



Technical Assistance Report

Project Number: 50331-001
Policy and Advisory Technical Assistance (PATA)
November 2016

Republic of the Philippines: Strengthening Tax and Fiscal Policy Capacity for Inclusive Growth

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 2 November 2016)

Currency unit	–	peso/s (₱)
₱1.00	=	\$0.0207
\$1.00	=	₱48.385

ABBREVIATIONS

ADB	–	Asian Development Bank
BIR	–	Bureau of Internal Revenue
CEDC	–	Cabinet Economic Development Cluster
DOF	–	Department of Finance
GDP	–	gross domestic product
PHCO	–	Philippines Country Office
SERG	–	strategy, economics, and result group
TA	–	technical assistance

NOTES

In this report, "\$" refers to US dollars.

Vice-President	S. Groff, Operations 2
Director General	J. Nugent, Southeast Asia Department (SERD)
Director	R. Bolt, Philippines Country Office (PHCO), SERD
Team leader	A. Chongvilaivan, Country Economist, SERD
Team members	J. Balbosa, Principal Country Specialist, SERD
	R. Ganalongo, Operations Assistant, SERD
	C. Francisco, Public Management Officer (Financial Management), Sustainable Development and Climate Change Department (SDCC)
	T. Mendoza, Economics Officer, SERD
	Y. Miyaki, Public Management Specialist (Taxation), SDCC
	S. Schuster, Principal Financial Sector Specialist, SERD

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

CONTENTS

	Page
POLICY AND ADVISORY TECHNICAL ASSISTANCE AT A GLANCE	
I. INTRODUCTION	1
II. ISSUES	1
III. THE POLICY AND ADVISORY TECHNICAL ASSISTANCE	3
A. Impact and Outcome	3
B. Methodology and Key Activities	3
C. Cost and Financing	4
D. Implementation Arrangements	4
IV. THE PRESIDENT'S DECISION	5
APPENDIXES	
1. Design and Monitoring Framework	6
2. Cost Estimates and Financing Plan	8
3. Outline Terms of Reference for Consultants	9

POLICY AND ADVISORY TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 50331-001	
Project Name	Strengthening Tax and Fiscal Policy Capacity for Inclusive Growth	Department /Division	SERD/PHCO
Country	Philippines	Executing Agency	Department of Finance
2. Sector		ADB Financing (\$ million)	
✓ Public sector management	Economic affairs management		0.80
	Public expenditure and fiscal management		1.20
		Total	2.00
3. Strategic Agenda		Climate Change Information	
Inclusive economic growth (IEG)	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low
4. Drivers of Change		Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Organizational development Public financial governance	Some gender elements (SGE)	✓
Knowledge solutions (KNS)	Knowledge sharing activities		
Private sector development (PSD)	Conducive policy and institutional environment		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG9, SDG10, SDG16		
6. TA Category:	B		
7. Safeguard Categorization	Not Applicable		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		2.00	
Policy and advisory technical assistance: Technical Assistance Special Fund		2.00	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		2.00	
9. Effective Development Cooperation			
Use of country procurement systems		No	
Use of country public financial management systems		No	

I. INTRODUCTION

1. The proposed technical assistance (TA) supports the Department of Finance (DOF) of the Philippines to develop sound tax and fiscal policy through policy-oriented analysis and communication of fiscal and economic policy priorities with stakeholders. In July 2016, the Government of the Philippines requested the Asian Development Bank (ADB) to provide a TA to support the tax reform priority under the Ten-Point Socioeconomic Agenda, as well as related fiscal reforms and policies. Consultation missions were fielded August–October 2016 to assess the need and feasibility of capacity development support for the DOF.¹ The government concurred with the impact, outcome, outputs, implementation arrangements, cost financing arrangements, and outline terms of reference for consultants. The design and monitoring framework is in Appendix 1.²

