



**REVENUE MOBILIZATION THEMATIC FUND  
FY20 ANNUAL REPORT**

**JUNE 18, 2020**

**INTERNATIONAL MONETARY FUND  
WASHINGTON, D.C.**



RMTF is financed by:

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## ACRONYMS

AFE	AFRITAC East
AFS	AFRITAC South
ATI	Addis Ababa Tax Initiative
BCP	Business Continuity Plan
CD	Capacity Development
CEMAC	Central African Economic and Monetary Community
CIT	Corporate Income Tax
Congo DR	Democratic Republic of Congo
CRM	Compliance Risk Management
DFID	UK's Department for International Development
EAC	East African Community
e-TACT	Electronic Tax Administration Capacity Training
FAD	Fiscal Affairs Department (IMF)
FY	Fiscal Year
GDP	Gross Domestic Product
HIC	High Income Country
HR	Human Resources
HQ	Headquarters
ISORA	International Survey on Customs Administration
ISORA	International Survey on Revenue Administration
IT	Information Technology
ITAS	Integrated Tax Administration System
KPI	Key Performance Indicators
LTO	Large Taxpayer Office
LIDC	Low Income Developing Country
LLMIC	Low and Lower-Middle Income Country
NORAD	Norwegian Agency for Development Cooperation
MNRW	Managing Natural Resource Wealth (Thematic Fund)
MTRS	Medium-term Revenue Strategy
PNG	Papua New Guinea
RA-GAP	Revenue Administration Gap Analysis Program
RA-FIT	Revenue Administration Fiscal Information Tool
RBM	Result Based Management
RCDCs	Regional Capacity Development Centers
RFax	Revenue Forecasting and Analysis (online training course)
RM	Revenue Mobilization
RMTF	Revenue Mobilization Trust (Thematic) Fund
SARTTAC	South Asia Regional Training and Technical Assistance Center
SC	Steering Committee
SDGs	Sustainable Development Goals
SSA	Sub Saharan Africa

ST&P	São Tomé and Príncipe
TADAT	Tax Administration Diagnostic Assessment Tool
TPA TF	Tax Policy and Administration Thematic Fund
TPC	Tax Procedure Code
VAT	Value Added Tax
WAEMU	West African Economic and Monetary Union
WCO	World Customs Organization

## EXECUTIVE SUMMARY

**This financial year FY20 annual report to the Steering Committee (SC) of the Revenue Mobilization Thematic Fund (RMTF)<sup>1</sup> outlines capacity building developments in tax policy and revenue administration from May 2019 to April 2020.** In addition to the introduction section, it: (1) assesses operations of the work program and key achievements and developments, including the impact of the COVID-19 pandemic; and (2) reviews the RMTF's financial status and expenditures during the year. This report builds on the December 13, 2019 mid-year report to the SC.

**The COVID-19 pandemic has exacerbated the existing challenges in low and lower-middle income countries (LLMICs) to pursue the 2030 Development Agenda.** It has depressed economic activity and is expected to leave a lasting negative impact on the gains made so far and the resource envelope needed to achieve the Sustainable Development Goals (SDGs). In addition, revenue projections for 2020 are being adjusted downwards in all RMTF beneficiary countries, which means that governments face more pressure to implement tax policy and revenue administration measures to counter this trend in the short- to medium-term. The situation is even worse for oil rich countries given the price collapse. The pandemic is therefore expected to re-intensify fiscal pressures and, in some countries, it will reverse recent declines in deficits and debt. Over the medium term, LLMICs remain vulnerable due to low fiscal buffers, and a narrow economic base. To assist countries, address the economic impact of the COVID-19 pandemic, the IMF is providing emergency financial assistance and/or debt relief to several countries, including 22 RMTF-beneficiary countries.<sup>2</sup> Discussions with others are still ongoing.

**The RMTF provides a critical framework to support countries to manage the immediate revenue impact of the pandemic and maintain focus on the medium-term reform agenda.** Staff were able to pivot quickly to remote CD delivery for all RMTF countries and readjusted their work programs to ensure countries were supported during this difficult period. Areas of recent active engagement include providing advice on various COVID-related issues in tax policy and revenue administration. In this regard, lessons learned thanks to the RMTF enabled FAD staff to prepare several IMF Fiscal Affairs Department (FAD) guidance notes on tax policy and revenue administration as part of the IMF Special Series on COVID-19, which have been widely disseminated.<sup>3</sup> The notes, which were appreciated by the authorities, are meant to provide country authorities a framework of how to address various challenges related to the COVID-19 crisis from the perspective of taxation. They are using them to develop their own responses. RMTF project managers are also using them as

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<sup>1</sup> The RMTF, a partnership with several development partners, is one of the vehicles through which the IMF is expanding its support for nationally owned efforts to strengthen domestic tax systems and to broaden the use of a range of recently developed diagnostic and analytical tools.

<sup>2</sup> Benin, Bolivia, Cabo Verde, Central Africa Republic, Chad, Congo DR, Côte d'Ivoire, Georgia, Ethiopia, Guinea, Guinea-Bissau, Haiti, Liberia, Malawi, Mali, Mauritania, Rwanda, São Tomé & Príncipe, Senegal, Sierra Leone, Paraguay, and Uzbekistan.

<sup>3</sup> <https://www.imf.org/en/Publications/SPROLLS/covid19-special-notes#fiscal>

a basis for providing granular and country-focused remote capacity development (CD) in specific areas, for example, in developing and implementing business continuity plans (BCP) in tax and customs administration, including safeguarding revenue collections and maintaining or restoring pre-crisis compliance levels, and pressing tax policy issues.

**Overall, the RMTF projects progressed well for most of the year.** On the performance side, the majority of beneficiary organizations are progressing well with their outcomes, with more now concentrated in the higher ranges of partially and largely achieving their outcomes under the Results Based Management (RBM) scores<sup>4</sup>. With several projects ending in April 2020, this is a good indicator that countries are on track and achieving their planned results over time. Three years into the RMTF, total expenditure stand at US\$ 40.4 million against an approved budget of US\$ 72.8 million. This translates to an execution rate of 56 percent (in \$ terms), cumulatively.

**Support during the first quarter of FY21 will remained focused on short-term issues related to the immediate crisis, including helping countries plan for the post-crisis period, while keeping an eye on the medium-term reform objectives.** Additionally, CD will most likely have to be provided remotely during most of the first half of FY21. FAD is continuing to develop its approaches to delivering remote CD support, drawing from lessons learned from this and previous crises.<sup>5</sup> To be able to accommodate a surge in demand, the FY21 budget is provisioned with resources significantly in excess of actual execution in FY20 of US\$15 million, which will be revisited at the time of the FY21 mid-year review when there will be more clarity on budgetary demands.

**Early lessons from the COVID-19 pandemic, in the area of revenue administration for example, point to the importance of structural reforms supported under the RMTF,** e.g., digitalizing tax compliance, improving business processes (including business continuity), and enhancing taxpayer compliance risk management—the latter particularly to better understand and address shifts in taxpayers' compliance as a consequence of the crisis. Indeed, countries that have been progressing well in these areas have been better able to respond to the crisis. Looking ahead, the COVID-19 pandemic could (and should) be a catalyst and trigger enhanced efforts by country officials address these structural reform priorities to achieve faster progress; the RMTF is well positioned to continue supporting this effort. Also, ongoing FAD work toward developing two on-line training courses, on tax administration (e-TACT) and on revenue forecasting and analysis respectively, and practical analytical tools to assist countries to implement FAD's technical advice, will be critical to complement in-country CD work and expand CD reach. RMTF CD support will continue helping countries to develop resilient tax capacity to address both short-term and more medium-term reform priorities.

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<sup>4</sup> The IMF's RBM system rates outcomes on a 1 (not achieved) to 4 (fully achieved).

<sup>5</sup> For example, lessons FAD learned from providing remote CD for an extended period to the Liberian tax administration during the Ebola crisis, support that the TPA-TTF funded, have been very helpful.

**With 18 RMTF projects ending on April 30, 2020, the process of reviewing project progress, assessing achievements, and determining the next steps continued during the year.**<sup>6</sup> Project managers continued discussions with country counterparts, IMF area department country teams, and development partners active in the respective countries on the status of project achievements, country reform priorities, and the level of interest and commitment to complete reforms and/or move onto the next stage of reforms. In a number of countries, this exercise was impacted by the COVID-19 pandemic. Following these discussions: one project (WAEMU)<sup>7</sup> came to an end on April 30, 2020; six were approved for extension (including new successor projects in three) by the SC meeting in December 2019;<sup>8</sup> five were extended administratively by six months;<sup>9</sup> while another six are being submitted to the SC for extension by 12 months. This will allow FAD staff to continue discussions with country authorities and to provide urgently needed COVID-19 related CD. Three new projects (Burkina Faso, Ghana, and Pakistan) are also presented for the consideration of the SC.

**The RMTF's mid-term independent evaluation will be postponed to a future date.** The ongoing travel restrictions and uneven access to facilities and technology by stakeholders and that of the authorities of beneficiary countries mean that remote evaluations are not ideal. More importantly, beneficiary country authorities are engaged in dealing with the current crisis and will not be able to devote time and resources to contributing to the evaluation. The request to postpone the RMTF independent evaluation by tentatively 4 months (to December 2020) is being submitted for endorsement by the SC.

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<sup>6</sup> Bolivia, CAR, Guatemala, Honduras, and São Tomé and Príncipe.

