

Tax Policy TA and Managing Natural Resource Wealth (MNRW) Topical Trust Fund (TTF)



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Washington DC
April 19, 2011



IMF TA in Tax Policy

- Consistent and durable element of IMF advisory work over a long period.
- Moving to longer-term engagements with many countries, and larger volume of external finance (especially, but not only, the Trust Funds).
- FAD's Tax Policy Division delivers more than 30 projects each year – a number that will increase.
- Input to other IMF surveillance and country work, but most is independently requested by member countries.
- Advisory work relies on high-quality research, and in turn feeds into new research results.



Hot topics in Tax Policy TA

- Tax incentives – if we can't do without them, how to minimize the damage.
- Corporate tax rate competition, and its mobile base.
- Debt bias.
- Financial sector taxation.
- International tax issues and tax treaties.
- Environmental taxes.
- Natural resource taxation.
- VAT conquers the world (nearly).
- Taxation and equity / income distribution



MNRW TTF: Aims and Strategy

- Maximize benefits from development of natural resources
- Develop capacity to manage natural resource wealth, building on IMF experience
- Target some 50 LICs and LMICs (with current or prospective resource exploitation)
- Aim at concrete outcomes over a multi-year horizon
- Modular approach brings together skills from different parts of the IMF
- Research and workshop program supports capacity-building



MNRW Modules and Key Outcomes

Module		Outcome
1	Extractive industries fiscal regimes	Fiscal regimes for EI that secure maximum share of revenues for public use, consistent with an attractive investment climate
2	Extractive industries revenue administration	Improved capacity to assess, administer and collect revenues from natural resource extraction
3	Macro-fiscal policies, public financial management (PFM), and expenditure policy	Macro-fiscal frameworks and PFM systems that permit expenditure of resource revenues in an integrated budget framework, at a sustainable pace
4	Asset and liability management	Frameworks and systems for efficiently managing and investing saved proceeds of resource extraction
5	Statistics for natural resources	National accounting and government finance statistics procedures permitting transparent assessment and use of resource wealth



MNRW TTF Planning Process

- Pledging meeting December 16, 2010
- The initial Fund is now fully pledged at \$25 million
- Lead contributors are Norway, Switzerland, Australia, and the European Union
- Internal planning January to March, 2011
- First Steering Committee approved initial work plan on April 13, 2011
- Work plan initially covers 7 countries and one region
- 8 further countries also approved for projects when capacity and cash flow permits.

Module Selection

Module 1:

- Sierra Leone, Timor-Leste, Andean regional

Module 2:

- DR Congo, Lao PDR

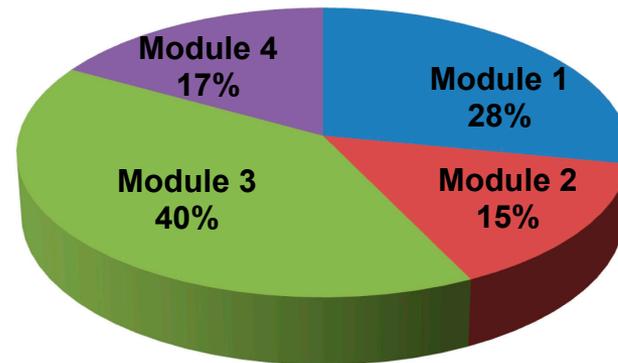
Module 3:

- Bolivia, DR Congo, Iraq, Sierra Leone, Uganda

Module 4:

- Iraq, Uganda

FY12 TA Budget by Module



Country Selection

AFRICA:

- Democratic Republic of Congo, Sierra Leone, Uganda

MIDDLE EAST & CENTRAL ASIA:

