommendations (to improve procedures/practices/standards) endorsed, achieved a total of eleven (11) recommendations against a target of seventeen (17). For more details, please see the GTP Aggregated Logical Framework (Annex 3).
70. Despite the delays caused by the COVID-19 crisis, the GTP has made significant progress towards the achievement of its development objectives during this FY and in previous periods. Although the COVID-19 crisis may continue delaying the delivery of technical assistance in FY22, GTP teams have demonstrated great flexibility and responsiveness in TA delivery, enabling projects to achieve results during this reporting period.

### Quality Assurance

71. The quality assurance process of the GTP was strengthened in F20 by setting clear standards for project design, implementation, and evaluation. These standards also determine the criteria for assessing projects' progress and identifying deviations, facilitating the adoption of appropriate and timely remedial actions as needed. During the same year, a Project Design and M&E Guidance Note was developed to inform teams about the standards expected from project proposals. As established, the GTP Secretariat reviewed all project proposals to ensure strategic fit (country and program level), client demand, complementarity with ongoing projects (internal and external), and financial planning.

72. As per TF provisions, during FY21, all GTP-funded projects in implementation stage complied with reporting on their progress of project activities, project results, and risks semi-annually. The Secretariat continued to monitor budget expenditures to flag significant deviations (+/- 25%) from the approved workplan. The achievement of results has also been tracked against the set targets for the period and the inception-to-date targets. During this period, the Secretariat updated the standardized methodology used to assign numeric ratings to four performance dimensions to assess timeliness and efficiency of delivery:
- i. Output achievement: this dimension measures the achievement of expected inception to date results at the output level. The rating is assigned for the dimension not for individual indicators and is based on the % of indicators that achieved their inception to date target.
  - ii. Outcome achievement: this dimension measures the achievement of expected inception to date results at the outcome level. The rating is assigned for the dimension not for individual indicators and is based on the % of indicators that achieved their inception to date target.
  - iii. Budget execution: this dimension measures the burn rates of the planned budget for the fiscal year to identify any significant deviations.
  - iv. Efficiency: this dimension measures the ratio between the inception to date burn rate versus the % of results achieved at the output level.

The overall assessment of these dimensions determines if projects are “flagged” for closer monitoring. Projects that are flagged for two or more consecutive periods will be discussed.

## Mid-Term Evaluation

73. As outlined in the GTP’s Program Document, a Mid-term Evaluation (MTE) will take place in 2021 to assess the program strategy, management, and activities to inform future directions. The aim of the MTE is to distill lessons learned from the first few years of implementation in order to assist the World Bank and GTP partners make any course correction. As an important input, the MTE will evaluate the Program’s design and progress on three levels:
- Program Management. Performance of the Program compared to its stated objectives as formulated in the Program Document and assess the decisions taken by the SC during the semi-annual/annual meetings.
  - Program Strategy. Effectiveness of the Program’s strategy, including the relevance of the original program design and the adaptation due to the COVID-19 pandemic and country circumstances.
  - Program Activities. Effectiveness and quality of the Program activities by assessing the appropriateness of the current scope, portfolio risks, and recommendations, specifically regarding potentially broadening or narrowing the scope of activities.
74. The Program’s objective will be assessed in relation to its relevance, efficiency, effectiveness, coherence, sustainability and impact. Evaluators are expected to apply the OECD Development Assistance Committee (DAC) criteria, assessing the degree to which the GTP projects, and the Program overall, have achieved or are on track to achieving their objectives.
75. External evaluator selection process is on track, a Request for Proposals (RFP) was issued in August 2021 to the shortlisted firms. Following the World Bank Group Procurement Policies and Procedures,



a Request for Expression of Interest (REOI) was advertised between July 26 and August 16, 2021. The REOI was reviewed by 19 firms. From this total, 15 firms expressed their interest in the MTE assignment. These firms were evaluated against the qualification criteria included in the REOI and TOR. As a result of this exercise, four firms were shortlisted as they met or exceeded the qualification criteria. The four firms are specialized in research, technical assistance, and the evaluation of programs (multi-donor trust funds) in developing countries. They have also proven knowledge in the areas of taxation systems, domestic revenue mobilization, tax administration and tax policy, and governance challenges in low-income and/or fragile countries. Also, the firms have experience in program design, and monitoring and evaluation. Following due process, it is expected that the firms will submit their technical and financial proposals by September 2021. An evaluation committee will review and assess the proposals against the qualification criteria communicated in the RFP. Proposals are scored against each criterion on a scale of one (1) to ten (10). Once the award is recommended and the contract is finalized it is expected that the selected firm initiates the work in mid-October, 2021.

76. The Secretariat will coordinate a kick-off meeting with the evaluation team to brief on the program, provide further clarifications and share relevant documentation for the drafting of the Inception Note. As agreed in the semi-annual SC Meeting, the Secretariat will share the drafts of all main deliverables with the Evaluation Committee (EC) for review and comments. The final report with comments incorporated should be delivered by end of June 2022.