<sup>7</sup> West Africa Economic and Monetary Union

<sup>8</sup> For projects that came to an end on April 30, 2019 (whether or not successor projects were subsequently launched), completion reports will be submitted to the SC in December 2020

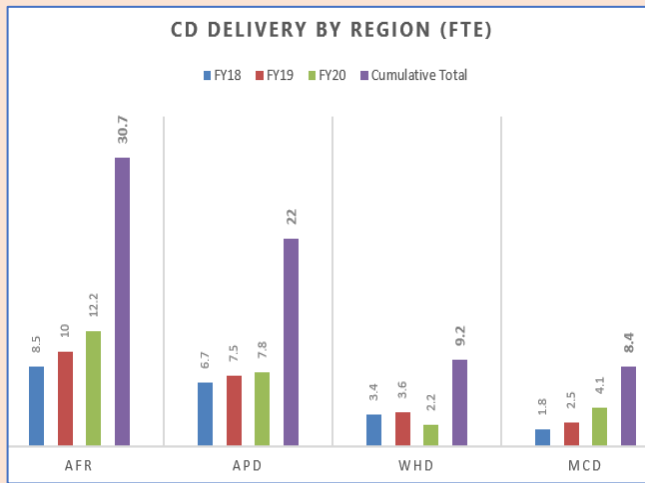
<sup>9</sup> Bolivia, Central Africa Republic, Ethiopia, Honduras, and São Tomé and Príncipe.



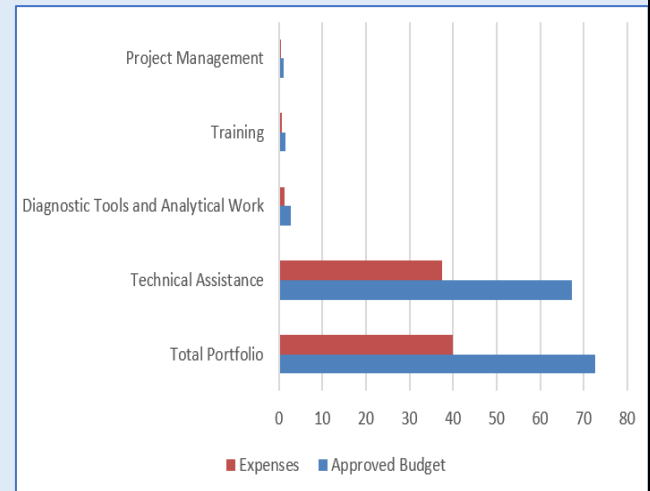
## RMTF AT-A-GLANCE – JUNE 2020

**Key Objectives:** The RMTF was launched by the IMF, in partnership with several development partners, to help meet an increased demand for CD from low-and lower middle-income countries in the area of RM.

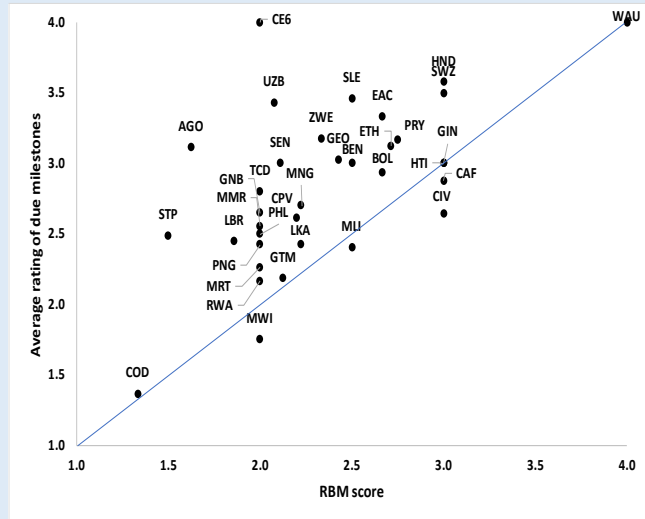
Despite the COVID-19 pandemic, CD delivery under the RMTF was scaled up, including use of remote delivery in the later months...



A diverse portfolio with approved budget of \$72.8 million, and an execution rate of 56 percent...



Good progress being made in most countries, milestones rate much higher than outcomes, bodes well for eventual outcome performance....



Key reform milestones achieved...

- ✓ Enactment of new laws: VAT laws in Angola and São Tomé & Príncipe (ST&P); Tax Administration Laws in Mauritania and Myanmar; and regulations for new legislation in Mongolia.
- ✓ Publication of Tax Expenditure Assessment in Congo DR.
- ✓ Establishment of Tax Policy Unit in Uzbekistan.
- ✓ Publication of new Medium-term Strategic Plans for revenue administrations in Cabo Verde and Uzbekistan.
- ✓ Tax administration organizational structures refined in ST&P and approach to large taxpayer management improved in Eswatini, Georgia, Mongolia, and Uzbekistan.
- ✓ Design and implementation of compliance risk management (CRM) plans in Chad, Georgia, Honduras, and Mongolia.
- ✓ Expanded use of third-party data sources in Bolivia.
- ✓ Data cleansing advanced and taxpayer registration processes improved in Bolivia, Central Africa Republic (CAR), Côte d'Ivoire, Guinea-Bissau, Papua New Guinea (PNG), etc.
- ✓ Improved filing, payment, and audit procedures in Benin, Bolivia, Ethiopia, Georgia, Mali, Myanmar, Uzbekistan, etc.
- ✓ New information technology (IT) tools or strategy in Côte d'Ivoire, Ethiopia, Georgia, Senegal, ST&P, etc.
- ✓ HR modernization strategies being prepared in Côte d'Ivoire and Mali.

## I. INTRODUCTION

**1. The RMTF focuses on LLMICs with a view to helping countries generate sustainable revenue to finance essential infrastructure and the social spending needed to meet growth and development objectives.** It has two main delivery approaches: intensive support for transformational reform to countries' tax systems, including redesigning tax policy frameworks and strengthening revenue administrations' core functions; and targeted support focused on specific areas of the tax system where improvements are most needed. The RMTF also has specific modules for training, diagnostic tools, and applied analytical work.

**2. CD delivery under the RMTF continues to reflect key country needs and demands in the area of resource mobilization.** Table 1 below shows that the RMTF portfolio during FY20 stood had a total of 41 CD projects ("active") and a variety of modules. Thirty-two ("active") were country projects while three were regional projects.

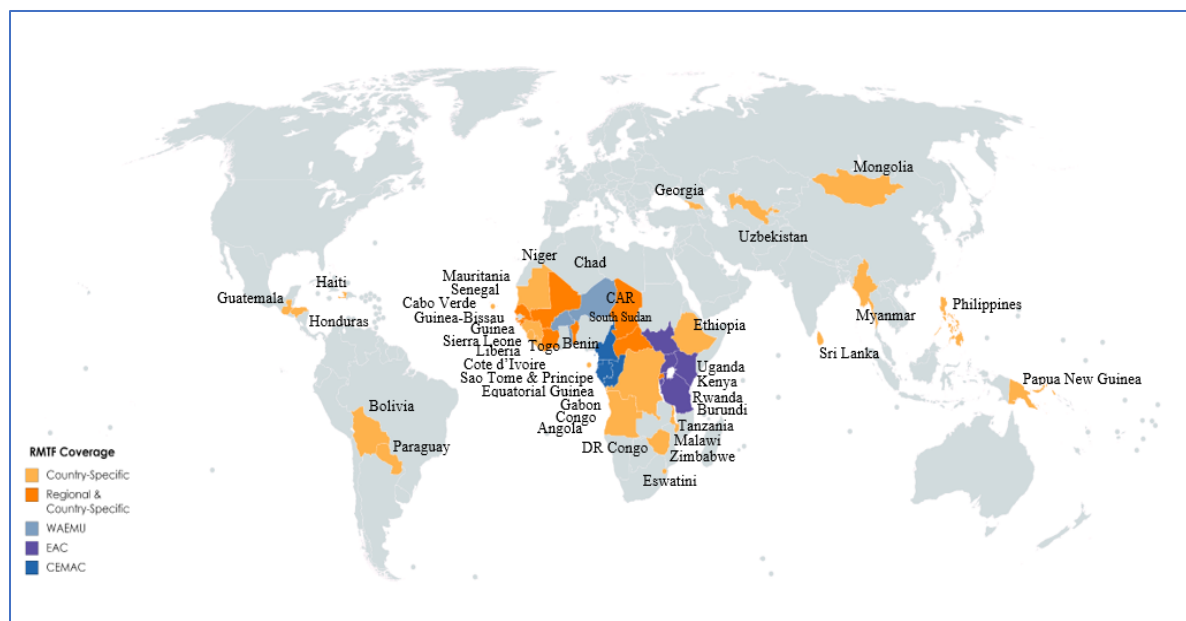
**Table 1. Summary of RMTF Country and Regional Portfolio**

