Technical Assistance Report

Fiscal Policy for Green and Inclusive Development

Asian Development Bank

CONTENTS

KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1.	Basic Data			Project Number: 55130-001
	Project Name	Fiscal policy for green and inclusive development	Department/Division	ERCD/EROD
	Nature of Activity Modality	Research and Development Cluster	Executing Agency	Asian Development Bank
	Country	REG (All DMCs)		

2.	Sector	Subsector(s)	ADB Financing ($ million)
✓	Public sector management	Public expenditure and fiscal management	1.30
		Total	**1.30**

3. Operational Priorities	Climate Change Information	
✓ Accelerating progress in gender equality	GHG Reductions (tons per annum)	0.000
✓ Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability	Climate Change impact on the Project	Low
✓ Strengthening governance and institutional capacity	**ADB Financing**	
	Adaptation ($ million)	0.00
	Mitigation ($ million)	0.00
	Cofinancing	
	Adaptation ($ million)	0.00
	Mitigation ($ million)	0.00

Sustainable Development Goals	**Gender Equity and Mainstreaming**	
SDG 12.c	Some gender elements (SGE)	✓
SDG 16.7		
SDG 17.1	**Poverty Targeting**	
	General Intervention on Poverty	✓

4.	Risk Categorization	Low

5.	Safeguard Categorization	Safeguard Policy Statement does not apply

6. Financing

Modality and Sources	Amount ($ million)
ADB	**1.30**
Knowledge and Support technical assistance: Technical Assistance Special Fund	1.30
Cofinancing	**0.00**
None	0.00
Counterpart	**0.00**
None	0.00
Total	**1.30**

Currency of ADB Financing: US Dollar

I.   INTRODUCTION

1.   The knowledge and support technical assistance (TA) cluster will build fiscal policy knowledge to promote green and inclusive development—advancing economic, social, and environmental objectives—in developing Asia. Under the TA, the Economic Research and Regional Cooperation Department (ERCD) will carry out research on fiscal policy in collaboration with leading experts, with findings disseminated to policymakers and other stakeholders. The TA will complement ongoing work of the Asian Development Bank (ADB) in debt analytics;[1] a regional hub on domestic resource mobilization and international tax cooperation;[2] and tax transparency.[3] The TA closely aligns with ADB's Strategy 2030, in particular operational priority 6 (strengthening governance and institutional capacity), which includes components on enhancing domestic resource mobilization and improving public expenditure effectiveness.[4] By supporting the funding and provision of public goods and services, the TA will contribute to ADB's Strategy 2030 vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. The TA is also aligned with the Sustainable Development Goals (SDGs).[5] The TA cluster is included in the current ADB Management-approved annual work program of ERCD.[6]

II.   ISSUES

2.   Inefficient and inadequate taxes and government expenditures in developing member countries (DMCs) hinder the provision of education, health, social protection, and physical infrastructure needed to promote green and inclusive development. The United Nations Economic and Social Commission for Asia and the Pacific estimates that the region needs to invest $1.5 trillion annually from 2016 to 2030 to achieve the SDGs.[7] Although private finance is crucial, much of this expenditure must be met by stronger tax revenue. Inadequate taxes also impede the effectiveness of countercyclical fiscal policy and increase reliance on costly finance. An inefficient tax mix can increase dependence on more distortive and growth-retarding taxes, worsen income distribution, and hinder environmental and social policy objectives.

3.   Although some DMCs have made progress with tax revenue mobilization, their revenues remain considerably lower compared with advanced economies and many developing country peers.[8] The coronavirus disease (COVID-19) pandemic has exacerbated fiscal pressure, with revenues falling sharply across the region because of the economic downturn and stimulus measures.[9] Combined with higher spending, fiscal deficits have widened considerably. Across developing Asia, between 2019 and 2020, the weighted average fiscal deficit rose from about 5.0% of GDP to about 9.5% of GDP and government debt increased by 9.0 percentage points of

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[1] ADB. 2019. *Technical Assistance for Debt Analytics and Technical Capacity Building*. Manila.

[2] ADB. 2021. *Technical Assistance for Establishing a Regional Hub on Domestic Resource Mobilization and International Tax Cooperation*. Manila.

[3] ADB. 2017. *Technical Assistance for Enhancing Tax Transparency of ADB Developing Member Countries*. Manila.