# Annexes

## Annex 1. Updated GTP Workplan

### GTP Portfolio as of June 30, 2021

in US\$ '000	Project ID	Child TF	TTL	Status	Total MDTF Budget	Total SECO Budget	Total NTH Budget
<b>Window 1: Global Tax Activities</b>							
<b>Assessment Frameworks</b>							
1.1 TPAF Development	P163971	TF0A9217	S. James	●	450	0	0
1.2 DIAMOND	P166147	TF0A8322	R. Junquera	●	880	0	0
<b>Knowledge and Analytical Work</b>							
1.3 Toolkits & Research on Intl Tax	P169976	TF0A9455	A. Cebreiro	●	575	0	0
1.4 Digital VAT Guidelines	P172968	TF0B1578	D. Alvarez	●	600	0	0
1.5 Tax Incentives Reform	P174543	TF0B3098	S. James	●	450	0	0
1.6 Carbon Pricing Assessment Tool	P170301	TF0B3624	D. Heine	●	500	0	0
1.7 Environmental Tax Reforms	P176296	TF0B5006	M. Pigato	●	200	0	0
Sub-Total					3655	0	0
<b>Window 2: Country Level Activities</b>							
2.01 TPAF Implementation	P163971	pending	S. James	●	380	0	0
2.02 TADAT Implementation	P169803	TF0A9157	D. Alvarez	●	550	0	0
2.03 MTRS Pilots	P166493	TF0A7739	D. Alvarez	●	428	0	0
2.04 International Tax Program	P166606	TF0A6516/ TF0A9396	A. Cebreiro	●	6800	0	0
2.05 Tax Reform in Uzbekistan	P168210	TF0A8528	R. Junquera	●	3200	0	0
2.06 Innovations in Tax Compliance	P161196	TF0B0124	A. Custers	●	450	0	0
2.07 Property Taxes	P169109	TF0A8995	R. Awasthi	●	1970	0	0
2.08 EAC Tax Evasion	P170712	TF0B2235	Y. Quiros	●	1526	0	0
2.09 SOEs in Tanzania	P164792	TF0A9561	G. Raballand	●	149	0	0
2.10 Somalia Customs	P172650	TF0B1416	S. Shah	●	2000	0	0
2.11 Niger Customs	P172636	TF0B1548	S. Diop	●	1800	0	0
2.12 Afghanistan Customs	P173604	TF0B2347	J. Gutierrez	●	950	0	0
2.13 Tajikistan Tax Policy & Adm	P173237	TF0B2202	R. Junquera	●	2500	0	0
2.14 NRA Tax Evasion	P173289	TF0B1941	Y. Quiros/ A. Cebreiro	●	2000	0	0
2.15 Nigeria Tax and Customs	P173409	TF0B2031	R. Awasthi	●	2848	0	0
2.16 Kosovo Tax Registration	P173730	TF0B2447	J. Fallov	●	600	0	0
2.17 Tax Incentives Reform	P174543	TF0B3076	S. James	●	950	0	0
2.18 Carbon Pricing Assessment Tool	P170301	TF0B3623	D. Heine	●	400	0	0
2.19 Central African Republic	P172625	TF0B4785	E.H. Dialigue	●	1750	0	0
2.20 Malaysia Tax Policy Reform	P175386	TF0B4216	R. Record	●	500	0	0
2.21 Myanmar Tax Reform Assistance	pending	pending	V. Nguyen	●	1200	0	0
2.22 PNG Tax Reform Assistance	P174416	TF0B5254	V. Nguyen	●	1100	0	0
2.23 Environmental Tax Reforms	P176296	TF0B5007	M. Pigato	●	200	0	0
2.24 EAP Tax Evasion	pending	pending	Y. Quiros/ A. Cebreiro	●	1160	0	0
<b>SDTF SECO</b>							
2.25 Tax Reform in Azerbaijan	P166912	TF0A7239	R. Junquera	●	0	2100	0

## GTP Portfolio as of June 30, 2021 (continued)

in US\$ '000	Project ID	Child TF	TTL	Status	Total MDTF Budget	Total SECO Budget	Total NTH Budget
2.26 Vietnam Tax Reform	P166917	TF0A6919	V. Nguyen	●	0	1075	0
2.27 State Tax Service Kyrgyz Republic	P167921	TF0A8081	N. Biletska	●	0	2000	0
2.28 Peru International Tax	P160517	TF0A7238	A. Cebreiro	●	0	600	0
2.29 Peru Tax Domestic	P160517	TF0B5334	A. Cebreiro	●	0	600	0
<b>SDTF NTH</b>							
2.30 WAEMU countries TADAT	P169803	TF0B0758	S. Diop	●	0	0	600
2.31 Sierra Leone and Liberia	P171983	TF0B1142	O. Balabushko	●	0	0	375
2.32 Senegal MTRS Tax and Customs	P173565	TF0B2186 TF0B4997	M. Kajubi	●	0	0	966
2.33 Chad Tax and Customs	P174411	TF0B3122	S. Diop	●	0	0	1850
2.34 Ethiopia Tax Policy	P174549	TF0B3115	T. Minh Le	●	0	0	1960
Sub-Total					35411	6375	5751
<b>Window 3: Actionable Research, K&amp;L</b>							
3.1 Innovations in Tax Compliance	P161196	TF0A9175	A.Custers	●	615	0	0
3.2 Data & Research	P169704	TF0A9017	A.Custers	●	584	0	0
3.3 Revenue Academy	P166150	TF0B0365	S.James	●	400	0	0
3.4 Ethiopia Gender and Taxation	P174551	TF0B3082	A. Ambel	●	1290	0	0
Sub-Total					2889	0	0
<b>Window 4: Program Management</b>							
4.1 GTP Secretariat	P160093	TF0A5744	C. Ozer	●	3587	0	0
		SECO	TF0B0565		0	477	0
		NL	TF0B0516		0	0	391
		B.Dev MTDf	TF0B0277		68	0	0
		B.Dev NL	TF0B0515		0	0	29
Sub-Total					3655	477	420
TOTAL in '000					45610.0	6852.0	6171.0