II. ISSUES

2. **Development challenges.** Public spending levels on public services such as infrastructure, education, and health are critically dependent on sufficient tax revenues, fiscal space, and adequate budget execution. Low government spending on basic infrastructure and social services, either because of low tax or slow budget execution, causes poor economic and social outcomes and a higher burden for the population—especially those in low-income groups—who must spend for what the government should have provided. According to the Global Competitiveness Report 2015–2016, tax regulations complexity in the Philippines was ranked fourth among the most problematic factors for doing business, and tax rates were ranked fifth, following inefficient bureaucracy (first), inadequate infrastructure (second), and corruption (third).³ This implies limited tax capacity, coupled with the lack of indexation and tax rationalization, is a factor in constraining the country's competitiveness and further growth.⁴ More effective tax and fiscal policy reforms such as an expanded tax base are needed to support government expenditure conducive to poverty reduction programs and inclusive growth while maintaining public spending and debt at sustainable levels.

3. **Need for strengthening tax and fiscal policy.** Some progress has been made to improve the fiscal position in the Philippines. Budget deficits as a share of gross domestic product (GDP) were kept at a modest level of 0.9% during 2013–2015, much lower than an average of 2.9% in the aftermath of the global financial crisis in 2009–2012. Tax revenues as a percentage of GDP stood at 13.6% in 2014–2015, up from 12.2% in 2009.⁵ This was attributable to the sin tax reform and better tax administration. However, the ratio of tax revenues to GDP remained lower than that of comparable countries in Southeast Asia—16.0% for Thailand and 15.6% for Malaysia in 2014. Given the rising need for public infrastructure and social services, the government was increasingly under pressure to generate higher revenues to maintain spending needed for facilitating and sustaining medium-term growth and to significantly reduce poverty. This delicate balance can be achieved by further strengthening tax reforms and fiscal policy.

¹ Missions were fielded on 12 August and 2 September 2016 at DOF and 6 October at ADB's Philippines Country Office (PHCO).

² The TA first appeared in the business opportunities section of ADB's website on 6 October 2016.

³ World Economic Forum. 2016. *Global Competitiveness Report 2015–2016*. Geneva.

⁴ The country, with GDP per capita at \$2,899 in 2015, was ranked 47th out of 140 countries in global competitiveness, behind Singapore (2nd), Malaysia (18th), Thailand (32nd), and Indonesia (37th).

⁵ In dollar terms, this is equivalent to a nearly twofold increase from \$20.6 billion in 2009 to \$39.9 billion in 2015.

4. **Government priorities.** To meet the ever-increasing demand for investment in infrastructure and social services, the Ten-Point Socioeconomic Agenda rolled out by the current government identified tax reform to institute a more progressive, equitable, efficient, and simple tax system among its policy priorities. It also underscored the need to make the tax system competitive relative to neighboring countries. Tax measures being proposed to Congress include (i) lower individual and corporate income taxes, (ii) expansion of value-added tax base, (iii) indexation of oil excise tax to inflation, and (iv) rationalization of fiscal incentives to investors.⁶ Other tax reform measures being considered pertain to property taxes and taxes on luxury goods (e.g., automobiles, yachts, and jewelry) and sugary products. On the fiscal policy, the government is expected to increase infrastructure investment to 7.0% of GDP by 2022, raising the budget deficit to 3.0% of GDP from the 2015 level of 0.9% while mobilizing additional revenues to finance increased spending. To develop the tax package and further fiscal consolidation measures, rigorous economic and welfare analysis is needed. This will provide an evidence-based case for the tax reform package and planned fiscal policy. There is also a need for stakeholders to understand the impacts of implementing the government-proposed tax measures. The analysis will help ensure tax reform and fiscal policy are effective, objective, and pro-poor, ultimately ushering in investment, job generation, poverty reduction, and inclusive growth.