Country/Region	Project Name	Modules	1	2	3	4	5	6	7	8	9
1 Angola	Revenue Administration Reform	I, II, IV, V									
2 Benin	Tax Administration Reform	I, IV, V									
3 Bolivia	Strengthening Tax Policy and Administration	I, II, IV, V									
4 Cabo Verde	Building Institutional Capacity in Tax Administration	I, V, VI									
5 Central Africa Republic	Tax Administration Reform	V									
6 Chad	Strengthening Revenue Administration	I, V									
7 Congo, DR	Congo, DRC: Controlling Tax Expenditures and Streamlining Nuisance Taxes	II, V, VI									
8 Cote d'Ivoire	Cote d'Ivoire: Tax Administration Reform	IV, V, VI									
9 Eswatini	Tax Administration Strengthening Program	III, IV									
10 Ethiopia	Foundational Reform for Sustainable Compliance	I, V									
11 Georgia	Revenue Administration Reform	I, III, IV, V									
12 Guatemala	Strengthening Tax Policy and Administration	I, II, IV, V									
13 Guinea	Improving Income Tax	II									
14 Guinea Bissau	Building Institutional Capacity in Tax Administration	I, II, IV, V, VI									
15 Haiti	Modernizing Tax System Through New Tax Code	II									
16 Honduras	Modernizing Revenue Administration	I, II, IV, V									
17 Liberia	Building Institutional Capacity in Tax Administration	I, II, IV, V, VI									
18 Mali	Strengthening Tax Administration	IV, V, VI									
19 Malawi	Revenue Administration Project	I, V									
20 Mauritania	Tax Administration Reform	IV, V									
21 Mongolia	Improving Taxpayer Compliance	II, IV, V, VI									
22 Myanmar	Tax Policy and Administration Strengthening	I, II, III, IV, V, VI									
23 Papua New Guinea	Revenue Mobilization: Medium-Term Revenue Strategy	I, II, III, IV, V, VI									
24 Paraguay	Revenue Administration Reform	IV, V									
25 Philippines	CD on Tax Treaty Negotiations and Other International Taxation Areas	II									
26 Rwanda	Foundations for Sustainable Domestic Revenue Mobilization Capacity	I, II, III, IV, V, VI									
27 Sao Tome and Principe	Tax Administration Reform	I, III, V, VI									
28 Senegal <sup>1</sup>	DRM Through Simpler Tax System and Stronger Administration	II, III, V, VI									
29 Senegal	Launching and Supporting a Medium-term Revenue Strategy	I, II, III, V, VI									
30 Sierra Leone	Embracing Reform to Revenue Mobilization	I, III, IV, V									
31 Sri Lanka	Improving Taxpayer Compliance	II, IV, V, VI									
32 Uzbekistan	Tax System Reform	I, II, III, IV, V, VI									
33 Zimbabwe	Foundations for Sustainable Tax Compliance	I, V									
34 EAC	Tax Coordination and Tax Treaty Negotiation	II									
35 CEMAC	Enhancing DRM through Tax Harmonization Framework	II									
36 WAEMU	Tax Coordination: Achieving WAEMU Treaty Objectives	II									
37 West Africa <sup>1</sup>	Regional CD on HR Management	VI									
38 IMF	RA-FIT/SORA: Data Gathering, Analysis and Dissemination	VIII									
39 IMF	Building Tax Policy Analysis and Revenue Forecasting Capacity	VIII									
40 IMF <sup>1</sup>	Online Training (Concept Note)	VIII									
41 IMF	Electronic Tax Administration Capacity Training (e-TACT)	VII									
42 IMF <sup>1</sup>	Analytical Work: How-to Note on Tax Expenditures	IX									
43 IMF	Analytical Work: Autonomy in Revenue Administration	IX									
44 IMF	Analytical Work: COVID-19 Policy Notes	IX									
45 IMF	Analytical Work: International Tax Notes	IX									
	<b>Total modules</b>		<b>20</b>	<b>20</b>	<b>10</b>	<b>20</b>	<b>29</b>	<b>16</b>	<b>3</b>	<b>1</b>	<b>4</b>

1. Projects are completed  
Training or diagnostic tools activities delivered as an integral part of TA are shaded blue

**3. CD projects are also distributed across a broad range of geographical regions:** Africa (19 and accounting for about half of RMTF resources), Asia Pacific (5), Middle East and Central Asia (3), and Western Hemisphere (5). Three are regionally focused CD projects in Sub-Saharan Africa (SSA)—Central African Economic and Monetary Community (CEMAC), East Africa Community (EAC), and WAEMU.<sup>10</sup> Figure 1 shows regional coverage of the RMTF. Section II of the report highlights developments and progress in key areas according to the RMTF’s main modules. Specific areas of assistance and results are also discussed and subsequently elaborated (by project) in Appendix IV.

**Figure 1. Geographical Distribution of the RMTF**



<sup>10</sup> CEMAC is made up of six states: Gabon, Cameroon, the Central African Republic, Chad, the Republic of the Congo and Equatorial Guinea. EAC is made up of six states: Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda. WAEMU is made up of eight states: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.

## II. DEVELOPMENTS AND OUTLOOK

### A. Impact of COVID-19

**4. The COVID-19 pandemic and its economic consequences will cause a major increase in fiscal deficits and public debt ratios across countries.** This means that, for low income developing countries, financing the development agenda in a sustainable way will become more challenging, considering the already-high debt levels and given (at least in the short-term) potential revenue losses and spending needs arising from the COVID-19 pandemic. They will need to strike a balance between addressing development needs and safeguarding debt sustainability once the health crisis wanes. Achieving this balance requires adhering to sound medium-term fiscal frameworks, raising domestic revenues, improving the efficiency of spending, and facilitating private sector activity through structural reforms and improvements in governance and the rule of law.<sup>11</sup>

**5. COVID-19 posed serious challenges to CD delivery during the last two months of FY20 but the RMTF has provided the needed flexibility to respond to countries' needs promptly.** Staff were able to pivot quickly to remote CD delivery and readjusted their work programs to ensure countries were supported during this difficult period.<sup>12</sup> CD support has been very flexible taking different forms, like "regular" CD delivered remotely, participation in "virtual boardroom" meetings, remote STX visit, short engagements through calls, or drafting or commenting on country specific issues. For the intensive CD project countries, the role of FAD resident advisors has also been pivotal in ensuring continuity of FAD support.

**6. The delivery of CD through virtual platforms remains challenging, especially given that many countries are also working remotely, but solutions were quickly incorporated to overcome challenges.** See Box 1 for Lessons Learned in Virtual Remote CD Delivery. While in some countries, management capacity allowed some degree of continuing focus on the ongoing medium-term reforms, CD support also focused on new areas, such as developing and implementing business continuity plans (BCP) and revenue safeguarding measures (e.g., Cape Verde, Cote d'Ivoire, Senegal, Bolivia and Guatemala)—See Table 2 for CD activities in the aftermath of COVID-19.

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<sup>11</sup> Source and for details, see IMF's Fiscal Monitor, April 2020.

<sup>12</sup> A total of nine HQ missions were delivered (remotely) during the two-month period, March to April 2020, which compares favorably with the 47 missions (about five a month) delivered between May 2019 to February 2020. However, only 23 expert assignments were delivered in the last two months compared to a total of 159 during the first ten months (an average of 16 per month).

**Table 2. Remote Delivery in March and April 2020**

Beneficiary Country	CD activity	Topic
Malawi	STX	COVID-19- REMOTE WORK-Tax Administration
Mongolia	STX	COVID-19 Tax Administration [WFH]
Senegal	STX	Review MTRS document
Paraguay	STX	Tax Administration CD
Honduras	STX	COVID-19- Managing tax exemptions
Ethiopia	STX	Review of Business Process Transformation for ITAS WFH
Ethiopia	STX	IT Strategy WFH
Ethiopia	HQ mission	COVID-19- Delivered Remotely- Strengthen tax policy department
CEMAC	HQ mission	COVID-19- Follow-up: Revise the corporate income tax directive
Guinea-Bissau	STX	COVID-19-Tax administration follow-up
Mongolia	STX	COVID-19 Tax Administration [WFH]
Myanmar	STX	COVID-19 Tax administration Remote Delivery
Papua New Guinea	STX	COVID-19: Finalizing the draft income tax act under the MTRS [Remote
Malawi	STX	STX work from home
Paraguay	STX	COVID-19--Remote- Strengthening of the tax administration processes
Paraguay	STX	COVID-19- Remote Delivery- Strengthening of the DGI processes
Cabo Verde	STX	Electronic Invoice Design WFH
Ethiopia	STX	Reform Governance: Strategic Partnership Implementation WFH
Bolivia	HQ mission	COVID-19 Design and implement a comprehensive Business Continuity
Guatemala	HQ mission	COVID-19 Design and implement a comprehensive Business Continuity
Cabo Verde	HQ mission	COVID-19 Design and implement a comprehensive Business Continuity
Ethiopia	STX	COVID-19- Remote Work- Excise Tax Law Implementation

**7. A key FAD-wide initiative that was supported by the RMTF was the preparation of several notes on fiscal issues in response to COVID-19.**<sup>13</sup> The notes (which are available on [imf.org](http://imf.org) and are the subject of discussion on TADAT<sup>14</sup> podcasts) provide advice on different fiscal policy and management measures to respond to the COVID-19 crisis. The notes are in addition to the tracker of fiscal measures that IMF member countries are implementing, which allows members to see how other countries have responded.<sup>15</sup> These resources were found useful by country officials and have informed their discussions with RMTF project managers regarding granular country specific

