THREE GLOBAL CASES: IMPROVING DOMESTIC RESOURCE MOBILIZATION IN AFGHANISTAN, PROCUREMENT IN VIETNAM, AND POLICY IN TUNISIA

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PANELISTS

» Melissa Scudo, Team Lead, Tunisia Tax and Customs Reform Activity (TCP)

» Abdul Safir Sahar, Deputy Chief of Party, Afghanistan Trade and Revenue Project (ATAR)

» Sarah Meyer, Vietnam Governance for Inclusive Growth Project (GIG)
» Key Theme: Strengthening Domestic Resource Mobilization / Tax Administration: USAID-financed Afghanistan Trade and Revenue (ATAR) Project

» Key Theme: Promoting High Standards in Procurement: USAID-financed Governance for Inclusive Growth (GIG) Project in Vietnam

» Key Theme: Supporting a policy framework to promote more equitable, transparent resource mobilization: USAID-financed Tunisia Tax and Customs Reform Activity (TCP)
IMPROVING DOMESTIC RESOURCE MOBILIZATION IN AFGHANISTAN

Afghanistan Trade and Revenue Project

Component 3: to enhance the Afghan government’s capacity to generate revenue by improving customs procedures to increase transparency, efficiency, and uniformity in the collection of revenue, performance of core functions, and facilitation of trade.
IMPROVING DOMESTIC RESOURCE MOBILIZATION IN AFGHANISTAN

Electronic Payment

» Electronic payment of customs duties through Commercial Banks
» Pilot Phase - Hamid Karzai International Airport (HKIA)
» Next Phase - Mazar, Hairatan and Andkhoy
» National Roll-Out (Implementation)
» Full Automation

Pictured: Electronic Payment Information Poster
IMPROVING DOMESTIC RESOURCE MOBILIZATION IN AFGHANISTAN

Risk Management

» Piloted in 2012 at HKIA (IMF Benchmark achieved)
» Automated Selectivity through ASYCUDA
» Any consignment not selected released without examination
» Targets limited resources to areas of assessed risk
» Fosters culture of voluntary-compliance

Pictured: ATAR Risk Management Training
IMPROVING DOMESTIC RESOURCE MOBILIZATION IN AFGHANISTAN

Internal Audit

» Conformance with internal rules, regulations and laws
» Founded upon ‘International Professional Practices Framework’ standards
» Comprehensive Procedural Manual developed
» Governance, risk management and control
» Committee responsible for authorizing recommendations
IMPROVING DOMESTIC RESOURCE MOBILIZATION IN AFGHANISTAN

Development of Post Clearance Audit (PCA)

» PCA objective is to support voluntary compliance
» Draft Policy / Procedures drafted ready for implementation
» Officials being trained in “Best Practice” methodology
» Ongoing coaching / mentoring in new areas of skill
» Confidence building through practice and planned pilot phase
IMPROVING DOMESTIC RESOURCE MOBILIZATION IN AFGHANISTAN

Professional Standards

» Significant misconduct issues within ACD
» Strategy founded upon detailed ‘Code of Conduct’
» Comprehensive Procedural Manual developed
» Access to ‘Fast-Track’ proceedings for Gross Misconduct
» Authority to suspend, transfer, or dismiss staff
IMPROVING DOMESTIC RESOURCE MOBILIZATION IN AFGHANISTAN

Impact

» Trade facilitation through enhanced automation
» Focused use of resources to target risk
» Enhanced compliance with internal procedures
» Fostering environment for voluntary compliance
» Viable deterrence to misconduct
ATAR will continue to work with ACD to improve customs procedures to increase transparency, efficiency, and uniformity in the collection of revenue, performance of core functions, and facilitation of trade to increase trade volumes and revenues.
IMPROVING PROCUREMENT IN VIETNAM

Promoting High Standards in Procurement

» GIG’s support to:
  • Vietnamese Ministry of Planning and Investment
  • State Budget Law Implementation
  • Committee on Finance and Budgetary Affairs
  • Trans-Pacific Partnership
IMPROVING PROCUREMENT IN VIETNAM

» International trade agreements will open Vietnam’s government procurement system to member countries.
  • Non-discrimination obligations
  • Transparent, predictable and fair processes
  • Market access commitments
IMPROVING PROCUREMENT IN VIETNAM

» Vietnam’s Procurement Measures
  • 2005: 1st procurement law
  • 2012: PPA conducted procurement assessment
  • 2014: New Public Procurement Law enacted
IMPROVING PROCUREMENT IN VIETNAM

Procurement Policy Recommendations
• Review/revise Public Procurement Law
• Focus preferential procurement programs on SMEs
• Establish domestic review body, independent from procuring entities
Procurement Policy Recommendations (continued)

• Promote and facilitate compliance with TPP obligations
  • Develop handbook/procurement guide
  • Training opportunities for procurement officials
  • Prescribe policies and procedures for government officials to avoid improper business practices
IMPROVING PROCUREMENT IN VIETNAM

Impact

» The quality and the use of e-procurement are enhanced and promoted
» Procurement policy coherence and transparency are improved through better management
» Broad-based growth through effective public procurement management is facilitated
IMPROVING PROCUREMENT IN VIETNAM

Conclusion

» Improve and expand E-procurement
» Implement National Training Strategy for Public Procurement
» Improve the quality and scale of public procurement auditing
» Enhance the capacity for public procurement staff through trainings
» Concentrate on procurement policy
» Implement TPP pledge: building related legal documents
Improving Policy in Tunisia

Challenge: First major tax reform in 30 years

- Need: budget neutrality
- Need: “ambitious” reform package
- Need: analytical tools to assess aggregate impact
- Need: Fiscal Analysis Unit

Pictured: Minister of Finance and Director General of tax policy unit with TCP staff.
IMPROVING POLICY IN TUNISIA

Solution: Modern analytical tools reduce risk

» Diagnostic, propositions and impact study
» Micro-simulation models
» Statistics of Income Analysis
» Tax Expenditure Analysis
IMPROVING POLICY IN TUNISIA

Implementation: Steps of Analysis

1. Tax declarations to compute taxpayer liability
2. Tax calculator model: calculate taxpayer current liability
3. Recalculate liability under new tax law parameters
4. Results of two computations are compared
IMPROVING POLICY IN TUNISIA

Results: Draft Finance Law 2016

» VAT base is broadened
» Custom duties reform
» Simplification of the excise system
» Simplification of “regime forfaitaire” system

Pictured: Discussion of impact of Customs Duties Reform
What next: Communications and sustaining knowledge

» Run revenue impact scenarios
» Develop income distribution models
» Develop technical notes
» Build a Fiscal Analysis Unit

Pictured: TCP economists discuss VAT scenarios for the 2016 Finance Law with staff from the Government of Tunisia’s Ministry of Finance.
IMPROVING POLICY IN TUNISIA

Conclusions and key success factors

» Invest time to develop modern analytical tools
» Pair experts with tax policy staff
» Strong relationships with decision-makers are key

Ms. Rahma Haidri with the Ministry of Finance tax policy unit presents the construction of a microsimulation model for the Value Added Tax.
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