NA: Not Applicable; FCVs in orange ● In implementation ● Pipeline ● Closed

## Annex 2. GTP Detailed Workplan and FY21 Budget

### GTP Portfolio as of June 30, 2021

in US\$ '000	Project ID	Child TF	TTL	Status	FY18 Expenses	FY19 Expenses	FY20 Expenses	FY21 Budget					FY22 Budget	FY23 Budget	FY24 Budget
								MDTF	SECO	NL	Expenses	Burn Rate			
<b>Window 1: Global Tax Activities</b>															
<b>Assessment Frameworks</b>															
1.1 TPAF Development	P163971	TF0A9217	S. James	●	0	206	87	100	0	0	0	0%	157	0	0
1.2 DIAMOND	P166147	TF0A8322	R. Junquera	●	0	310	394	113	0	0	32	28%	55	55	34
<b>Knowledge and Analytical Work</b>															
1.3 Toolkits & Research on Intl Tax	P169976	TF0A9455	A. Cebreiro	●	0	148	199	113	0	0	80	71%	148	0	0
1.4 Digital VAT Guidelines	P172968	TF0B1578	D. Alvarez	●	0	0	26	484	0	0	389	80%	185	0	0
1.5 Tax Incentives Reform	P174543	TF0B3098	S. James	●	0	0	0	250	0	0	233	93%	117	100	0
1.6 Carbon Pricing Assessment Tool	P170301	TF0B3624	D. Heine	●	0	0	0	200	0	0	143	72%	230	127	0
1.7 Environmental Tax Reforms	P176296	TF0B5006	M. Pigato	●	0	0	0	160	0	0	116	73%	84	0	0
Sub-Total					0	664	706	1420	0	0	993	70%	976	282	34
<b>Window 2: Country Level Activities</b>															
in US\$ '000	Project ID	Child TF	TTL	Status	FY18 Expenses	FY19 Expenses	FY20 Expenses	MDTF	SECO	NL	Expenses	Burn Rate	FY22 Budget	FY23 Budget	FY24 Budget
2.01 TPAF Implementation	P163971	pending	S. James	●	0	0	0	200	0	0	0	0%	200	180	0
2.02 TADAT Implementation	P169803	TF0A9157	D. Alvarez	●	0	31	253	80	0	0	75	94%	121	70	0
2.03 MTRS Pilots	P166493	TF0A7739	D. Alvarez	●	48	79	142	100	0	0	93	93%	66	0	0
2.04 International Tax Program	P166606	TF0A6516/ TF0A9396	A. Cebreiro	●	1242	1314	1232	1000	0	0	685	69%	1450	877	0
2.05 Tax Reform in Uzbekistan	P168210	TF0A8528	R. Junquera	●	0	751	481	1200	0	0	685	57%	520	520	243
2.06 Innovations in Tax Compliance	P161196	TF0B0124	A. Custers	●	0	50	27	173	0	0	117	68%	256	0	0
2.07 Property Taxes	P169109	TF0A8995	R. Awasthi	●	0	73	321	640	0	0	214	33%	700	662	0
2.08 EAC Tax Evasion	P170712	TF0B2235	Y. Quiros	●	0	0	167	620	0	0	323	52%	1036	0	0
2.09 SOEs in Tanzania	P164792	TF0A9561	G. Raballand	●	0	34	115	0	0	0	0	NA	0	0	0
2.10 Somalia Customs	P172650	TF0B1416	S. Shah	●	0	0	279	375	0	0	339	90%	666	716	0
2.11 Niger Customs	P172636	TF0B1548	S. Diop	●	0	0	6	900	0	0	492	55%	700	602	0
2.12 Afghanistan Customs	P173604	TF0B2347	J. Gutierrez	●	0	0	329	300	0	0	126	42%	495	0	0
2.13 Tajikistan Tax Policy & Adm	P173237	TF0B2202	R. Junquera	●	0	0	223	1185	0	0	682	58%	665	665	265
2.14 NRA Tax Evasion	P173289	TF0B1941	Y. Quiros/ A. Cebreiro	●	0	0	68	300	0	0	238	79%	850	844	0
2.15 Nigeria Tax and Customs	P173409	TF0B2031	R. Awasthi	●	0	0	238	600	0	0	649	108%	1000	961	0
2.16 Kosovo Tax Registration	P173730	TF0B2447	J. Fallov	●	0	0	24	353	0	0	314	89%	202	60	0
2.17 Tax Incentives Reform	P174543	TF0B3076	S. James	●	0	0	0	350	0	0	71	20%	431	448	0
2.18 Carbon Pricing Assessment Tool	P170301	TF0B3623	D. Heine	●	0	0	0	100	0	0	3	3%	150	247	0
2.19 Central African Republic	P172625	TF0B4785	E.H. Dialigie	●	0	0	0	370	0	0	61	16%	850	839	0
2.20 Malaysia Tax Policy Reform	P175386	TF0B4216	R. Record	●	0	0	0	150	0	0	128	85%	250	122	0

## GTP Portfolio as of June 30, 2021 (continued)

in US\$ '000	Project ID	Child TF	TTL	Status	FY18 Expenses	FY19 Expenses	FY20 Expenses	FY21 Budget					FY22 Budget	FY23 Budget	FY24 Budget
								MDTF	SECO	NL	Expenses	Burn Rate			
2.21 Myanmar Tax Reform Assistance	pending	pending	V. Nguyen	●	0	0	0	200	0	0	0	NA	440	400	160
2.22 PNG Tax Reform Assistance	P174416	TF0B5254	V. Nguyen	●	0	0	0	210	0	0	50	24%	250	500	300
2.23 Environmental Tax Reforms	P176296	TF0B5007	M. Pigato	●	0	0	0	20	0	0	0	NA	100	100	0
2.24 EAP Tax Evasion	pending	pending	Y. Quiros/ A. Cebreiro	●	0	0	0	0	0	0	0	NA	260	500	400
<b>SDTF SECO</b>															
2.25 Tax Reform in Azerbaijan	P166912	TF0A7239	R. Junquera	●	22	246	244	0	838	0	269	32%	525	525	269
2.26 Vietnam Tax Reform	P166917	TF0A6919	V. Nguyen	●	7	85	270	0	439	0	137	31%	416	160	0
2.27 State Tax Service Kyrgyz Republic	P167921	TF0A8081	N. Biletska	●	0	122	319	0	399	0	282	71%	500	500	277
2.28 Peru International Tax	P160517	TF0A7238	A. Cebreiro	●	21	146	21	0	212	0	101	48%	311	0	0
2.29 Peru Tax Domestic	P160517	TF0B5334	A. Cebreiro	●	0	0	0	0	182	0	20	11%	352	228	0
<b>SDTF NTH</b>															
2.30 WAEMU countries TADAT	P169803	TF0B0758	S. Diop	●	0	0	162	0	0	200	36	18%	402	0	0
2.31 Sierra Leone and Liberia	P171983	TF0B1142	O. Balabus-hko	●	0	0	106	0	0	200	213	107%	56	0	0
2.32 Senegal MTRS Tax and Customs	P173565	TF0B2186 TF0B4997	M. Kajubi	●	0	0	150	0	0	371	166	45%	335	315	0
2.33 Chad Tax and Customs	P174411	TF0B3122	S. Diop	●	0	0	0	0	0	800	261	33%	860	729	0
2.34 Ethiopia Tax Policy	P174549	TF0B3115	T. Minh Le	●	0	0	0	0	0	560	320	57%	710	515	415
Sub-Total					1339.6	2931	5177.4	9426	2070	2131	7150	52%	16125	12285	2329
<b>Window 3: Actionable Research, K&amp;L</b>															
3.1 Innovations in Tax Compliance	P161196	TF0A9175	A.Custers	●	0	143	226	246	0	0	171	70%	75	0	0
3.2 Data & Research	P169704	TF0A9017	A.Custers	●	0	90	339	206	0	0	155	75%	0	0	0
3.3 Revenue Academy	P166150	TF0B0365	S.James	●	0	0	209	191	0	0	103	54%	88	0	0
3.4 Ethiopia Gender and Taxation	P174551	TF0B3082	A. Ambel	●	0	0	0	245	0	0	229	93%	430	366	265
Sub-Total					0	233	774	888	0	0	658	74%	593	366	265
<b>Window 4: Program Management</b>															
4.1 GTP Secretariat	P160093	TF0A5744	C. Ozer	●	457	457	484	500	0	0	435	87%	594	580	580
	SECO	TF0B0565			0	0	92	0	90	0	79	88%	106	100	100
	NL	TF0B0516			0	0	58	0	0	131	101	77%	80	80	72
	B.Dev MTF	TF0B0277			0	51	17	32	0	0	0	0%	0	0	0
	B.Dev NL	TF0B0515			0	0	29	0	0	21	0	0%	0	0	0
Sub-Total					457	508	680	532	90	152	615	79%	780	760	752
TOTAL in '000					1797	4336	7337	12266	2160	2283	9416	56%	18474	13692.6	3380