5. **Developing timely, high-quality, and evidence-based policy.** Recognizing the need for careful, yet determined, policy-making and implementation, the DOF has proposed the creation of the strategy, economics, and result group (SERG)—a full-time delivery group within the DOF reporting directly to the secretary of finance and concurrently chair of the Cabinet Economic Development Cluster (CEDC), which, in turn, reports to the cabinet members and Presidential Management Staff.⁷ The SERG is mandated to provide strategic advice on tax, fiscal policy, and other priority reforms; conduct policy analysis to support the case for these reforms; and manage or coordinate these reforms to improve the standard of living in the country, especially for the poor and marginalized. As a tax and fiscal policy unit dedicated to the CEDC, the SERG will enable the government to take decisive actions that are timely, of high quality, and evidence based, and to effectively and objectively communicate the reform and policy with stakeholders. Therefore, the establishment of SERG is the DOF's critical step to facilitate the government's planned tax reform and fiscal policy as well as other socioeconomic agenda. To ensure intergovernment complementarities and coordination, SERG will consult and coordinate with other agencies, including the National Economic and Development Authority.

6. **Lessons from past assistance.** In principle, tax systems can be strengthened through tax policy, tax administration, and global and regional cooperation among tax authorities. As the TA focuses on tax policy, it furthers ADB's past assistance for tax administration in the Philippines and provides continued support for the government's tax agenda. During 2013–2014, ADB provided TA to the Bureau of Internal Revenue (BIR) to enhance tax administration capacity of its staff.⁸ During 2007–2009, ADB facilitated the development policy support program cluster to enhance tax administration in the BIR and Bureau of Customs and public expenditure management.⁹ ADB provided training and workshops to ensure international best

⁶ These tax reform measures are under the first phase of the government's tax reform package, as presented by Department of Budget and Management Secretary Benjamin E. Diokno on 28 September 2016.

⁷ An undersecretary was appointed to head the SERG.

⁸ ADB. 2013. *Technical Assistance to the Republic of the Philippines for Supporting Capacity Development for the Bureau of Internal Revenue*. Manila.

⁹ ADB. 2007. *Report and Recommendation of the President to the Board of Directors: Proposed Technical Assistance Loan to the Republic of the Philippines for the Development Policy Support Program*. Manila.

practices are applied for tax collection. ADB's assistance successfully enhanced tax revenues. However, the benefits from improved tax administration capacity would not be sustainable without effective tax policy and reform in place. To complement the past support, the TA will assist at a higher level of tax and fiscal policy making in the DOF, through establishing SERG.

III. THE POLICY AND ADVISORY TECHNICAL ASSISTANCE

7. The TA will support the development of SERG's policy and advisory role and, in particular, enhance SERG's capacity under the DOF.¹⁰ To develop sound tax and fiscal policy through policy-oriented analysis and communicating fiscal and economic policy priorities with stakeholders, SERG requires ADB's support in (i) providing technical advice on the design of priority reforms, (ii) enhancing quantitative and qualitative analytical research skills for policy reform, and (iii) communicating policy reform agenda and research outputs to stakeholders.

A. Impact and Outcome

8. The impact will be tax revenues increased to 15.6% of GDP. The outcome will be strengthened SERG capacity for tax and fiscal policy to recommend policies and reforms.

B. Methodology and Key Activities

9. The TA outputs will be: (i) technical advice on the design of priority reforms provided, (ii) quantitative and qualitative analytical research skills for policy reform enhanced, and (iii) policy reform agenda and research outputs communicated with stakeholders.

10. **Output 1: Technical advice on the design of priority reforms provided.** The TA will procure both local and international tax, fiscal, and economic policy experts' services to help the DOF and SERG design the tax, fiscal, and related economic policy reforms. The initial coverage areas are the value-added tax expansion and introduction of a sugar-sweetened beverage tax, targeted transfers, and related tax administration reforms.¹¹ In consultation with the DOF and SERG, the experts will conduct in-depth assessments on relevant policies and prepare policy briefs and/or analytical papers as resources for policy makers and the CEDC in formulating legislation and implementing rules and regulations. This output will enable the DOF and SERG to develop effective tax reform packages and other fiscal policies, and to achieve the needed policy and reform actions under the Ten-Point Socioeconomic Agenda.