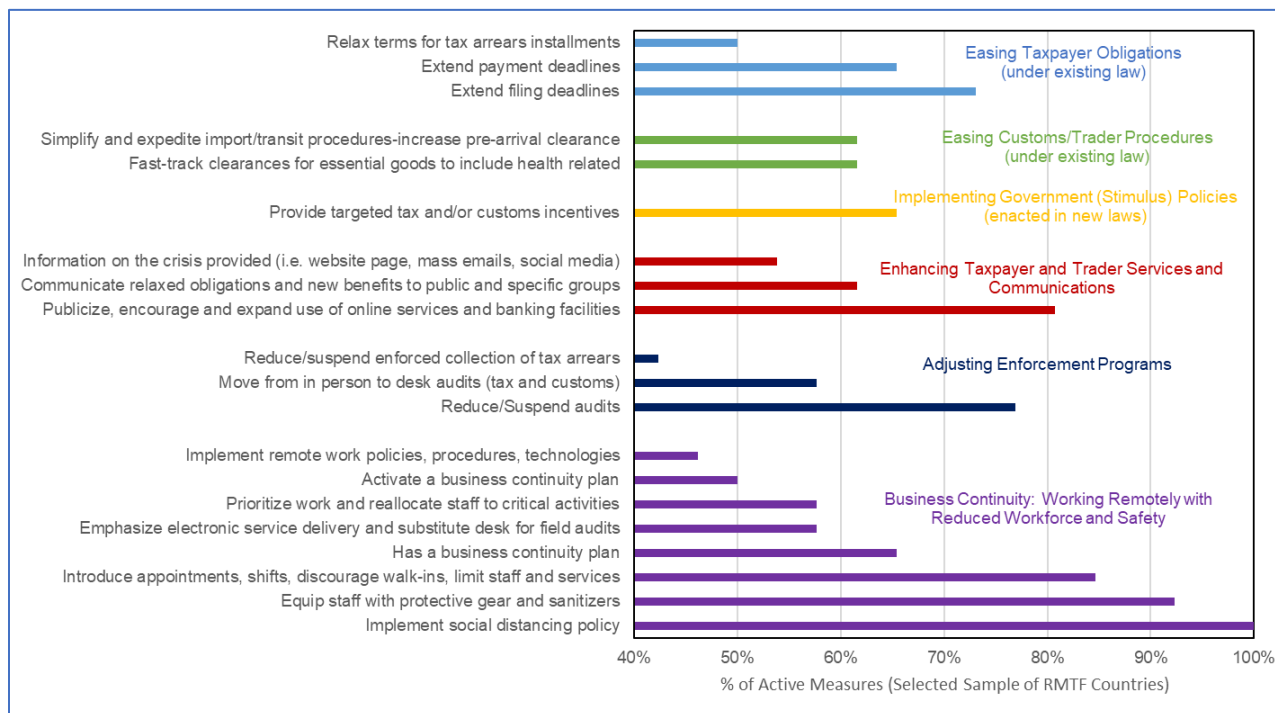
<sup>13</sup> Topics addressed include: (1) Tax Issues: An Overview; (2) Tax and Customs Administration Responses; (3) Business Continuity for Revenue Administrations; (4) Priority Measures for Customs Administrations; (5) Natural Resource Fiscal Regimes: Tax Policy Response; (6) Revenue Administration: Safeguarding Revenues for Oil-Producing Countries; (7) Challenges in Forecasting Tax Revenue; (8) Temporary Investment Incentives; (9) Revenue Administration: Reinventing Operations to Safeguard Collection and Compliance; (10) Greening the Recovery; etc.

<sup>14</sup> Tax Administration Diagnostic Assessment Tool.

<sup>15</sup> <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>

responses. A sample compilation of COVID responses in 26 RMTF countries<sup>16</sup> shows that the common reform areas in revenue administration, for example, are in line with proposals in the FAD notes—(Figure 2).

**Figure 2. Revenue Administration COVID-19 Response Measures (% of RMTF countries)**



Source: Country survey information compiled by IMF

**8. FAD also complemented CD operations with a new “on demand” channel for engaging with authorities and for them to request feedback on fiscal policy and management issues.**

Two email boxes were created where the authorities could send questions and CD requests to FAD on both revenue issues (tax policy and administration) ([CDsupport-revenue@imf.org](mailto:CDsupport-revenue@imf.org)) and spending issues (public financial management and expenditure policy) ([CDsupport-spending@imf.org](mailto:CDsupport-spending@imf.org)). The objective is to respond to CD requests as they arrive, in close consultation with IMF area department staff.

**9. Looking toward FY21 implementation, project managers are actively engaging the authorities and the IMF country teams to reorient CD work plans to providing remote CD for, potentially, most of the first half of FY21.** In doing this, project managers are taking into account capacity and technological constraints when delivering CD during the crisis while not losing sight of

<sup>16</sup> Survey responses from 26 RMTF countries compiled by IMF staff. (Angola, Benin, Bolivia, Burkina Faso, Cape Verde, Central African Republic, Chad, Congo-Kinshasa, Côte d'Ivoire, Eswatini, Ethiopia, Ghana, Guatemala, Guinea, Guinea-Bissau, Honduras, Liberia, Malawi, Mali, Mauritania, Paraguay, Rwanda, São Tomé & Príncipe, Senegal, Sierra Leone, and Zimbabwe).

medium-term needs. We also see remote delivery as a complement to in-country CD instead of a substitute—a blended approach—perhaps the way forward for the future.

### **Box 1. Lessons Learned in Virtual Remote CD Delivery**

#### **Pre-mission (experience shows this requires more time than in-person missions):**

- Secure strong commitment from the authority.
- Secure counterpart focal person and team.
- Provide clear scope, preferably a few very specific issues, narrowly defined and carefully tailored to the country capacity.
- Design clear schedule of topics, information, and data requests.
- Clarify the expectations and deliverables, being realistic.
- Test equipment – involve IT staff in tax administration, if possible.
- Ensure conducive environment for delivery - i.e. strong internet connectivity, quiet and well-lit environment, camera at or above eye level, headphones and/or headset to reduce background noise etc.
- Leverage the FAD resident advisor to facilitate planning and delivery (where in place).
- Plan for any needed interpretation/translation support to assist the mission work.

#### **During mission meetings:**

- Be flexible on options for videoconference to accommodate the authorities' virtual infrastructure – adjust content based on security level of platform.
- Always be aware of data security issues and confidentiality in all transmissions and contact with authorities.
- Be mindful of the challenges on the authorities' side, i.e. staff working from home or on mandatory leave.
- Extend mission dates if necessary – remote delivery takes longer in calendar days – time needed for assimilation and response.
- Contract experts familiar with the country situation, preferably with recent work in the country, and known to counterparts.
- Consider the timing of delivery – multiple time zones for participants.
- Set duration for shorter periods to maintain attention (1 to 3 hours).
- Communicate meeting parameters and protocols, i.e. muting microphones, one speaker at a time, etc.
- Limit the days between meetings – long gaps can lead to the need to repeat material.

#### **Post-meeting:**

- Share written minutes/key discussion points.
- Agree on assignments for follow-up to maintain engagement – Identify clear deliverables—what, who and when.
- Agree and communicate date and scope of the next engagement.
- Communicate frequently with focal person between meetings – reconfirm as circumstances evolve.
- Keep head/senior management informed on progress and challenges to ensure continued commitment.

## **B. Program Portfolio**

**10. The overall RMTF program portfolio, including completed projects, covers three main areas with total approved projects amounting to \$72.8 million:**

- **Delivering CD (modules I – VI):** These modules support the design and implementation of strategies to strengthen tax policies and tax administrations' managerial and operational

capacity. There are 33 country (32 are “active”) and four regional (three are “active”) projects with total approved budgets of \$67.3 million (92.6 percent of the total approved portfolio).<sup>17</sup>

- **Building Human Capital through Learning (module VII).** This module seeks to enhance tax policy and tax administration staff knowledge and skills to support better institutions. There are a total of four projects (three are “active”) with total approved budgets of \$1.5 million (2.1 percent of the total approved portfolio).
- **Developing and Disseminating Applied Diagnostic Tools and Analysis (modules VII and IX). These modules promote the development of analytical tools to support informed policy and administration decisions.** There are a total of four projects (three are “active”) with total approved budgets of \$2.8 million (3.9 percent of the total approved portfolio)

**11. Total expenditure (cumulatively), at end of April 2020, stood at US\$ 40.4 million which continues the upward trend in execution as well as the addition of eleven new projects.** The shows an overall budget execution of 56 percent, which is in line with expectations—Table 3.

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<sup>17</sup> Includes a budget of US\$ 0.9 million for one-off and scoping missions; see Table 2 for details.