- Iraq

ASIA PACIFIC

- Lao, PDR, Timor-Leste

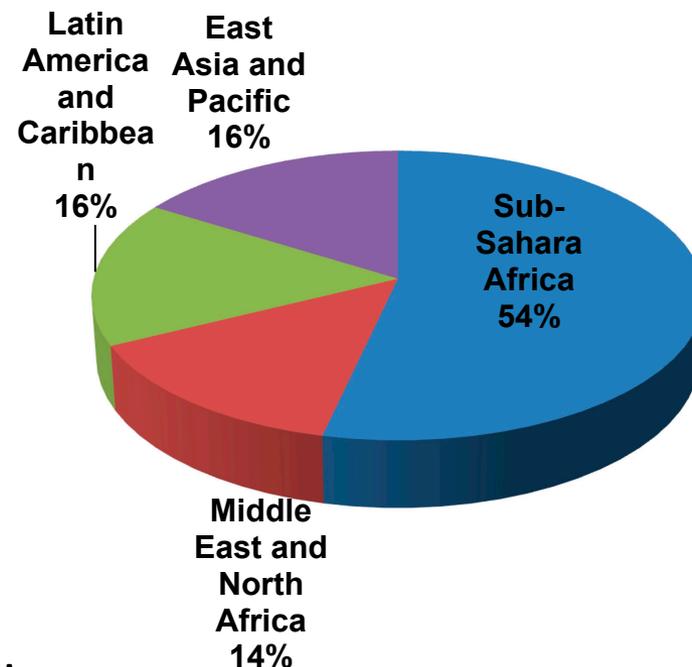
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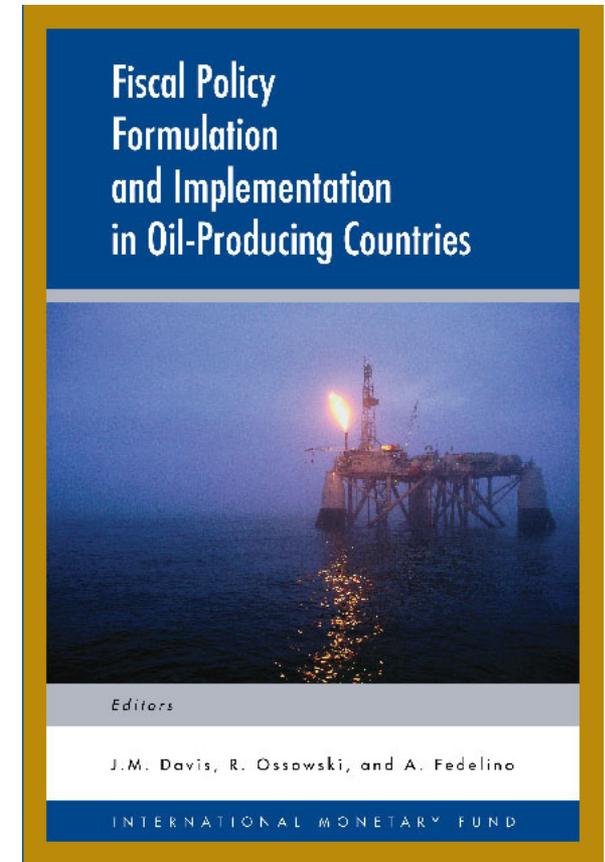
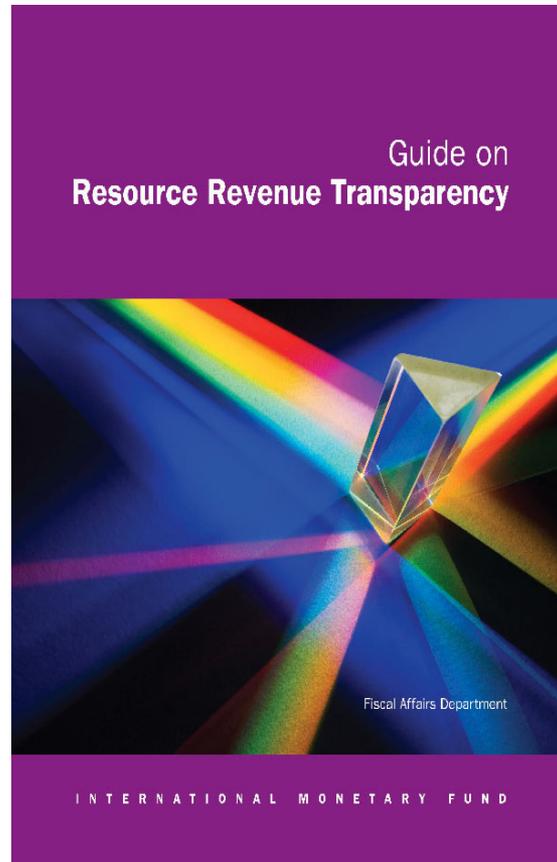
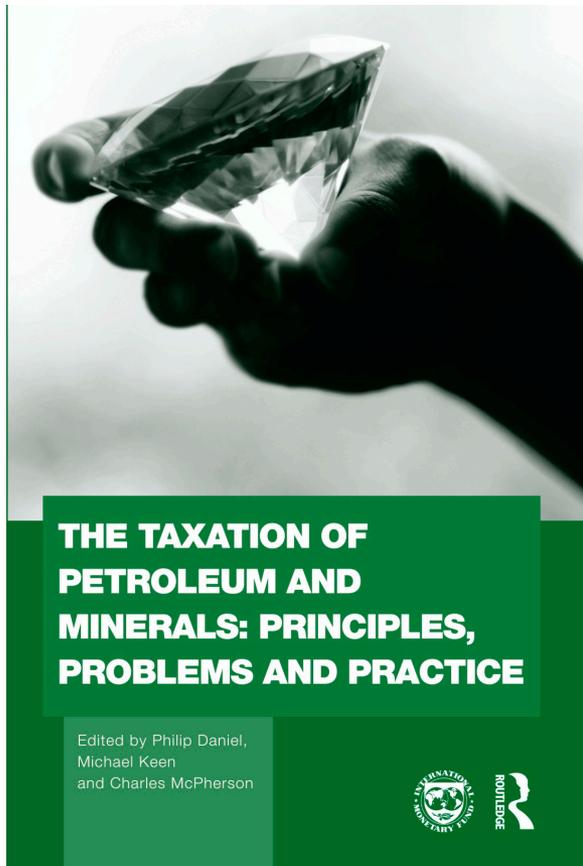
- Bolivia, Andean regional

And as program expands:

- Central African Republic, Mozambique, Zambia, Mongolia, Solomon Islands, Mauritania, Sudan, Peru.

FY12 TA Budget by Region







Research and Workshops Program

- Initially 4 research topics aiming to complement direct TA modules:
 1. Savings and consumption guidelines for oil and mineral producers
 2. Mining tax administration
 3. Resource revenue database and government revenue statistics
 4. Natural resources asset and liability management handbook



Research and Workshops Program

- Initially 2 workshop topics:
 1. Oil revenue management framework for new producers
 2. Cross-border issues in resource taxation