11. **Output 2: Quantitative and qualitative analytical research skills for policy reform enhanced.** To ensure timely high-quality policy analysis, the TA will enhance the DOF technical staff's quantitative and qualitative skills. Activities will include direct training of staff on research and analytical methods by experts and researchers experienced in policy formulation and advice, and field studies in countries that have planned and implemented progressive tax policies. ADB will engage local and international academic or public policy institutions to customize and conduct training courses on econometrics, welfare analysis, poverty, social and gender analyses, and tax and fiscal policies for DOF technical staff and staff from relevant line

¹⁰ The executive order for establishing SERG as a division in the DOF is expected to be signed by December 2016. DOF has allocated \$1.25 million for SERG operation and staffing. SERG will need to be funded by a regular budget from the Department of Budget and Management to ensure financial and organizational sustainability, which will take time. Therefore, the TA will enable SERG to start quickly and, ultimately, stand on its own through timely, effective capacity development, and software and hardware procurement.

¹¹ These areas pertain to the DOF's first tax reform package submitted to Congress in 2016. The reform package is expected to be in effect in 2018.

agencies. DOF and SERG will procure advanced hardware (e.g., information technology equipment and computer servers) and software (e.g., STATA and Matlab) and use them for statistical and data analysis.¹² Software providers will conduct software training courses so staff can maintain and update the software. This output will result in the DOF having the in-house capacity to design effective and objective tax reform and fiscal policy packages.

12. Output 3: Policy reform agenda and research outputs communicated with stakeholders. Any policy reform agenda has to be communicated clearly and effectively, while building reform coalitions to generate buy-in. The TA will build the DOF technical staff capacity to communicate policy into meaningful actions. Activities include directly training staff on effective dissemination of research outputs; disseminating research outputs in seminars, conferences, or forums; and reproducing research output for the public's reference. ADB will engage a national firm with strong experience communicating public policy and reform agenda to support the DOF in designing and implementing public communications plans and activities to launch and implement adopted tax and other reform measures. Various communication channels will be used to target groups such as women, youth, and disadvantaged people. These will include mass media, social media, audiovisual presentation, and focus group discussions with stakeholders. This output will help ensure tax reform and fiscal policy packages under outputs 1 and 2 garner buy-in from stakeholders, including cabinet members, Congress representatives, civil society, and the public.

13. Risks include (i) turnover of DOF technical and research staff, (ii) limited capacity to maintain statistical equipment and update software, and (iii) political resistance to the proposed tax and fiscal policy measures. The first two risks can be mitigated by output 2, as capacity-building activities will be targeted at permanent technical staff in DOF and SERG and other relevant agencies, and software providers will offer staff training for maintaining and updating software. In addition, output 3 can help mitigate the last risk, as effective communications plans and activities will nurture support for and ownership in reform agenda and priorities.

C. Cost and Financing

14. The TA is estimated to cost \$2.2 million, of which \$2.0 million will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The government will provide counterpart support in the form of counterpart staff and budget,¹³ office accommodation, office supplies, secretarial assistance, domestic transportation, and other in-kind contributions. The cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

15. The DOF, through SERG and led by the undersecretary, will be the executing and implementing agency. It will provide office space with furniture and support services for consultants, and be responsible for day-to-day management and decisions on project implementation under the Advance Payment Facility. ADB will administer the TA through the Philippines Country Office (PHCO) of the Southeast Asia Department. The TA commencement date is 1 January 2017; the physical completion date is 31 December 2019.

¹² After TA completion, advanced statistical hardware and software will be turned over to the government and procured as goods.

¹³ The DOF approved the budget of \$1.25 million for SERG's staffing and overall operation.

16. PHCO will maintain regular contact with DOF and consultants to ensure work proceeds according to the agreed schedules and expected outputs. TA review missions and consultant progress reports will provide adequate monitoring and evaluation of TA delivery. In addition to formal TA deliverables, consultants will be required to prepare brief quarterly reports every 3 months during the contract period. PHCO will participate in all workshops, seminars, and public outreach activities to ensure stakeholder views and concerns are adequately addressed in consultant deliverables. The project outputs will be promoted through mass media, social media, academic journals, and other public dissemination and mass communication. External peer review of consultant deliverables may be sought for soundness and objectivity.