[4] ADB. 2019. *Strategy 2030 Operational Plan for Priority 6: Strengthening Governance and Institutional Capacity*. The TA also aligns with *Operational Plan for Priority 2: Accelerating Progress in Gender Equality*; and *Operational Plan for Priority 3: Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability.*

[5] Particularly SDG 17.1: Strengthening domestic resource mobilization, but also SDGs 16.7 and 12.c.

[6] The TA cluster first appeared in the business opportunities section of ADB's website on 14 May 2021.

[7] United Nations Economic and Social Commission for Asia and the Pacific. 2019. *Economic and Social Survey of Asia and the Pacific 2019: Ambitions beyond growth*. Bangkok.

[8] In 2019, the tax-to-gross domestic product (GDP) ratio for DMCs was 15.1%, compared with 22.3% for high-income countries and 19.6% for nonregional middle-income countries. Source: Computed using ADB's Key Indicators and International Monetary Fund Government Finance Statistics, GDP-weighted basis.

[9] T. Sen. 2021. *Exit Strategy to Ease or Eliminate Tax Responses to the COVID-19 Pandemic*. Asian Development Bank. Manila.

GDP. [10] Although fiscal pressure should ease as economies recover, the economic outlook remains uncertain and government balance sheets may remain weak for some time.

4. Several factors contribute to weak and inefficient tax revenues in DMCs. Large informal sectors mean that a large portion of economic activity falls outside the tax net and limit the participation in the fiscal activities across the population and entities. Tax incentives, a significant source of tax leakage, are prevalent across the region. [11] Tax competition can promote an unhealthy race to the bottom. Although lower trade tariffs are beneficial for trade, globalization, and broader economic performance, they erode an important revenue source for some DMCs. Although the digital economy presents new economic opportunities, with significant growth potential, [12] it also poses new taxation challenges, notably base erosion and profit shifting (BEPS).

5. More efficient government expenditures can complement stronger fiscal revenue mobilization by increasing the impact of a given amount of spending. But significant expenditure has little positive impact in promoting green and inclusive development. [13] Some expenditures are poorly targeted, benefiting the relatively well off, while others deliver subpar returns. COVID-19 has exposed inadequate DMC expenditure on social protection, health care, and other areas. Fiscal consolidation poses a major medium-term challenge to DMCs and heightens the importance of improving spending efficiency.

6. Fiscal policy is one of the most politically challenging areas of public policy. Increasing taxes or reducing public spending can be unpopular, and fiscal policy reforms in the broader interests of society can be stymied by vested interests. Successful fiscal policy reform, therefore, requires strong political buy-in. Knowledge products that provide fresh evidence of the benefits of sound fiscal policies can support policy dialogue and help mobilize support for reform in DMCs.

III. JUSTIFICATION FOR CLUSTER MODALITY

7. The TA project comprises two subprojects that will provide a fresh, holistic knowledge base on fiscal policies for green and inclusive development to strengthen policy capacity in DMCs. The TA cluster modality is appropriate because of the linked nature of the issues to be addressed, allowing for better sequencing of activities and for financing to be staggered.

IV. THE TECHNICAL ASSISTANCE CLUSTER

A. Impact, Outcome, and Outputs

8. The TA cluster is aligned with the following impact: fiscal policy for green and inclusive development better leveraged in DMCs (footnote 4). The TA cluster will have the following outcome: knowledge on strengthening revenue mobilization, public expenditure effectiveness, and fiscal management enhanced. [14] The TA will produce the following outputs to help DMCs address core fiscal policy challenges as they emerge from the COVID-19 pandemic.

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[10] Asian Development Bank estimates using IMF Government Finance Statistics. https://www.imf.org/en/Data#imffinancial (accessed 14 April 2021).

[11] S. Gupta. 2018. *Time to Pay More Attention to Tax Expenditures?* Center for Global Development: Washington, DC.

[12] Pre-pandemic Asia spent only $432 per capita on digital platform products (although that figure was growing quickly) in 2019, compared with $2,542 in the United States. ADB. 2021. *Asian Economic Integration Report 2021: Making Digital Platforms Work for Asia and the Pacific*. Manila.

[13] ADB. 2014. *Asian Development Outlook 2014: Fiscal Policy for Inclusive Growth*. Manila.