NA: Not Applicable; FCVs in orange

● In implementation ● Pipeline ● Closed

## Annex 3. GTP Aggregated Logical Framework

WINDOW 1: Global tax activities and global public goods											
Standard Indicators	Projects	Project target FY21	Project results FY21	Results details FY21	Cumulated targets FY21	Cumulated results FY21	Inception to date targets	Inception to date results	Total targets	Total results	
OUTPUTS	A.1 Number of new modules/tools/database developed	1.2 TAX DIAMOND	0	1	1. Sub national Tax Administration module ready for piloting	7	12	21	25	25	
		1.3 Toolkits & Research	0	2	1. Toolkit: The Taxation of Offshore Indirect Transfers (published in 2020 - not reported before); 2. Toolkit on Tax Treaty Negotiations (a joint initiative of the IMF, OECD, UN and WBG)						
		1.4 Digital VAT Guidelines	2	1	1. VAT Digital Toolkit for Latin America and the Caribbean (OECD/WBG/CIAT/IDB)						
		1.5 Tax Incentives Reform	0	3	1. Database of effective tax rates; 2. Global tax expenditure database; 3. Global METR database						
		1.6 Carbon Pricing	4	4	CPAT modules for: 1. estimating tax revenues, 2. output effects, 3. greenhouse gas emissions and associated structural change, 4. development cobenefits.						
		1.7 Environmental Tax Reform	1	1	1. A first version of the multi-regional Input-Output tool (MRIO)						
	A.2 Number of documents, reports, studies, notes, guidelines, training materials prepared	1.3 Toolkits & Research	3	3	1. A Review of Transfer Pricing Case Law: A Comparative Study of Court Decisions on Transfer Pricing (2012-2018); 2. Tax Theory Applied to the Digital Economy : A Proposal for a Digital Data Tax and a Global Interne; 3. Article published in the International Banker on "A More Just International Tax System" Tax Agency	9	6	15	10	24	10
		1.5 Tax Incentives Reform	2	1	1. Initial benchmark for income tax expenditures						
		1.6 Carbon Pricing	1	1	1. Technical guide for documenting the CPAT						
		1.7 Environmental Tax Reform	3	1	1. Working paper "Fiscal policies for a sustainable recovery and a green transformation".						
WINDOW 2: Country level activities											
Standard Indicators	Projects	Project target FY21	Project results FY21	Results details FY21	Cumulated targets FY21	Cumulated results FY21	Inception to date targets	Inception to date results	Total targets	Total results	
OUTCOMES	B.1 Number of reform recommendations (laws/regulations) endorsed	2.04 International Tax Program	3	2	Benin (1): A transfer pricing instruction has been published on May 28, 2021 Rwanda (1): A ministerial Order number 003/20/10/TC of 11/12/2020 establishing the general rules on transfer pricing (TP) between related parties involved in controlled transactions was published.	9	17	43	50	137	50
		2.05 Tax Reform in Uzbekistan	2	0							
		2.14 NRA Tax Evasion	1	5	Panama government presented to Congress Bill N° 624, which introduces amendments to: improve access in Panama to accounting records on offshore business operations, and strengthen sanctions for non-compliance with EOI requests, improve the effectiveness of the beneficial owner registry (UBO Registry) to ensure that: it is operational, risk-based inspections are carried out to verify the information; and sanctions for non-disclosure and delayed disclosure are dissuasive.						
		2.15 Nigeria Tax and Customs	0	3	"Electronic money transfer levy" and provisions for "VAT registration by non-resident companies" and "Time of supply" were enacted under Finance Act 2020						
		2.26 Vietnam Tax Reform	1	0							
		2.28 Peru International Tax	1	5	1. The deadline for filing CbC reports for fiscal years 2017, 2018, and 2019 has been reactivated; 2. Peru successfully completed its assessment on meeting security and confidentiality standards by the OECD Global Forum; 3. Regulations governing disclosure of client account information financial institutions to report to SUNAT were issued in December 2020; 4. In December 2020, Peru began to not only send but also receive tax information from 21 jurisdictions; 5. Peru ratified the Japan-Peru Income Tax Treaty by way of Supreme Decree No. 060-2020-RE.						
		2.31 Sierra Leone & Liberia Tax	0	2	1. SL: The TP regulations incorporating team's advice were submitted to the Cabinet in December 2020 and approved; 2. L: The team provided comments on amendments to the Revenue Code, which were approved in late 2020 and strengthened transfer pricing regime and thin capitalization rules.						
		2.33 CHAD	1	0							