**Table 3. Project Financial Status, As of April 30, 2020**

(in thousands of US\$)

Country	Approved Budget as of Dec 19	Approved Budget as of Apr 20	FY17 Expenses	FY18 Expenses	FY19 Expenses	FY20 Expenses	Total Expenses	Remaining Budget <sup>1/</sup>	Execution (%)
<b>Technical Assistance</b>	<b>65,915</b>	<b>66,414</b>	<b>13</b>	<b>10,546</b>	<b>12,635</b>	<b>13,928</b>	<b>37,121</b>	<b>29,231</b>	<b>56%</b>
Guinea	369	394	-	41	162	188	392	2	99%
Mongolia	3,820	3,851	-	1,196	1,162	1,464	3,822	28	99%
Paraguay	1,527	1,527	-	347	572	546	1,464	63	96%
Cote D'Ivoire	1,274	1,274	-	364	387	469	1,221	53	96%
Senegal	1,316	1,316	-	438	671	145	1,254	-	95%
Ethiopia	1,802	1,802	-	359	536	769	1,664	138	92%
Kingdom Of Eswatini	794	944	-	253	252	357	862	81	91%
Haiti	654	654	-	292	152	131	575	79	88%
Guatemala	1,458	1,458	-	650	452	107	1,208	249	83%
Bolivia	809	809	-	234	277	155	665	144	82%
Sri Lanka	1,671	1,671	12	385	593	319	1,309	362	78%
WAEEMU:West African Eco/Monetar	197	197	-	62	34	57	152	45	77%
Sao Tome And Principe	1,203	1,203	-	298	295	331	923	280	77%
Honduras	1,190	1,190	-	261	386	244	891	299	75%
Central African Republic	610	691	-	192	202	122	517	174	75%
Georgia	3,317	3,317	-	683	908	803	2,393	924	72%
Mauritania	684	684	-	195	203	89	488	197	71%
Myanmar, Union Of	6,455	6,455	1	1,888	1,212	1,322	4,423	2,031	69%
Benin	1,071	1,071	-	199	263	264	726	345	68%
Sierra Leone	894	894	-	223	206	172	600	294	67%
Mali	1,125	1,125	-	190	314	242	745	380	66%
Congo, Democratic Republic Of	667	667	-	-	208	231	439	228	66%
Papua New Guinea	3,783	3,783	-	-	1,015	1,330	2,345	1,438	62%
Uzbekistan	2,484	2,484	-	-	1,194	1,226	1,420	1,064	57%
Cabo Verde	1,810	1,810	-	286	302	391	979	831	54%
East African Community	984	984	-	265	172	94	531	453	54%
Guinea-Bissau	2,038	2,038	-	379	393	259	1,032	1,006	51%
Chad	875	1,089	-	-	203	328	531	559	49%
Liberia	3,720	3,720	-	668	638	156	1,461	2,258	39%
CEMAC - Com. Econ. Mon. AFR Ce	1,730	1,730	-	200	273	142	615	1,115	36%
Senegal(new)	2,016	2,016	-	-	-	539	539	1,477	27%
Angola	1,741	1,741	-	-	-	271	271	1,470	16%
Philippines	333	333	-	-	-	40	40	293	12%
Malawi	2,861	2,861	-	-	-	305	305	2,556	11%
Zimbabwe	1,873	1,873	-	-	-	195	195	1,678	10%
Rwanda	1,340	1,340	-	-	-	124	124	1,216	9%
Benin(new)	1,393	1,393	-	-	-	-	-	1,393	-
Mongolia(new)	2,592	2,592	-	-	-	-	-	2,592	-
Paraguay(new)	1,435	1,435	-	-	-	-	-	1,435	-
<b>Training</b>	<b>1,360</b>	<b>1,360</b>	<b>-</b>	<b>72</b>	<b>296</b>	<b>233</b>	<b>602</b>	<b>758</b>	<b>44%</b>
Building Tax Policy Analysis and Revenue Forecasting Capacity	577	577	-	72	270	101	444	133	77%
Revenue Administration Training	26	26	-	-	26	-	26	-	100%
Electronic Tax Administration Capacity Training	758	758	-	-	-	132	132	626	17%
<b>Research Projects</b>	<b>2,678</b>	<b>2,678</b>	<b>-</b>	<b>501</b>	<b>408</b>	<b>421</b>	<b>1,330</b>	<b>1,348</b>	<b>50%</b>
RA-FIT/SORA	2,315	2,315	-	495	354	224	1,072	1,243	46%
Analytical Work: How-to Note on Tax Expenditure:	54	54	-	6	48	-	54	-	100%
Autonomy in Revenue Administration	308	308	-	-	6	197	203	106	66%
<b>Workshops</b>	<b>173</b>	<b>173</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>120</b>	<b>31%</b>
West Africa: Workshop (RMTF)	53	53	-	53	-	-	53	-	100%
Global VAT Conference (RMTF)	120	120	-	-	-	-	0	120	-
<b>Scoping Missions</b>	<b>890</b>	<b>890</b>	<b>212</b>	<b>154</b>	<b>234</b>	<b>199</b>	<b>800</b>	<b>60</b>	<b>90%</b>
Burkina Faso	155	155	-	-	-	95	95	60	61%
Central African Republic	35	35	35	-	-	-	35	-	100%
Congo, Democratic Republic Of	30	30	-	30	-	-	30	-	100%
Guinea	27	27	27	-	-	-	27	-	100%
Haiti	83	83	-	-	49	1	50	-	100%
Cambodia	108	108	-	108	-	-	108	-	100%
Sri Lanka	95	95	91	4	-	-	95	-	100%
Rwanda	99	99	-	-	47	55	103	-	100%
Sao Tome And Principe	71	71	59	12	-	-	71	-	100%
Zimbabwe	186	186	-	-	138	48	186	-	100%
<b>Small Projects</b>	<b>50</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>41</b>	<b>59</b>	<b>41%</b>
Building revenue administration capacity to manage international tax risks (RMTF)	50	50	-	-	-	10	10	40	20%
COVID-19: Developing Guidance for RA and TP (RMTF)	-	50	-	-	-	31	31	19	62%
<b>Administrative/Governance Cost</b>	<b>1,146</b>	<b>1,146</b>	<b>20</b>	<b>179</b>	<b>166</b>	<b>131</b>	<b>496</b>	<b>650</b>	<b>43%</b>
Program Management	1,146	1,146	20	179	166	131	496	650	43%
<b>Total</b>	<b>72,211</b>	<b>72,760</b>	<b>245</b>	<b>11,505</b>	<b>13,739</b>	<b>14,952</b>	<b>40,441</b>	<b>32,227</b>	<b>56%</b>
of which Trust Fund Management Fee	4,724	4,760	16	753	899	978	2,646	2,108	

<sup>1/</sup>The remaining balance for closed projects is zeroed out upon project completion.

## C. CD Focus and Results

### Overview

**12. CD under the RMTF continues to be coordinated closely with the IMF Regional CD Centers (RCDCs) and other active development partners.** The examples below are illustrative and are not meant to report on all collaborative work. The discussions that follow, while reflecting areas the RMTF supported, may also have been supported by other partners.

- **Zimbabwe:** CD in preparing a strategic plan was provided by AFRITAC South (AFS), while RMTF CD supported the design of reform governance structures, identification of major reforms for the year, and development of a framework for reflecting reform deliverables into operational plans.
- **Ethiopia:** CD to support a new integrated tax administration system (ITAS) was coordinated across DFID, the RMTF, and AFRITAC East (AFE). For example, the RMTF and AFE jointly provided expertise to draft an IT Strategy that was finalized with UK's Department for International Development (DFID)'s support, and design of new business processes for ITAS implementation was provided by DFID, while RMTF CD was used to review these proposals and provide additional insights.
- **Myanmar:** Experts from the IMF, World Bank (WB), and Norwegian Agency for Development Cooperation (NORAD) collaborated to assist the authorities to strengthen revenue and expenditure forecasting by developing forecasting models and establishing a new unit of expertise. This unit was called on by the government to support COVID-19 response issues.
- **Sri Lanka:** VAT support funded through the RMTF is undertaken in close coordination with income tax support delivered through SARTTAC,<sup>18</sup> following an integrated workplan that was designed to enhance reform progress. For example, strengthening the administration's approach to CRM and core functions, while the new income tax law was being implemented allowed for a staged capacity enhancement, and will enable timely implementation of the concepts across all tax types.

### Module 1 (reform strategy and management)

**13. This continues to be an active module with CD being provided in many forms.** All countries receiving support under this module have a medium-term strategic or reform plan (PNG has a medium-term revenue strategy (MTRS)) and are at different stages of implementing these plans. CD focus therefore has been on developing new plans (in the case of those that are coming to an end) or updating existing plans, reprioritizing activities, preparing annual business plans, and finetuning the key performance indicators (KPIs) (e.g., Cabo Verde, Chad, Liberia, Malawi, Myanmar,

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<sup>18</sup> The IMF's South Asia Regional Training and Technical Assistance Center.

ST&P, Uzbekistan, Mauritania, Zimbabwe).<sup>19</sup> A number of RMTF beneficiary countries taking steps toward formulating (Benin, Ethiopia, Rwanda, and Senegal) or implementing a MTRS (PNG) also received support. For example: an MTRS workshop in Rwanda prepared a roadmap for the MTRS formulation, which is being implemented by the authorities; tax policy and revenue administration advice was prepared to inform the authorities' plans in Ethiopia and Senegal; and MTRS analytical work (TADAT and RA-GAP<sup>20</sup>) and training of local counterpart teams was carried out in Benin. Reform management, including establishment of robust reform program planning and reporting procedures, however, remains a challenge in many countries (e.g., PNG); CD has also focused on strengthening this area (Sierra Leone, Myanmar, Zimbabwe).

## **Module 2 (tax policy design)**

**14. Tax policy design is a focus area in more than half of the CD delivery projects.**<sup>21</sup> Projects in three countries, Congo DR, Guinea, and Haiti, are now at or near completion. Key achievements under these projects include the successful drafting of Haiti's first tax code, the redrafting of the tax code in Guinea, and the publication of Congo DR's first tax expenditures assessment. In Senegal, the recently completed CD (including local and property taxation, telecom taxation, business taxation, and the new law on hydrocarbon) has been critical input into the formulation of a new MTRS. In Uzbekistan, TPD assisted in setting up a tax policy unit and in developing a framework for tax policy reforms, while also providing advice on indirect taxes and mining and petroleum taxation (going forward, CD on natural resource taxation is being provided under a parallel Managing Natural Resources Wealth Topical Trust Fund (MNRW) project). In Ethiopia, tax policy advice led to the issuance of new excise tax legislation, tabling for debate the redrafted VAT proclamation and regulations, and the consolidation of corporate income tax (CIT) tax expenditures. The PNG project reached a key milestone in February 2020 with the release for public consultation of a new draft income tax law, which is expected to be submitted to Parliament for approval later this year.