17. The TA requires 126 person-months of international and national expert inputs. Experts include (i) a team leader (20 person-months, individual, international, intermittent), (ii) policy experts (20 person-months, individual, international or national, intermittent), (iii) an econometrics institution (20 person-months, firm, international, intermittent), (iv) a communications firm (20 person-months, firm, national, intermittent), and (v) research assistants (46 person-months, individual, national, full-time). Individual experts or firms can provide training programs, as needed. Output-based or lump-sum contracts will be considered in engaging consulting services to reduce administrative burden and improve economy, efficiency, and value for money. Firm consultants will be recruited based on the quality- and cost-based selection method with the 80:20 quality–cost ratio.

18. Consultants will be recruited by ADB and managed following ADB's Guidelines on the Use of Consultants (2013, as amended from time to time), on a competitive basis following advertising on the ADB website, evaluating expressions of interest received, and short-listing qualified experts. All procurement will be done following ADB's Procurement Guidelines (2015, as amended from time to time). The TA disbursement will be done following ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). The outline terms of reference for consultants are in Appendix 3.

IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$2,000,000 on a grant basis to the Government of the Philippines for Strengthening Tax and Fiscal Policy Capacity for Inclusive Growth, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Impact the TA is Aligned with			
Tax revenues increased to 15.6% of gross domestic product ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome SERG capacity for tax and fiscal policy to recommend policies and reforms strengthened	By 2020: a. At least 10 timely, high-quality policy recommendations delivered for Congressional sessions and the DOF's strategic messaging (2016 baseline: 0) b. At least 5 in-house tax and fiscal policy packages developed (2016 baseline: 0)	a–b. DOF reports	Political resistance to proposed tax and fiscal policy measures
Outputs 1. Technical advice on the design of priority reforms provided 2. Quantitative and qualitative analytical research skills for policy reform enhanced 3. Policy reform agenda and research outputs communicated with stakeholders	By 2019: 1a. At least 10 policy and technical notes on the design of tax reform, fiscal, reform, and other related priority reforms submitted to the DOF and SERG (September 2016 baseline: 0). 2a. 10 advanced statistical hardware and software packages procured (2016 baseline: 0) 2b. At least 60 technical staff from the DOF and SERG and other relevant agencies trained for statistics and econometrics courses (September 2016 baseline: 0) 3a. DOF's public communications plan and road map developed (2016 baseline: Not applicable) 3b. At least 10 workshops, consultations, forums, and seminars organized to enhance understanding of the reform among stakeholders (2016 baseline: 0)	1a. DOF reports, TA reports, or Philippine Official Gazette 2a–b. DOF reports or TA reports 3a–b. DOF reports, TA reports, or Philippine Official Gazette	Limited capacity to maintain statistical equipment and update software Turnover of technical and research staff
Key Activities with Milestones			
1. Technical advice on the design of priority reforms provided 1.1 Identify the DOF's potential areas for technical advice on tax and fiscal policy agendas and priorities (March 2017). 1.2 Engage national or international experts (April 2017).			