WINDOW 2: Country level activities												
Standard Indicators	Projects	Project target FY21	Project results FY21	Results details FY21	Cumulated targets FY21	Cumulated results FY21	Inception to date targets	Inception to date results	Total targets	Total results		
OUTCOMES	B.2	Number of recommendations to improve procedures/practices/standards adopted	2.04 International Tax Program	1	2	Uganda (2): the URA reached settlement on two international tax audits	17	11	21	23	90	23
			2.05 Tax Reform in Uzbekistan	5	0							
			2.07 Property Taxes	0	1	1. State of Punjab has notified Capital Value based property taxation for its Local Urban Bodies India						
			2.11 Niger Customs Advisory and TA	2	2	1. A pilot (performance contracting) started in April 2021; 2. An online platform was set up to create a Virtual regional Customs Community of Practice (CoP) of customs data specialists						
			2.14 NRA Tax Evasion	1	1	1. Panama adopted the NRA tax evasion risk assessment methodology and is also using it to prepare the FATF report						
			2.15 Nigeria Tax & Customs	3	3	The Nigeria's Federal Inland Revenue Service and the Nigeria Customs Service adopted and implemented the Business Continuity Measures						
			2.16 Kosovo Tax Registration	1	0							
			2.27 STS Kyrgyz Republic	4	1	1. The STS Endorsed recommendations on new business process to invalidate VAT invoices and VAT reporting to use e-invoices						
			2.32 Senegal MTRS Tax and Customs	0	1	1. Recommendations for improving Human Resources in the Customs Directorate were included in the Medium-Term Revenue Strategy.						
			OUTPUTS	B.1.1	Number of reform recommendations (laws/regulations) proposed	2.04 International Tax Program						
2.05 Tax Reform in Uzbekistan	1	1				1. - The team commented on two drafts of the Presidential Resolution on the shadow economy and delivered the broad components of a strategy to combat the shadow economy.						
2.10 Somalia Customs Support	1	0										
2.15 Nigeria Tax and Customs	3	7				1. Attribution of Profits to a Nigerian Permanent Establishment; 2. CFC Rules; 3. Introduction of Digital Service Tax; 4. Anti-Avoidance Provisions; 5. Definitions of Royalty, Dividend, Interest and Technical fees; 6. Regulations on Electronic Money Transfer; 7. Introduction of lottery scheme.						
2.16 Kosovo Tax Registration	1	1				1. Business process design and legal review to identify necessary legal changes to relevant tax laws, business registration laws and other relevant laws, regulations and internal procedures to improve the quality of tax registration						
2.17 Tax incentives	14	0										
2.19 CAR	1	0										
2.20 Malaysia Tax Policy Reform	1	0										
2.25 Tax Reform in Azerbaijan	4	1				1. The team reviewed and delivered recommendations to the cashless payment law in August 2020						
2.26 Vietnam Tax Reform	0	1				1. The WB team provided inputs for GDT for the drafting of two MOF circulars that guides the administration of e-commerce and digital transactions.						
2.28 Peru International Tax	3	3				1. Reviewed draft legislation on bilateral advance pricing agreements (APAs) and provided criteria adopted based on comparative legislation and peer reviews in other countries; 2. Supported SUNAT on the OECD peer review on the implementation of BEPS Action 13 (CbCR); 3. The team addressed issues related to the BEPS Action 14 minimum standard and legislative technique by reviewing a draft legislation prepared by MEF which intends to modify the Tax Code in relation to the mutual agreement procedure (MAP) included in double taxation conventions.						
2.29 Peru Domestic Tax	2	0										
2.31 Sierra Leone & Liberia Tax	3	3				1. SL: Tax policy review prepared and informs the tax policy changes including tax legislation amendments; 2. SL: The team provided joint comments with the IMF on the draft tax incentives policy of the government; 3. L: The team provided comments on amendments to the Revenue Code to strengthen transfer pricing regime and thin capitalization rules.						
2.32 Senegal MTRS Tax and Customs	2	0										
2.33 CHAD	1	2				1 -2. Two policy notes were developed on Tax expenditures and to enhance VAT efficiency.						
2.34 Ethiopia Tax Policy	0	3				1. Review of the tariff book, with emphasis on approach to eliminate the second schedule (exemptions), planned to be incorporated in the first schedule (reduced rates) and the regular rate schedules; 2. prepare the tariff offers for the African Continental Free Trade Area Agreement (AfCFTA). The team provided recommendations on removing the second schedule and have a unified tariff book. Also recommended the authorities to rationalize the tariff rates and align the tariff structure with the industrial strategy of promoting manufacturing; 3. The welfare impact assessment was conducted only in the context of AfCFTA and recommended the sectors that the authorities need to focus on to benefit from the AfCFTA in exports and the sectors that need safeguard to survive following the free trade area agreement.						