**15. Providing regional CD has proven to be an effective and cost-efficient way to promote best practices across a wide range of countries.** Ongoing projects in the CEMAC, EAC, and WAEMU sub-regions leverage the presence of an existing regional infrastructure and largely focus on updating or introducing regional tax instruments (e.g., tax directives) to promote good practices, limit harmful tax competition, and support domestic resource mobilization. The results of such

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<sup>19</sup> For illustration purposes, Myanmar tax administration has a strategic plan, prepared with RMTF CD in 2017 - *Reform Journey: A Plan to Mobilize Domestic Revenue 2017-18 to 2021-22*. The resident advisor was actively engaged in reviewing and preparing new Reform Project Activity Plans and in strengthening reform governance processes over the past 12 months. He has also assisted in reprioritizing reform initiatives to accommodate shifting areas of focus by the administration. In addition, the last HQ mission in June 2019 reviewed reform progress and made proposals on competencies that require strengthening to reduce risks inherent in the challenging reform agenda.

<sup>20</sup> Revenue Administration Gap Analysis Program (RA-GAP).

<sup>21</sup> This work is led by FAD's Tax Policy Division (TPD) and supported by the IMF's Legal Department (LEG). TPD continued to support countries following the COVID-19 crisis, both through existing projects and responding to new requests.

regional CD, including a new CEMAC Excise Directive and a new WAEMU Tobacco Excise Directive, are already having an impact on member countries' domestic tax policies which are gradually adjusting to the new regional standards.

### **Module 3 (tax administration organization)**

**16. Advice on establishing modern organizational structures is a focus area in about one third of the RMTF-beneficiary countries.** CD therefore focused on refining organizational structures, along functional lines, (Sierra Leone, ST&P, and Zimbabwe) and/or strengthening taxpayer segmentation (Georgia, Eswatini, Sri Lanka, and Uzbekistan) and putting in place effective program design and monitoring headquarters (HQ) functions (Eswatini and Uzbekistan). Reform progress is being made in many countries, for example the role of the HQ function<sup>22</sup> has been clarified in Eswatini, a new large taxpayer office (LTO) was set up in Uzbekistan, and a Transfer Pricing Unit was established within the LTO in Mongolia.

### **Module 4 (tax administration corporate and compliance risk management)**

**17. CD work in this area continues to be diverse and is expected to take on more importance in the post-COVID-19 environment.** Support included training on CRM concepts (Sri Lanka), establishment of the appropriate organizational frameworks for CRM (Myanmar, Sierra Leone, Sri Lanka), strengthening and institutionalizing CRM procedures and strategies (Eswatini, Georgia, Honduras, Mauritania), and design and implementation of compliance improvement plans (CIPs) for the year (Côte d'Ivoire, Guatemala (for the VAT), Mongolia, Myanmar). This work is most advanced in Mongolia where progress is being made to fully embed the process of formulating the annual compliance improvement strategies into the tax administration's annual planning cycle. Despite achievements in some countries, CRM is a challenging area of reform and continues to be a work-in-progress in most countries. More work is needed to develop the officials' skills in CRM and in data analytics, and fully embed the CRM approach into the planning and delivery of operational work cutting across the whole of the tax administration. Lifting taxpayer compliance to pre-COVID-19 levels will be a major challenge for many countries in the short- to medium-term, and those who are already working to develop their CRM approaches will be well-placed for this.

### **Module 5 (Tax administration core business functions and procedures)**

**18. This continues to be the area with strongest demand for CD, including during the crisis.** The majority of the CD work focused on supporting countries to improve the quality of their taxpayer register and strengthen the taxpayer registration processes (Benin, Bolivia, Cabo Verde, Côte d'Ivoire, Ethiopia, Georgia, Guatemala, Guinea-Bissau, Mauritania, PNG),<sup>23</sup> improving return filing, payment of tax, and collection enforcement functions (Benin, CAR, Côte d'Ivoire, Ethiopia,

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<sup>22</sup> Effectiveness of the HQ function remains a challenge in many countries.

<sup>23</sup> But again, much work is still needed in this area to ensure that tax registers are accurate and up to date.

Guatemala, Mali, Myanmar, Mongolia, Paraguay, Sierra Leone), and strengthening the tax audit function, including effective management of VAT refunds (Côte d'Ivoire, Ethiopia, Georgia, Uzbekistan). Redesign of core tax administration processes for implementation of a new IT system was also an area of focus in some countries (Ethiopia, Zimbabwe). Progress was made in many countries; for example, a digital tax ledger that is accessible to taxpayers was deployed successfully in Benin, audit coverage was expanded by increasing issue-oriented audits in Côte d'Ivoire, risk-based and automated verification processes for VAT refunds were implemented in Georgia, which significantly reduced the wait time for payment, and the long-delayed Tax Administration Law (TAL)<sup>24</sup> was passed into law in June 2019 in Myanmar and entered into effect in October 2019. Much work has been done in cleansing taxpayer data in many countries, but more is needed to ensure that tax registers are accurate and up to date to ensure a strong foundation for the delivery of all the other core processes.

## **Module 6 (Tax administration support function)**

**19. This is a growing area which is critical for sustainability of reforms.** Focus has been on development of human resource (HR) strategies (Mali and Côte d'Ivoire) and development of IT strategies and deployment of digital solutions (Cabo Verde, Côte d'Ivoire, Guinea-Bissau, Mali, Myanmar, Rwanda). Through the RMTF, support has been provided to promote the adoption of digital innovations for tax administration; the experiences in Côte d'Ivoire and Senegal are instructive in this respect. In Senegal, for example, a web-based portal (*Mon Espace Perso*) has been implemented allowing taxpayers to access their tax account and related information digitally and directly, without having to contact the tax administration. Deployment of new IT tools (e>Returns in Guinea-Bissau) and digital tools (Côte d'Ivoire) were key developments.

## **Module 7 (Training and Peer Learning)**

### ***Training Workshops***

**20. CD efforts in this area included training workshops on topical issues both as standalone activities or as an integral part of CD missions.** Regarding the former, CD training workshops addressed key issues such as: the MTRS in Rwanda; tax treaties in Arusha, Tanzania, for the EAC-member states, and in the Philippines; CIT for the CEMAC-member states; tax law drafting in Myanmar; risk management in Paraguay; tax administration challenges and reform priorities in Gabon for CAR, Chad, and Congo DR tax executives and in Guatemala, and governance in South Africa for several African countries. Training is routinely delivered as part of the activity of CD missions and short-term expert visits. Some examples include: the income tax act drafting in PNG; calculation of tax expenditures in Congo DR and Rwanda; role of headquarters functions and relationships with field offices in Cabo Verde, tax administration governance in Guatemala, etc. As part of project activities in Paraguay, FAD facilitated an international workshop to share

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<sup>24</sup> The TAL modernizes the administrative procedures for a range of core tax laws.

modernization experiences and best practices on management of the LTO.<sup>25</sup> The workshop discussed modernization challenges, shared experiences on managing these units in the Latin American region, and identified best practices that the tax administration in Paraguay could implement.

### ***Electronic Tax Administration Capacity Training (e-TACT)***

**21. Recruitment of the e-TACT project manager in December 2019 enabled the project to move forward rapidly.** A project plan was developed and regular engagement with partners, including an in-person meeting of the Technical Working Group in December 2019, has resulted in an agreed approach to the design and delivery of the training. The two pilot modules for Strategic Management and Reform Management are currently under development by short-term experts and are on track for pilot delivery in November/December 2020. A project extension to the end of January 2021 has been requested to reflect the delay in the project manager hiring process. This will allow the pilots to be completed and an evaluation of the pilots to be made. Based on the evaluation, it is anticipated that a project proposal for the remaining 14 modules will be developed for endorsement at the December 2020 SC meeting. To date, COVID-19 has not impacted the delivery of the project, and the planned pilot timing of November-December 2020 should still be feasible.

### ***Revenue Forecasting and Analysis***

**22. The development of the online course is progressing well, despite facing some delays.** Modules 1 and 2 have now been finalized, including filming and uploading onto the edX platform.<sup>26</sup> Module 1 discusses the main tax policy principles as well as the institutional structure needed to support revenue forecasting and tax policy analysis. Module 2 offers an introduction to revenue forecasting techniques, and discusses data issues such as structural breaks, the use of different conditional and unconditional models, and explains how to assess forecast errors. Work on Module 3 (forecasting and analysis of indirect taxes) and Module 4 (forecasting and analysis of direct taxes) is ongoing. A final draft of Module 3 is close to completion and should be submitted to management for final approval in the next few weeks. As for Module 4, material on corporate income tax is also well advanced, while development of material on the personal income tax is at an early stage. The COVID-19 pandemic has had no direct impact on the course, although a long-lasting crisis would surely delay in-studio filming of Modules 3 and 4. The course will make reference to the COVID note on “Challenges in Forecasting Tax Revenue”

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<sup>25</sup> Officials from the revenue administrations of the region (Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Panama, Paraguay, Peru, and Uruguay) and Spain made presentations at this workshop.

<sup>26</sup> edX is platform for education and learning founded by Harvard and MIT: <https://www.edx.org/>.