Key Activities with Milestones
<p>1.3 Prepare technical and policy notes on specific design of tax reform, fiscal reform, and other related economic reforms (April 2017–December 2019).</p> <p>2. Quantitative and qualitative analytical research skills for policy reform enhanced</p> <p>2.1 Review and assess the DOF’s quantitative research skills needed (March 2017).</p> <p>2.2 Engage a statistician consultant to lead training sessions for the DOF staff (May–June 2017).</p> <p>2.3 Procure advanced statistical hardware and software (July–December 2017).</p> <p>2.4 Conduct econometrics and statistics training courses for the DOF staff, where appropriate, in collaboration with both local and international academic institutions (July 2017–December 2019).</p> <p>3. Policy reform agenda and research outputs communicated with stakeholders</p> <p>3.1 Engage public communications specialists to assist the DOF with public communications of the government’s reform agenda (May–June 2017).</p> <p>3.2 Develop the DOF’s public communications plan (June–July 2017).</p> <p>3.3 Implement the public communications plan (August 2017–December 2019).</p>
<p>Inputs</p> <p>Asian Development Bank: \$2,000,000 (TASF-other sources)</p> <p>Note: The government will provide counterpart support in the form of counterpart staff and budget,^b office accommodation, office supplies, secretarial assistance, domestic transportation, and other in-kind contributions.</p>
<p>Assumptions for Partner Financing</p> <p>Not applicable.</p>

DOF = Department of Finance; SERG = strategy, economics, and result group; TA = technical assistance.

^a The government’s tax collection target as announced by President Rodrigo Duterte on 15 August 2016.

^b The DOF approved a budget of \$1.25 million for SERG’s staffing and overall operations.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (30 person-months)	250.0
ii. National consultants (56 person-months)	200.0
b. International and local travel	50.0
c. Reports and communications	50.0
2. Training ^{b, c}	
a. Remuneration and per diem	
i. International consultants (20 person-months)	150.0
b. Training activities	600.0
3. Seminars and conferences ^{c, d, e}	
a. Remuneration and per diem	
i. National consultants (20 person-months)	100.0
b. Seminar and conference activities	500.0
4. Equipment ^f	100.0
Total	2,000.0

Note: The technical assistance (TA) is estimated to cost \$2,200,000, of which contributions from the Asian Development Bank (ADB) are presented in the table above. The government will provide counterpart support in the form of counterpart staff and budget, office accommodation, office supplies, secretarial assistance, domestic transportation, and other in-kind contributions. The value of government contribution is estimated to account for 9.1% of the total TA cost.

^a Financed by ADB's Technical Assistance Special Fund (TASF-other sources).

^b Academic and public policy institutions, both local and international, and individual experts will be engaged to conduct staff capacity development activities such as workshops, conferences, and training sessions for the Department of Finance (DOF) and other relevant government agencies. Tentatively, the DOF and strategy, economics, and result group is planning to engage a few renowned academic institutions in the United States to design and customize tax and fiscal policy training courses for the DOF and other agencies, using the quality- and cost-based selection method (quality-cost ratio: 80:20). The experts will visit the DOF every 3 months to conduct courses.

^c Includes remuneration and per diem for consultants and experts.

^d A national firm with strong experience communicating public policies and reform agendas will be engaged based on quality- and cost-based selection (quality-cost ratio: 80:20) to provide guidance to the DOF and strategy, economics, and result group, and organize public consultation activities such as public consultation sessions, forums, and seminars involving broad-based stakeholders.

^e As guided by the *Use of Bank Resources: Regional Technical Assistance and Technical Assistance and Internal Administrative Expenses Budget* issued on 26 June 2013.

^f Advance Payment Facility will be used for procurement of advanced statistical hardware and software following ADB's Procurement Guidelines (2015, as amended from time to time), as guided by: ADB. 2008. Asset Management and Inventory Control. *Administrative Orders*. AO 4.02. Manila.

Source: ADB estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. A total of 126 person-months (intermittent) of international or national consulting services will be required to ensure the effective implementation of this technical assistance (TA) project. Consultants will be recruited following the Asian Development Bank's Guidelines on the Use of Consultants (2013, as amended from time to time). Firm consultants will be recruited based on the quality- and cost-based selection method with the 80:20 quality–cost ratio.