[14] The design and monitoring framework is in Appendix 1.

9.   **Output 1: Research addressing revenue mobilization carried out.** The TA team will assess the fiscal landscape, including the early impact of COVID-19, in DMCs. The team will also examine fresh empirical evidence on the potential to generate tax revenues, and analyze sources of revenue weakness and priorities for strengthening existing taxes. The team will propose ways to optimize tax incentives by reviewing their fiscal cost and effectiveness, drawing on literature and tax incentives data. The analysis will examine the adverse revenue implications of large informal sectors and options for bringing more of the informal sector into the tax net. Taxation of the digital economy will be researched to examine the threat from BEPS and how this can be addressed through regional cooperation, building on the Group of Twenty (G20)/Organisation for Economic Co-operation and Development Inclusive Framework on BEPS, and domestic reforms. The merits and feasibility of alternative taxes, including sin taxes and environmental-fiscal instruments, and efficient taxation to phase out distortionary fossil-fuel subsidies, will be assessed. The research will also delve into how tax policies can promote equity, considering potential efficiency and equity tradeoffs. This research will support preparation of the Asian Development Outlook 2022 theme chapter.

10.   **Output 2: Research addressing government expenditure and fiscal management carried out.** Research under this output will examine options for improving DMC government expenditures on education, health, social protection, environment, and infrastructure to promote green and inclusive development, including gender inclusion.[15] The TA team will assess fiscal policy frameworks for prioritizing and promoting efficient, equity-promoting expenditures; trust in government; debt sustainability; and tax compliance. Additional research will cover strengthening overall fiscal management to help DMCs achieve medium-term fiscal consolidation as they emerge from COVID-19, encompassing fiscal scenarios, fiscal architecture reforms, and fiscal diagnosis.

11.   The research will be prepared in collaboration with leading scholars. Innovative research methods will be explored, drawing on the latest empirical approaches and insights from emerging fields such as behavioral public finance. Given the political challenges associated with fiscal policy reform, the TA will examine lessons from successful reforms for DMCs. Papers will be published as working papers or standalone chapters in a collective volume. The findings of the studies will also be disseminated through policy briefs, blogs, and op-eds. The products will mostly be shared electronically via ADB websites. Printed copies of the papers and the collective volume will be provided to policymakers and other stakeholders based on demand.

12.   **Output 3: ADB online fiscal content enhanced, and Asia Fiscal Monitor published.** To improve awareness of DMC fiscal challenges, the TA team will create and disseminate through existing ADB portals or the new Asia Fiscal Online sub-portal a range of new fiscal research (including from outputs 1 and 2), analysis, and commentary. This online content will include key new fiscal indicators, building on the ADB COVID-19 Policy Database initiative.[16] This will include fiscal diagnostics developed using empirical analysis to monitor evolving fiscal stances and vulnerabilities in DMCs. Alternative communication channels will be explored to reach a broader audience and make it easier to retrieve information and data. The portal will also feature a new annual publication with a strong regional focus: Asia Fiscal Monitor (AFM). AFM will provide an accessible snapshot of regional fiscal developments, highlight topical fiscal research focusing on challenges facing DMCs, and present updated fiscal diagnostics for DMCs. The fiscal online content generated under output 3 and the AFM will complement existing publications and

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[15] Related fiscal analyses recognizing unpaid domestic and household works in the context of informal sectors, and female labor force participation.
[16] This ADB database tracks government policies to combat the COVID-19 pandemic (https://covid19policy.adb.org/).

databases through a region-centric approach. Thus, the TA cluster will help fill in fiscal data gaps, provide an improved platform for analysis of fiscal challenges across DMCs, and strengthen ADB coverage of fiscal issues. As part of the TA review process, an assessment will be made concerning future arrangements, including funding, for the enhanced online content and the AFM.

13.   **Output 4: Knowledge sharing on fiscal policy strengthened.** To leverage research outputs and build capacity in DMCs, outreach events will be held in collaboration with relevant ADB departments and stakeholders. An annual regional conference will be held to bring together leading researchers, policymakers, and other experts to provide fresh perspectives on fiscal policy challenges and solutions, including best practices. The conference will provide a forum for sharing country experiences to foster cross-fertilization of ideas.