WINDOW 2: Country level activities											
Standard Indicators	Projects	Project target FY21	Project results FY21	Results details FY21	Cumulated targets FY21	Cumulated results FY21	Inception to date targets	Inception to date results	Total targets	Total results	
OUTPUTS	B.2.1 Number of recommendations to improve procedures/practices/standards proposed	2.04 International Tax Program	3	8	Uganda (2), Eswatini (3), Lesotho (2), Fiji (1)						
		2.05 Tax Reform in Uzbekistan	2	0							
		2.11 Niger Customs Advisory and TA	1	2	1. The Data analytics unit established the first set of performance indicators in January 2021; 2. An online platform was set up to create a CoP of customs data specialists, with peer-to-peer support, and provide private and secure exchanges with other customs organization in the region with the collaboration of the World Customs Organization.						
		2.13 Tajikistan	1	0							
		2.15 Nigeria Tax & Customs	6	6	Business continuity plans to provide services to citizens, taxpayers, and importers on an online platform, which includes e-filing, e-payment of taxes and duties, operationalizing of an e-platform for VAT and an electronic submission system for bills of lading through the Federal Inland Revenue Service and the Nigeria Customs Service (Outputs not claimed in FY20)						
		2.16 Kosovo Tax Registration	2	5	1. Business process analysis including as-is and recommended-to-be business process designs for tax and business registration, de-registration and reporting of business/taxpayer information updates elaborated; 2. recommendation to improve the quality in the business and taxpayer registers; 3. mapping of current data exchanges and associated business processes and a recommendation of necessary future data exchanges; 4. recommendations on how to clean up business and tax registers, and 5. recommendations on how to standardize interagency data sharing agreements.	29	34	67	72	111	72
		2.19 CAR	3	0							
		2.22 PNG Tax Reform Assistance	1	1	1.The project team delivered a GST refund model for the IRC.						
		2.25 Tax Reform in Azerbaijan	1	0							
		2.27 STS Kyrgyz Republic	6	3	1. The team provided advisory support to the STS in adjusting a business process for VAT reporting to use e-invoices; developing functional responsibilities of the newly created STS Analytical Department and strengthening and expanding risk management functions at the STS; 3. developed the recommended key elements of a compliance risk management strategy.						
	2.31 Sierra Leone & Liberia Tax	2	3	SL: 1. IT strategy has been delivered; 2. TA provided on revenue forecasting functionality for the future ITAS; L: 3. initial draft of the tax exemptions registry was delivered to the government.							
	2.32 Senegal MTRS Tax	1	6	1-5. A Customs Assessment to complement the TADAT review was delivered, including recommendations for customs reform; 6. Preliminary findings of the Fiscal incidence analysis of incentives focusing more on the VAT System.							
	B.3.1 Number of capacity building events conducted	2.04 International Tax Program	9	15	14 country capacity building events (Eswatini (2), Ethiopia (2), Ghana (3), Lesotho (2), Rwanda (2), Fiji(2), Argentina (1)) and 1 regional capacity building event						
		2.05 Tax Reform in Uzbekistan	3	3	1. A five day seminar on PCA; 2. Training covering tax analysis and estimation of the shadow economy; 3. Training on international tax, BEPS, transfer pricing, EOI, tax treaties, etc.						
		2.06 Innovation in Tax Compliance	1	1	1. 2nd World Bank Tax Conference on taxing personal income and wealth in developing countries, featuring special sessions with CSOs and revenue administrations of Argentina, Ethiopia, Ghana, Rwanda and Thailand						
		2.08 EAC Tax Evasion	2	3	1. Regional workshop for Kenya and Uganda; 2. second training for Kenya on customs fraud; 3. Dialogue with the Netherlands partners to provide more hands on support for Uganda						
		2.10 Somalia Customs Support	3	2	1. Customs Data Analytics and Modelling Training Level 2 for Somalia; 2 Customs Data Analytics and Modelling Training Level 1 for Somaliland	74	40	136	113	292	113
		2.11 Niger Customs Advisory and TA	2	0							
		2.12 Afghanistan Customs	1	0							
		2.14 NRA Tax Evasion	14	1	1. A two-day workshop on risk assessment methodology was conducted with the participation of officials from the Ministry of Economy and Finance, and representatives from the Superintendence of Banking, Public Registry and the private sector						
2.15 Nigeria Tax and Customs		2	0								
2.17 Tax incentives		15	1	1. An online capacity building event "Taxing Times: The Role of Investment Incentives in Economic Recovery and Growth" was jointly conducted with FCI							
2.19 CAR	4	0									



WINDOW 2: Country level activities											
Standard Indicators	Projects	Project target FY21	Project results FY21	Results details FY21	Cumulated targets FY21	Cumulated results FY21	Inception to date targets	Inception to date results	Total targets	Total results	
	2.20 Malaysia Tax Policy Reform	2	1	1. User training of Malaysia's Tax Policy Microsimulation Model for client staff from Malaysia's Ministry of Finance and the Inland Revenue Board							
	2.25 Tax Reform in Azerbaijan	2	0								
	2.26 Vietnam Tax Reform	1	1	1. Workshop on LTO (Large Taxpayer Office) administration							
	2.27 STS Kyrgyz Republic	3	7	7 workshops conducted on: Review of the Kyrgyz Republic's Tax Code Administrative and Procedural Provisions, an analysis of the Kyrgyz Republic's tax system, the Tax Code Legal Review, the implementation of the Taxpayer Services and Taxpayer Communication and Education Strategies.							
	2.28 Peru International Tax	0	2	A series of joint WB-OECD trainings were organized on Transfer Pricing and MAP Jurisprudence.							
	2.31 Sierra Leone & Liberia Tax	4	0								
	2.32 Senegal MTRS Tax	2	1	1. Capacity building delivered to Ministry of Finance and DGID (Tax Administration) staff on the Tax Incidence Analysis Tool							
	2.34 Ethiopia Tax Policy	4	2	1-2. A comprehensive training on tax policy analysis and revenue forecasting.							
WINDOW 3: Actionable research and data, knowledge and learning											
Standard Indicators	Projects	Project target FY21	Project results FY21	Results details FY21	Cumulated targets FY21	Cumulated results FY21	Inception to date targets	Inception to date results	Total targets	Total results	
OUTPUTS	C.1 Number of KM documents prepared	3.1 Innovations in Tax Compliance	5	8	1. "Innovations in Tax Compliance: Building Trust, Navigating Politics and Tailoring Reform"; 2. Making Tax Work: A Framework for Enhancing Tax Transparency; 3-8. Six topical chapters of the Innovations in Tax Compliance knowledge products: i. Taxation of Personal Income, ii. High Net Worth Individuals, iii. Subnational taxation, iv. Taxing SMEs, v. Corporate Tax Compliance and vi. Tax and Technology Challenge						
		3.2 Data & Research	1	3	1. 11 country specific back-ground notes on the impact of COVID-19 on Formal Firms; 2. Effective Tax Rates and Firm Size: Evidence from Micro Tax Data in 14 Countries; 3. EFi-ICTD Insight note: 'Using New Data to Support Tax Treaty Negotiation'.	6	14	11	19	15	19
		3.4 Ethiopia Gender and Taxation	0	3	1. Policy Research Working Paper "Gender and Tax Incidence of Rural Land Use Fee and Agricultural Income Tax in Ethiopia"; 2. A Gendered and Fiscal Incidence Analysis for Ethiopia; 3. The Taxation of Individuals, Households, and Nonfarm Enterprises in Ethiopia Findings from the 2018/19 Ethiopia Socioeconomic Survey						
	C.2 Number tools/modules/training materials developed	3.3 Revenue Academy	0	1	1. COVID-19 Monthly Revenue Tracker online tool	0	2	6	5	7	5
	C.3 Number of documents, reports, studies, notes prepared	3.4 Ethiopia Gender and Taxation	0	2	Two Policy Briefs: 1. Disaggregated Survey Data on Taxation to Improve Policy Design: A Perspective from The Ethiopia Socioeconomic Survey (2018/19), 2. Gender Implications of Rural Land Use Fee and Agricultural Income Tax in Ethiopia	2	2	0	2	5	2