2. **Team leader** (20 person-months, individual, international, intermittent). The team leader will have 15 years of experience in evidence-based tax policy, tax reform modeling, and tax database analysis, especially in the context of the Philippines and other middle-income countries. The team leader should have a doctorate degree in economics or econometrics or relevant fields of study and a track record of academic journal publications. The team leader will be supported by at least two research assistants, and will

- (i) provide overall management of project implementation;
- (ii) conduct technical discussion with the Department of Finance (DOF) and analyze the current strategy, practices, and programs with respect to tax data collection and management, and the need for the DOF's quantitative research capacity;
- (i) based on the outcomes of tasks (i)–(ii), develop a communications plan and road map for the DOF's reform agenda and research outputs;
- (iv) considering the outcome of tasks (i)–(iii), design and lead training modules and workshops, inside and outside of the country, for the DOF staff, which aim to share international practices and strengthen evidence-based policy capacity; and
- (v) prepare and submit TA progress reports.

3. **Policy experts** (20 person-months, individual, national or international, intermittent). The experts will have at least 10 years of experience with the Philippines' tax reform and fiscal policy issues and implementation. The experts should have masters or doctorate degrees in economics, public policy, or relevant fields. The experts will prepare technical notes on tax and fiscal policy issues, as advised by the DOF and strategy, economics, and result group (SERG). The experts will ensure that the proposed tax, fiscal, and other policy economic policy reforms are gender-sensitive and have no differentiated negative impacts on women and men, and will

- (i) liaise with the team leader and the DOF and SERG on the tax and fiscal policy advice needed;
- (ii) undertake studies and analyze the tax and fiscal policy and reform as guided by the DOF and SERG;
- (iii) prepare technical notes in consultation with the DOF and SERG;
- (iv) make a presentation of the studies to stakeholders, if needed by the DOF and SERG; and
- (v) coordinate with the communications specialist to ensure consistency of tax and fiscal policy advice with communications plans and strategies.

4. **Econometrics institution** (20 person-months, firm, international, intermittent). The institution will prepare the technical notes and training sessions in coordination with the team leader. The institution should have experts with a doctorate degree in economics, econometrics, or relevant fields of study with a track record of academic journal publications, who will

- (i) prepare training materials (e.g., presentations, notes, and exercises) as guided by and in coordination with the team leader;
- (ii) conduct training sessions and modules as guided by the team leader; and
- (iii) contribute to overall organization of training sessions and modules, where applicable.

5. **Communications firm** (20 person-months, firm, national, intermittent).¹ The firm should have at least 15 years of experience in government public communications policy, planning, and practices. The firm should have familiarity with the Philippines' public communications policy, especially tax reform. It will be responsible for (i) policy reform advocacy and outreach to government counterparts (e.g., National Economic and Development Authority and Congress); and (ii) public outreach, perception management, and proactive engagement, especially addressing public concerns over the impacts of tax and fiscal policy with civil society (e.g., churches and pro-poor groups), businesses, and other relevant groups. The firm is expected to

- (i) liaise with the team leader to ensure communications of policy reform agenda and research outputs are aligned and complementary with the overall project implementation management;
- (ii) conduct a communications-based assessment, including risk analysis, capacity analysis, public perception survey, and stakeholder influencers mapping;
- (iii) undertake stakeholder and audience pretesting;
- (iv) solicit feedback from stakeholders during the policy reform process through dialogue and public engagement;
- (v) prepare training materials;
- (vi) conduct communications policy monitoring using the baselines, and measure the impact of communications efforts; and
- (vii) undertake knowledge analysis so best practices under the TA can be replicated in future policy communications efforts.

6. **Research assistants** (46 person-months, individual, national, full-time). The assistants will have 5 years of experience in supporting economic research projects. The assistants should have a master's degree in economics, econometrics, or relevant fields of study. Proficiency in Microsoft applications (i.e., MS Word, MS Excel, and MS PowerPoint) and familiarity with statistical software (e.g., STATA and E-views) is essential. The assistants will support the team leader in overall project implementation, such as through preparing documents and presentations, and will

- (i) provide overall support to the team leader;
- (ii) prepare reports, graphs, figures, and statistics under the team leader's guidance; and
- (iii) perform other miscellaneous tasks as guided by the team leader.

¹ Output-based terms of reference may be considered.