B.   Cost and Financing

14.   The TA cluster is estimated to cost $1,300,000 ($300,000 for subproject 1 and $1,000,000 for subproject 2), which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-7 and TASF-other sources). Detailed cost estimates and financing arrangements will be presented for each TA subproject proposal submitted for approval.

C.   Implementation Arrangements

15.   ADB will administer the TA cluster with ERCD responsible for administration and supervision, management of consultants, procurement, and accomplishment of outputs. Promoting the One ADB approach in knowledge solutions, ERCD will coordinate with regional departments, including resident missions and Sustainable and Development and Climate Change department, to promote synergies across ADB online fiscal content and knowledge products. A no-objection letter will be obtained prior to commencing any undertaking in a DMC. Each TA subproject proposal will be submitted for approval to the ERCD chief economist and director general, following the business process for knowledge and support TA cluster processing.[17] Subproject activities will start only after the approval of each TA subproject proposal. Implementation arrangements are summarized in Table 1.

Table 1: Implementation Arrangements for the Technical Assistance Cluster

Aspects	Arrangements		
Indicative implementation period for the TA cluster	July 2021–December 2024 (TA cluster); July 2021–September 2022 (subproject 1); and July 2022–December 2024 (subproject 2)		
Executing and implementing agency	ADB, Economic Research and Regional Cooperation Department, EROD-ERMR		
Consultants[a]	Package title	Selection method	Engaged by
	Individual: International expertise	Individual consultant selection[b]	ADB
	Individual: National expertise	Individual consultant selection[b]	ADB
Disbursement	Disbursement of TA resources will follow ADB's *Technical Assistance Disbursement Handbook* (2020, as amended from time to time).		

ADB = Asian Development Bank, ERMR = Macroeconomics Research Division, EROD = Office of the Chief Economist and Director General, TA = technical assistance.
a Terms of reference for consultants, including resource persons will be included in the subprojects.
b Framework contracts will be considered. Output-based, lump-sum, or time-based contracts will be used as appropriate.
Source: Asian Development Bank.

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[17] ADB. 2017. *Staff Instruction on Business Processes for Knowledge and Support Technical Assistance*. Manila.

16.   **Subprojects.** The TA cluster will be implemented through two subprojects (Appendix 2). Each subproject will be designed to support the achievement of the cluster outputs (paras. 10–14) as and when needed during the implementation period.[18] The indicative implementation period and the budget allocation for the subprojects are summarized in Table 2.

Table 2: Indicative Implementation Period and Budget Allocation for Subprojects

Item	Subproject Title	Implementation Period	Budget ($'000)
Subproject 1	Revenue Mobilization for Green and Inclusive Development	July 2021–September 2022	300
Subproject 2	Expenditure Policies and Fiscal Management for Green and Inclusive Growth	July 2022–December 2024	1,000

Source: Asian Development Bank.

17.   **Consulting services.** Individual consultants will be recruited through the individual selection process to provide international and national consulting inputs. Contracts for consulting services will consist of output-based, lump-sum, time-based, or framework contracts, as appropriate, and the consultants, resource persons, and service providers will be recruited as individuals to ensure that they have the requisite experience and qualifications. Consultants will be engaged following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.

18.   **ADB's procurement.** Information and communication technology-related equipment and/or supplies, subscriptions to third-party databases, and statistical software will be procured under the TA as needed and in coordination with the Information Technology Department and Corporate Services Department. Detailed implementation arrangements of ADB procurement will be finalized before the approval of each TA subproject. Procurement will follow the ADB Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time).[19] Disbursements under the TA will be made in accordance with ADB's *Technical Assistance Disbursement Handbook* (2020, as amended from time to time).

19.   **Social media and websites**. The outputs of the TA will be disseminated via the ADB website, through existing ADB portals, or the Asia Fiscal Online sub-portal (para.13). Alternative communication channels such as social media platforms will also be used in coordination with ADB's Department of Communications. ERCD will be responsible for maintaining and updating the online content.

V.   THE PRESIDENT'S DECISION

20.   The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of $1,300,000 on a grant basis for Fiscal Policy for Green and Inclusive Development, and hereby reports this action to the Board.

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[18] Detailed implementation arrangements, including consultant terms of reference, will be presented for each subproject report processed under the cluster.

[19] Any procured equipment is disposed in line with ADB. 2013. Administering Grant-Financed Technical Assistance Projects. *Project Administration Instructions*. PAI 5.09. Manila.