## **TADAT Podcast**

**23. The RMTF partnered with the TADAT Secretariat and other development partners in producing podcasts featuring CD work in two RMTF countries (Honduras and Senegal).** These podcasts, which are produced in English, French, Portuguese, and Spanish, are meant to promote real-time engagement and information sharing between tax officials and practitioners, build an active RM community, and promote RM CD work. The first one, with participation of the Commissioner/Minister of the Honduran Tax Administration, discussed the topic “The Human Factor in Tax Administration”. Two other podcasts, with participation of the Director-General of the Senegalese Tax Directorate discussed “The Senegal Hackathon Approach” and “The Impact of Governance on Tax Administration”. Another podcast with the Deputy Secretary General, CREDAF<sup>27</sup> discussed “Challenges of the COVID-19 Crisis for Francophone Countries”.<sup>28</sup>

## **Modules 8 and 9 (Fiscal Tools, Research and Analysis)**

### ***TADAT, RA-GAP, and Governance Diagnostic Missions***<sup>29</sup>

**24. Various assessments were carried out using FAD/IMF diagnostic tools.** For example, assessments using the TADAT tool were carried out in Benin, Cabo Verde, Eswatini, Honduras, Mali, PNG, and Senegal and tax gap analysis work commenced in Benin. Additionally, RMTF project managers participated in Fund-wide governance missions (not funded under the RMTF) in CAR, Congo DR, Guinea-Bissau, Honduras, Paraguay, and Zimbabwe. The findings of these assessments are being used to refine the CD projects in the respective countries.

### ***ISORA/ISOCA***<sup>30</sup> ***Update***

**25. An extensive review and overhaul of ISORA was undertaken in preparation for ISORA 2020 and future survey rounds.** Detailed analysis of the completeness, consistency, and accuracy of all the questions asked in ISORA 2018 was undertaken. IMF staff also examined the changes in responses between ISORA 2016 and 2018 to both numerical and qualitative questions. The merits of the different approaches to-date practiced by ISORA partners for reviewing data quality and for disseminating data were discussed and agreed by the Technical Working Group. Based on their review, ISORA partners have agreed to implement significant changes in how data are collected and disseminated in future rounds, in order to improve data quality further. Data that change rapidly will

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<sup>27</sup> Exchange and Research Center for Leaders of Tax Administrations.

<sup>28</sup> A podcast on tax policy, revenue administration, and tax law responses to the COVID-19 crisis is also being planned.

<sup>29</sup> Governance missions are carried out under the IMF’s policy on governance—see Review of 1997 Guidance Note on Governance—A Proposed Framework for Enhanced Fund Engagement (IMF, April 2018). They assess key vulnerabilities of governance weakness and corruption in the areas of fiscal governance, financial sector oversight, central bank governance and operations, market regulation, the rule of law and the anti-money laundering and combating the financing of terrorism (AML-CFT) framework and proposed steps to address them.

<sup>30</sup> International Survey on Revenue Administration/International Survey on Customs Administration.

be collected annually in the future, while data that are more static in nature will be collected every four years. All data collected in ISORA 2020 and later rounds will be placed in the public domain, following data quality review and a period in which ISORA partners and participants have exclusive use of the disaggregated data.

**26. The data collection phase of the inaugural round of ISOCA has been closed, and data are currently being reviewed by the WCO and IMF.** The number of responses to ISOCA 2018 has been poorer than anticipated (43 countries completed the survey, with a further four completing more than 90 percent of the survey). Eight RMTF countries completed ISOCA 2018, while a further two completed over 90 percent of the survey.

**27. COVID-19 has impacted the timelines of both ISORA 2020 and ISOCA 2018.** The launching of ISORA 2020 data collection has been postponed from May to September 2020, given the difficult circumstances under which tax administrations are currently operating. New training modalities are being explored as face-to-face training may not be possible in all regions ahead of the launch. Several customs administrations that seemed likely to complete ISOCA 2018 in early 2020 have not done so. Administrations are likely to experience challenges in participating actively in the review of ISOCA 2018 data over the next few months.

### **Analytical work**

**28. On-going analytical work funded under the RMTF includes a Working Paper on “Autonomy in Revenue Administration.”** Work on this project has advanced across all four dimensions that will culminate in the working paper.<sup>31</sup> A series of data points underpins all dimensions of the working paper and uses both the approximately 50 replies received to two detailed surveys as well as other data sources. These data points will allow development of an inventory of key features of administrations that claim some level of autonomy and an assessment of emerging issues, patterns and trends in governance, oversight and mandate. A review of empowered management boards is advancing with an assessment of the different enabling laws provided by countries. Further analysis will look closely at differences between empowered management boards (i.e., that have decision authority) and advisory boards. This will help our understanding of the exact way in which autonomy is exercised and in fact how autonomy manifests in administrations that claim some autonomy but have no board of any kind. Finally, initial data on the level of customs and tax integration is being probed to try to assess whether the core operations of customs and tax remain distinct or whether there is any substantial level of operational integration. Part of this work is a review of organization structures of the administrations that include both customs and tax. This review will also look closely for evidence of the functional model i.e. clear headquarters structures that drive and oversee operations. It was originally envisioned that the project would be completed by the end of 2019. However, owing to a number of factors including the requirement to address

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<sup>31</sup> (1) an update on the inventory of features and characteristics of revenue authorities; (2) a review of issues related to mandate, governance and scope; (3) an in-depth look at the role and impact of empowered management boards; and (4) the extent of integration of customs and tax administration core functions in administrations that co-manage both.



follow-up issues with the two completed surveys, and, now, COVID-19, it is projected that this project will be completed by the end of 2020.

**29. The writing of the international tax notes is underway.** The project will deliver a series of technical notes on how to develop a tax administration’s capacity to manage international tax risks, including the introduction of a framework to identify gaps in capacity. The first note introduces the series of notes, discusses the types of international tax compliance risks present in many countries, summarizes the commitments that countries must adhere to when they sign on to the BEPS<sup>32</sup> inclusive framework, and introduces the framework for building capacity to manage international tax compliance risks. This note is nearing completion and additional experts are being added to the project to advance completion of the remainder of the notes. An administrative extension to October 31, 2020 has been requested to finalize the work.

## **D. Results-Based Monitoring and Evaluation**

### **Results against the RBM Framework**

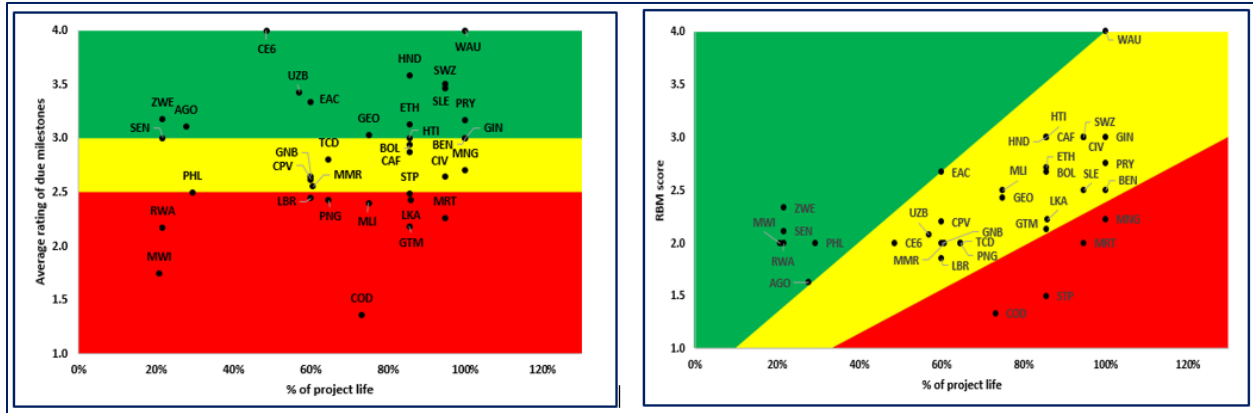
**30. There is satisfactory progress toward the envisaged objectives in most projects.** Figure 3 reports on achievement of due milestones and summarizes the aggregate RBM score per country/regional project against the project life. The majority of projects are progressing well, especially with respect to outcomes.<sup>33</sup> Compared to last year, more projects are concentrated in the range of partially and largely achieved (RBM scores 2 and 3). This shows that projects are on track and are achieving results over time—as well as reflecting that many projects are closer to completion. To complement the quantitative assessment of progress towards the project objectives, Appendix IV summarizes key results for country- and regional-level CD projects during FY20.

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<sup>32</sup> Base Erosion and Profit Shifting.

<sup>33</sup> Compared to the report made in December 2019, there has been improvement but the distribution of the datapoints is different. Specifically, until last December, a large number of projects were at the same point in their project cycle, i.e., about 80 percent point in project life. A number of these projects have since moved close to the end point in their project cycle, but some were extended, administratively by six months which means they stood still in their project cycle. Looking forward, this dispersal will increase as many projects will move backwards in their project cycle once their extensions by one or two years are approved by the SC.

Figure 3. Milestones and Outcome Ratings, by Country/Region<sup>34</sup>



### Mid-Term Independent Evaluation

**31. The RMTF’s mid-term independent evaluation was scheduled to launch in September 2020 with an initiation of the procurement process.** Given the ongoing travel restrictions, all IMF external evaluations of externally financed activities have been temporarily suspended. Unequal access to facilities and technology by stakeholders and that of the authorities of beneficiary countries mean that remote evaluations are not ideal. More importantly, beneficiary authorities are engaged in dealing with the crisis, and will not be able to devote time and resources to inputting into the evaluations. Therefore, we foresee that the RMTF evaluation will be postponed. The Essential Terms and Conditions of the RMTF Subaccount (Annex II of the LoU) specify that “not later than 40 months after the activities financed under the Subaccount with respect of each funding cycle have begun, an independent evaluation of the activities financed under the Subaccount will be initiated”. We are proposing to postpone an initiation of the independent evaluation by tentatively four months (to December 2020). This request is being submitted for endorsement by the SC.