## Annex 4. GTP Fiscal Policy Pillar

GTP temporal fiscal pillar was added to the Global Tax Program in May 2020 with the objective of: (i) mitigating the social and economic impact of the COVID-19 pandemic by providing advice to governments on effective, efficient, and balanced fiscal policy responses; and (ii) facilitating accountability including through the monitoring of and reporting on resource use for the COVID-19 response. The pillar provides just-in-time advice to governments on fiscal policy strategy and policy measures to address the social and economic impacts of the pandemic, also informing the design of Development Policy Financing and other forms of World Bank support to governments' COVID-19 crisis responses. The pillar is supporting a full range of fiscal policy responses including macro-fiscal policies, expenditure policies, and fiscal risk management, as well as important cross cutting themes such as poverty reduction, improved income equality, transparency, and accountability.

The fiscal pillar has received US\$5.6 million in Developing Partner contributions. The contributions have been provided by the governments of France, Norway, and Switzerland, and most recently in January 2021 by the United Kingdom, in the amounts outlined in the Table below.

**Annex 4 Table 1. Fiscal Pillar Donor Contributions**

Development Partners	Committed and Paid in US\$
France - Ministry of Economy and Finance	1,773,650.00
Norwegian Agency for Development Cooperation (NORAD)	2,307,697.97
Swiss State Secretariat for Economic Affairs (SECO)	658,255.62
United Kingdom - FCDO	820,740.00
<b>Total</b>	<b>5,560,343.59</b>

Nearly 82.6% of the contributions to-date have been allocated to current or pipeline portfolio. A total of US\$4.6 million has been allocated to proposals and program management as outlined in the table below, leaving US\$966 available for funding additional grants. The current pipeline of proposals stands at US\$1.4 million, thus requiring further prioritization in order to fit within the budget envelope. In terms of disbursements, 17.7% of the funds committed to the 31 grants have been utilized. The program management has consumed slightly more than half of the allocated budget (56.6%), which is as expected given the efforts required to setup the program and assess and management received proposals. In total, US\$ 759,150 has been disbursed out of the combined Development Partner contributions of US\$5,560,344 (13.7%), with burn rates on the increase.

**Annex 4 Table 2. Fiscal Pillar Funding Allocations, Available Balance, and Disbursements**

Allocations	Grants	Commitment	Disbursements
Donor Commitments			5,560,343.59
Allocations			4,593,670.00
- Proposals Approved	31	3,224,920.00	569,603.94 (17.7%)
- Proposals for No-Objection	7	1,033,750.00	
- Program Management	n.a.	335,000.00	189,546.21 (56.6%)
<b>Available Balance</b>			<b>966,673.59</b>
<i>Proposals in the Pipeline</i>	<i>10</i>		<i>1,380,000.00</i>

The grants are in different stages of implementation. The fiscal pillar has launched three Calls for Proposals

and has as of 1 September 2021 approved 31 projects. The proposals have been approved successively over an 11-month period and are in different stages of implementation, see table below. An additional seven proposals have been sent for Development Partners' no-objection, and ten proposals are in pipeline subject to Bank's internal review. Consequently, the number of activities where results can be reported will gradually increase over the reporting period.

**Annex 4 Table 3. Proposals Approved under the Fiscal Pillar**

Approval	October	November	December	February	March	May	June	August
	6-11 Months				0-6 Months			
No. of Grants	5	9	4	3	3	4	2	1

Grant recipients have engaged with government counterparts on multiple fronts. Several projects have had initial discussions with Ministry of Finance and other government counterparts to define the scope, sharing initial results of assessments and benchmarking exercises, providing options for fiscal policy in responding to COVID-19, issuing guidance on Public Investment Management, and developing and providing training in macro-microsimulation models to assess the poverty and distributional impacts of the pandemic. These efforts are helping clients make better informed policy, expenditure, and investment decisions. The table below provides an overview of the 12 grant activities with reported outputs or outcomes.

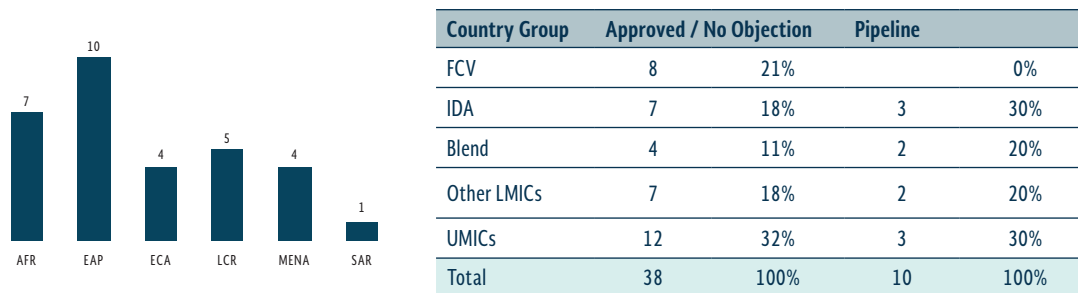
**Annex 4 Table 4. Grant Activities with Reported Outputs**

Approval	Country	Project	Outcomes		Outputs	
			Plan	Current	Plan	Current
October 2020	Armenia	Assessment of the distributional and poverty effects of fiscal policies to mitigate the social and economic consequences of the COVID-19 pandemic	3		6	1
	DRC	Positioning for recovery: Improving fiscal environment the SMEs	3	1	4	3
	Dominica	COVID-19 Response and Strengthening Fiscal Resilience	3		6	3
	Zimbabwe	Enhancing Transparency, Accountability, Efficiency and Effectiveness in Emergency Capital Spending to the COVID-19 and Developing and Operationalizing the Capital Budgeting Reprioritization Tool	2	1	6	4
November 2020	Cambodia	Promoting Greater Equity in the Design of Fiscal Policy Responses to COVID-19	2		5	3
	Indonesia	Fiscal Microsimulation to Support COVID-19 Response in Indonesia	2		10	4
	Kazakhstan	Public Finance Review	2		5	1
	Lao	Impact of COVID-19 on Households and Citizens' expectations on Fiscal Policy Responses	3		4	1
	Philippines	In Aid of the Bayanihan Spirit: Support to the Government on its Road to Recovery from the COVID-19 pandemic	2		4	1
	Zimbabwe	Fiscal Policy Responses to COVID-19	5		11	2
December 2020	Albania	Revenue Forecasting Technical Assistance	1		2	1
March 2021	Iraq	Distributional Analysis of Fiscal Reform	2		4	1