DESIGN AND MONITORING FRAMEWORK

Impact the TA is Aligned with
Fiscal policy for green and inclusive development better leveraged in DMCs[a]

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
Outcome Knowledge on strengthening revenue mobilization, public expenditure effectiveness, and fiscal management enhanced	By 2024, a. At least 200 citations of TA studies and AFM in external publications, including media reports (OP 3.1.2, OP 6.1.1) b. 75% of at least 200 participants (at least 25% women) in annual regional conferences and other dissemination activities report improved knowledge and capacity (in terms of quality, depth, range) in DMC's fiscal policy analytical work (OP 2.3, OP 3.1.2, OP 6.1.1)	a. Web searches for scholarly literature (e.g., Google Scholar, IDEAS/ RePEc, and ADB website); DOC's media monitoring report b. BTORs; TA consultant reports; surveys and event attendance records	R: DMC stakeholders lack commitment and interest in absorbing research findings and recommendations, and in seeking opportunities to leverage knowledge to strengthen policies. A: DMC stakeholders are engaged in TA research priorities.
Outputs 1. Research addressing revenue mobilization carried out (subproject 1)	By 2022, 1a. At least seven studies completed and published as ADO 2022 background papers, working papers, and policy briefs (2020 baseline: Not applicable) (OP 6.1.1)	1a. TA progress reports and list of published knowledge products	R: Unforeseen circumstances may delay access to fiscal data and other information.
	1b. A total of at least 2,000 downloads recorded for TA-related outputs including ADO 2022 theme chapter and background papers, working papers, and policy briefs (2020 baseline: Not applicable)	1b. ADB web statistics	
2. Research addressing government expenditure and fiscal management carried out (subproject 2)	By 2024, 2a. At least 10 studies and one edited volume on taxation, government spending, and fiscal policy completed and published (2020 baseline: Not applicable)	2a. TA progress reports and list of published knowledge products	R: Unforeseen circumstances may delay access to fiscal data and other information.

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	2b. 200 copies of the edited volume printed and distributed (2020 baseline: Not applicable)	2b. Number of copies printed	
	2c. A total of at least 1,500 web downloads of the edited volume and the research studies recorded (2020 baseline: Not applicable)	2c. ADB web statistics and TA progress report	
3. ADB online fiscal content enhanced, and AFM published (subproject 2)	By 2024, 3a. 1,000 page views of the Asia Fiscal Online 2023: 450 page views 2024: 550 page views (2020 baseline: Not applicable)	3a. ADB web statistics and TA progress reports	R: Unforeseen technical issues such as a breach of website security and software malfunction.
	3b. Two issues of AFM published, with at least 500 downloads per issue (2020 baseline: Not applicable)	3b. ADB web statistics and TA progress reports	
4. Knowledge sharing on fiscal policy strengthened (subproject 2)	By 2024, 4a. Two regional conferences organized (2020 baseline: Not applicable)	4a. Post-event reports, TA progress reports, event documents, staff BTORs	R: Frequent turnover, and lack of engagement among key DMC stakeholders.
	4b. At least 25% of expected 200 participants in all outreach activities are women (2020 baseline: Not applicable) (OP 2.3)	4b. Post-event reports, TA progress reports, event documents, staff BTORs	

Key Activities with Milestones

1. Research addressing revenue mobilization carried out (subproject 1 target approval date: July 2021)

1.1 Hire consultants (Q3–Q4 2021).

1.2 Collect, organize and analyze data from existing international and national databases, and draft research papers (Q2 2022).

1.3 Review, edit, and finalize research studies (Q2–Q3 2022).

1.4 Publish research as background papers to the Asian Development Outlook 2022 and conduct dissemination activities (Q3 2022).