### III. FINANCIAL UPDATE

**32. The current level of pledges to the RMTF stands at US\$75.7 million against the target budget of US\$ 77.0 million.** The most recent pledge received is the Denmark’s additional pledge of DKK 35 million in December 2019 and we received full payment. Overall payments received as of April 30, 2020 amounted to US\$61 million, and combined with the interest earned, a total of US\$62.2 million has been received into the subaccount (please refer to Table 4). Future payments of pledges are subject to the exchange rate at the time of receipt. It is anticipated that the funding gap will be

<sup>34</sup> The acronyms used in Figure 1 are the following: AGO – Angola; BEN – Benin; BOL – Bolivia; CPV - Cabo Verde; CAF - Central Africa Republic; CE6 – CEMAC; TCD – Chad; COD - Congo DR; CIV – Côte d’Ivoire; ETH – Ethiopia; GEO – Georgia; GIN – Guinea; GNB - Guinea-Bissau; GTM – Guatemala; HTI – Haiti; HND – Honduras; LBR – Liberia; MLI – Mali; MRT – Mauritania; MNG – Mongolia; MMR – Myanmar; PRY – Paraguay; PNG - Papua New Guinea; STP - São Tomé and Príncipe; RWA – Rwanda; SEN – Senegal; SLE - Sierra Leone; LKA - Sri Lanka; SWZ – Eswatini; UZB – Uzbekistan; WAU – WAEMU; and ZWE - Zimbabwe.

approximately US\$2.3 million. The IMF may approach current partners to assess the possibility of additional contributions and discussions with new potential donors are also underway (e.g. France). All transfers from Phase 1, the Tax Policy and Administration Trust Fund, have been completed.

**Table 4. Financial Contributions, As of April 30, 2020**

(in millions of US\$)

Partners	Agreement /Amendment Information				Contribution Received		Contribution Expected (U.S. Dollars)		
	Signed Date	Currency	Amount	U.S. Dollars	Agreement Currency	U.S. Dollars	Requested	Future Request	
<b>Partners</b>									
Australia	May 5, 2016	AUD	10.6	7.9		6.6	4.9	1.3	1.5
Belgium	Nov. 11, 2016 and Sept. 29, 2017	EUR	9.0	10.3		7.6	8.6	1.8	-
Denmark	December 11, 2019	DKK	35.0	5.5		35.0	5.3	-	-
European Commission	Oct. 5, 2018 and Oct. 21, 2019	EUR	11.6	13.2		9.0	10.2	-	2.9
Germany	December 18, 2017	EUR	1.5	1.6		1.5	1.7	-	-
Japan	Feb. 1, 2017 and Dec. 6, 2017	USD	10.1	10.1		10.1	10.1	-	-
Korea	July 28, 2017	USD	1.0	1.0		1.0	1.0	-	-
Luxembourg	December 1, 2016	EUR	2.5	2.6		2.0	2.2	-	0.5
Netherlands	October 7, 2016	USD	5.0	5.0		4.0	4.0	-	1.0
Norway	July 5, 2018	NOK	43.0	5.3		21.0	2.5	-	2.7
Sweden	April 19, 2018	SEK	40.0	4.8		30.0	3.2	-	1.2
Switzerland	October 8, 2016	CHF	7.0	7.1		7.0	7.0	-	-
United Kingdom	June 20, 2019	GBP	1.0	1.3		0.3	0.4	-	0.8
<b>Partners - Total</b>				<b>75.7</b>			<b>61.0</b>	<b>3.1</b>	<b>10.6</b>
<b>Grand Total</b>				<b>75.7</b>			<b>61.0</b>	<b>3.1</b>	<b>10.6</b>
Program Document Budget				<b>77.0</b>					

**33. The projected cashflow position is satisfactory.** Table 5 details that cash flow and the overall cash balance will remain positive. While the prolonged travel restrictions may interrupt the delivery of CD activities further, we will continue to carefully monitor the progress of the crisis and provide necessary support to meet the continuing high demand from the RMTF eligible countries.

**Table 5. Cash Flow, As of April 30, 2020**

(in thousands of US\$)

Partner	FY2017 FY1	FY2018 FY2	FY2019 FY3	FY2020 FY4	FY2021 FY5	FY2022 FY6	FY2023 FY7	Total
Contributions	14,204	14,369	20,834	11,574	10,457	3,263	-	74,700
Australia	450	1,483	2,928	-	1,306	1,491	-	7,657
Belgium	3,274	3,598	1,700	-	1,767	-	-	10,339
Denmark	-	-	1,552	3,705	-	-	-	5,257
European Commission	-	-	8,210	1,965	2,499	426	-	13,101
Germany	436	695	229	334	-	-	-	1,695
Japan	5,062	5,000	-	-	-	-	-	10,062
Korea	-	1,000	-	-	-	-	-	1,000
Luxembourg	531	578	564	554	530	-	-	2,756
Netherlands	1,000	1,000	1,000	1,000	1,000	-	-	5,000
Norway	-	-	2,487	-	1,346	1,346	-	5,178
Sweden	-	-	1,162	2,081	1,190	-	-	4,433
Switzerland	3,451	1,014	1,003	1,500	-	-	-	6,968
United Kingdom	-	-	-	434	819	-	-	1,253
Interest Earned	32	210	507	421	-	-	-	1,171
<b>Total Cash Available</b>	<b>14,236</b>	<b>14,578</b>	<b>21,341</b>	<b>11,995</b>	<b>10,457</b>	<b>3,263</b>	<b>-</b>	<b>75,871</b>
Expenses Paid <sup>1</sup>	245	11,505	13,739	14,952	17,000	11,044	7,385	75,871
<b>Cash Balance</b>	<b>13,991</b>	<b>17,064</b>	<b>24,666</b>	<b>21,709</b>	<b>15,166</b>	<b>7,385</b>	<b>-</b>	

<sup>1</sup>Expenses paid include the 7% TFM. FY21 onwards are estimates based on proposed workplans.

**34. Budget execution in FY20 was nearly US\$15 million (see Table 3 and Table 5).** This represents an increase of almost 10 percent over FY19, which is respectable given that we are in mid-cycle and not in the phase of ramping up execution anymore. The increase is attributable, in part, to the fact that 11 new projects were added to the portfolio during FY20.

**35. Expenditures for FY21 are projected to be US\$17 million.** The workplan consists of US\$ 15.6 million from already endorsed workplans and US\$ 1.4 million in FY21 spending of new projects and project extensions that are being requested of the SC (please refer to Table 6, RMTF Proposed Revisions and New Modules for Endorsement).

**36. The total endorsed workplan will then amount to US\$74.1million.** This comprises US\$72.8 million already endorsed by the SC in multi-year projects and US\$1.4 million being sought for endorsement at this SC meeting—the US\$ 1.4 million comprises new project budgets of US\$2.9 million, budget increases of US\$ 620,600, and for information (not endorsement) budget reductions of US\$ 2 million, and unused budget returned to the thematic fund US\$ 95,000). The available resources of the subaccount, along with the pending installments, will be sufficient to finance this work program. Exchange rates at the time of receipt of installments may reduce the dollar value of contributions and in such case, project budgets and the work plan would be reduced accordingly.

**Table 6. RMTF Proposed Revisions and New Proposals for Endorsement  
As of April 30, 2020  
(in thousands of US\$)**

Country (Project)	Description	Endorsed Budget as of Apr 2020	Proposed Change in Budget	Proposed Multi-Year Budget
<b>New Programs for Endorsement</b>			<b>2,899</b>	<b>2,899</b>
Ghana	New project for endorsement	-	939	939
Burkina Faso	New project for endorsement	-	1,101	1,101
Pakistan	New project for endorsement	-	859	859
<b>Revisions to Current Endorsed Projects</b>			<b>-1,520</b>	
Cote D'Ivoire	Extension and modification of the existing CD project for endorsement	1,274	460	1,734
Kingdom Of Eswatini	Extension and modification of the existing CD project for endorsement	944	161	1,104
Mauritania	Budget neutral extension for endorsement	684	-	684
Sierra Leone	Budget neutral extension for endorsement	894	-	894
Electronic Tax Administration Capacity Training	Budget neutral extension for endorsement	758	-	758
Autonomy in Revenue Administration	Budget neutral extension for endorsement	308	-	308
Angola	Reduction for information	1,741	-400	1,341
CEMAC - Com. Econ. Mon. AFR Ce	Reduction for information	1,730	-125	1,604
East African Community	Reduction for information	984	-100	884
Guinea-Bissau	Reduction for information	2,038	-146	1,892
Liberia	Reduction for information	3,720	-699	3,021
Zimbabwe	Reduction for information	1,873	-182	1,691
RA-FIT/ISORA	Reduction for information	2,315	-393	1,922
Senegal	Project ended. Balance returned to the pool.	1,316	-62	1,254
Haiti(Scoping Mission)	Project ended. Balance returned to the pool.	83	-33	50
Total RMTF portfolio budget to date		72,760	1,379	74,139
<b>Total revised workplan including new proposals</b>				<b>74,139</b>
of which Management Fee				4,850

<sup>1</sup>Includes Trust Fund Management Fee.