The grant activities are implemented in 27 countries spanning all regions. Most activities are under implementation in the EAP (10) and AFR (7) regions, see Figures below. About a fifth of all activities are in Fragility, Conflict and Violence (FCV) affected countries (FCV, 18%) and about a third in IDA/blend countries (29%), while the remainder are in lower-middle income countries (18%) and upper-middle income countries (34%). While the pillar has sought to prioritize support to low-income IDA and FCV countries, there was also

a strong demand for activities in middle-Income countries severely affected by the COVID-19 pandemic.

**Annex 4 Figure 1. Fiscal Pillar Portfolio Approved Projects by Region (Number) and Income Group / FCS**



**Annex 4 Table 5: Fiscal Pillar List of Approved Projects, FY21**

Region	Country	Proposal	Income Group	Lending Category	Amount
AFR	CEMAC Region	Enhancing the Effectiveness of COVID-19 Spending and Public Investment in the Central African Economic and Monetary Community (CEMAC) region	Regional	Blend	200,000.00
	DRC	Positioning for recovery: Improving fiscal environment the SMEs in the DRC	LIC	IDA	100,000.00
	Rwanda	Rwanda - Public Expenditure Review	LIC	IDA	100,000.00
	Zambia	Zambia Strengthening Expenditure Control, Cash Management and Transparency for effective COVID-19 Response	LMIC	IDA	100,000.00
	Zimbabwe	Developing and Operationalizing the Capital Budgeting Reprioritization Tool for Emergency Capital Spending to the COVID-19 Actions in Zimbabwe	LMIC	FCS	100,000.00
	Zimbabwe	Developing and Operationalizing the Emergency PIM Guideline for Emergency Capital Spending to the COVID-19 Actions in Zimbabwe	LMIC	FCS	100,000.00
	Zimbabwe	TA to support the Government in managing more effectively scarce public resources to minimize the impact of COVID-19	LMIC	FCS	100,000.00
EAP	Cambodia	Promoting Greater Equity in the Design of Fiscal Policy Responses to COVID-19	LMIC	IDA	100,000.00
	Fiji	Assessing the distributional impacts of fiscal policies to mitigate the social and economic consequences of the COVID-19 pandemic in Fiji	UMIC	Blend	100,000.00
	Indonesia	Fiscal Microsimulation to Support COVID-19 Response in Indonesia	UMIC	IBRD	100,000.00
	Indonesia	Post COVID-19 fiscal resilience assisted by SOE reform	UMIC	IBRD	100,000.00
	Lao PDR	Impact of COVID-19 on households and micro, small and medium enterprises (MSME)	LMIC	IDA	100,000.00
	Pacific Island/ Marshall Islands	COVID-19 Wage Bill Management in the Pacific	UMIC	FCS	100,000.00
	Philippines	Data analytics for budget expenditure on COVID-19	LMIC	IBRD	100,000.00
Philippines	In Aid of the Bayanihan Spirit: World Bank Support to the Philippine Government in its Road to Recovery from the COVID-19 Pandemic	LMIC	IBRD	100,000.00	
Thailand	World Bank Support to the Government of Thailand to promote an effective fiscal response to COVID-19 and ensure macro-fiscal sustainability.	UMIC	IBRD	100,000.00	
Timor Leste	Timor-Leste High-Frequency (HiFy) Monitoring of the COVID-19 Fiscal Response	LMIC	FCS	99,920.00	
ECA	Albania	Albania - Revenue Forecasting	UMIC	IBRD	100,000.00
	Armenia	Assessment of the distributional and poverty effects of government spending and fiscal policies to mitigate the social and economic consequences of the COVID-19 pandemic in Armenia	UMIC	IBRD	80,000.00
	Kazakhstan	Fiscal Policy for Post COVID-19 Recovery of Kazakhstan	UMIC	IBRD	100,000.00
	North Macedonia	Strengthening fiscal policy responses of the government of North Macedonia in support of the private sector	UMIC	IBRD	150,000.00

Annex 4 Table 5: (continued)

Region	Country	Proposal	Income Group	Lending Category	Amount
LCR	Dominica	Dominica: COVID-19 Response and Strengthening Fiscal Resilience	UMIC	Blend	100,000.00
	Dominican Republic	Dominica COVID-19 Fiscal Policy TA	UMIC	IBRD	100,000.00
	El Salvador	Strengthening the Fiscal Response to the COVID-19 Crisis	LMIC	IBRD	100,000.00
	Grenada	Grenada CEQ	UMIC	Blend	100,000.00
	Guatemala	Guatemala - Strengthening Revenue Mobilization Capacity of Tax Authority	UMIC	IBRD	100,000.00
MENA	Djibouti	The impact of fiscal policy to mitigate the impact of COVID-19 on poverty and inequality in Djibouti	LMIC	IDA	95,000.00
	Iraq	Iraq distributional analysis of fiscal reform	UMIC	FCS	100,000.00
	Tunisia	Measuring the impact of fiscal policy to mitigate the effects of COVID-19 on poverty and inequality	LMIC	IBRD	100,000.00
	West Bank-Gaza	Palestine Central Bureau of Statistics	LMIC	FCS	100,000.00
SAR	India	Sub-National Tax Reform – Mitigating Kerala’s Revenue crisis due to COVID-19	LMIC	IBRD	100,000.00
Total - Approved Proposals					3,224,920.00



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Philanthropies**



**MINISTÈRE  
DE L'ÉCONOMIE,  
DES FINANCES  
ET DE LA RELANCE**

*Liberté  
Équité  
Fraternité*