1.5 Produce blogs and policy briefs (Q3 2022).

2.   Research addressing government expenditure and fiscal management carried out (subproject 2 target approval date: July 2022)

2.1 Hire consultants (Q3 2022–Q3 2023).

2.2 Collect and organize data, and draft research papers (Q4 2022–Q2 2024).

2.3 Review, edit, and finalize research studies (Q3 2023–Q4 2024).

2.4 Publish research as collective volume and conduct dissemination activities (Q3 2024).

2.5 Produce blogs and policy briefs (Q3 2023–Q4 2024).

3.   ADB online fiscal content enhanced, and AFM published (subproject 2)

3.1 Hire consultants (Q4 2022).

3.2 Procure information technology equipment, information, and knowledge services (Q3 2022–Q4 2022).

3.3 Collect and organize data, initial web content, set up and pilot-test website (Q3 2022–Q4 2022).

3.4 Launch enhanced online fiscal content (Q4 2022).

3.5 Prepare AFM content (Q2 2023 and Q2 2024).

3.6 Publish and launch AFM (Q3 2023 and Q3 2024).

4.   Knowledge sharing on fiscal policy strengthened (subproject 2)

4.1 Conduct annual regional outreach events on fiscal issues (Q4 2023–Q3 2024).

4.2 Conduct end-of-project assessment (Q4 2024).

Inputs

ADB: Technical Assistance Special Fund (TASF-7 and TASF-other sources) $1,300,000: $300,000 for subproject 1; $1,000,000 for subproject 2

A = assumption, ADB = Asian Development Bank, AFM = Asia Fiscal Monitor, AFO = Asia Fiscal Online, BTOR = back-to-office report, COVID-19 = coronavirus disease, DMC = developing member country, DOC = Department of Communications, OP = operational priority, Q = quarter, R = risk, RePEc = research papers in economics, TA = technical assistance.

a ADB. 2019. *Strategy 2030 Operational Plan for Priority 6: Strengthening Governance and Institutional Capacity*. Manila.

Contribution to Strategy 2030 Operational Priorities:
The expected values and methodological details for all OP indicators to which this TA will contribute are detailed in Contribution to Strategy 2030 Operational Priorities (available from the list of linked documents in Appendix 3). In addition to the OP indicators tagged in the design and monitoring framework, this TA will contribute results for:
OP 6.2 Entities with improved service delivery
Source: Asian Development Bank.

SUBPROJECT DESCRIPTIONS

Subproject 1	Revenue Mobilization for Green and Inclusive Development
Indicative outputs and activities	**Output 1: Research addressing revenue mobilization carried out.** Subproject 1 will cover research work that will assess the fiscal landscape in DMCs including the initial impact of the coronavirus disease (COVID-19); tax revenue potential; effectiveness and optimization of tax incentives; implications of issues such as informality, the digital economy, and base erosion and profit shifting; and environmental and sin taxes. The project team will consult with ADB's regional departments and thematic or sectoral groups as appropriate to refine topic details. Analytical results and other outputs on topical fiscal policy issues may also be produced in response to ADB Management needs. Commissioned studies upon review will be released as policy briefs and/or individual background or working papers. Research outputs may also feature in the AFM. Aside from electronic and printed publications, digital platforms—such as infographics, blogs, op-eds, and social media—will be used. Research findings will be used to support the preparation of the Asian Development Outlook 2022 theme chapter and research findings will be disseminated in conjunction with activities and other events related to Asian Development Outlook 2022.
Indicative implementation arrangements	ADB will administer subproject 1. EROD and ERMR will be directly responsible for administering and supervising the subproject, recruiting and managing consultants, and producing outputs. The specific number of person-months needed for national and international consultants will be indicated in the subproject proposal. Resource persons, who are internationally distinguished experts and could include former ADB staff, will be engaged to present or facilitate discussions at seminars. The proposal for subproject 1 will be submitted to the ERCD chief economist and director general for approval following the business process for knowledge and support TA cluster processing.
Implementation schedule	July 2021–September 2022
Subproject 2	Expenditure Policies and Fiscal Management for Green and Inclusive Development
Indicative outputs and activities	**Output 2: Research addressing government expenditure and fiscal management carried out.** Subproject 2 research products will be a continuation of research undertaken in subproject 1, but with a primary focus on expenditure policies and fiscal management. Additional research will examine options for improving government expenditures on education, health, social protection, and infrastructure to promote green and inclusive development. Research outputs will also examine fiscal policy frameworks for promoting efficient, equity-promoting expenditures; trust in government; and tax compliance; and policies for strengthening overall fiscal management in DMCs. The project team will consult with ADB regional departments and thematic or sectoral groups to

	refine topic details and/or identify other fiscal topics that may be relevant to the challenges faced by DMCs. Analytical results and other outputs on topical fiscal policy issues may also be produced in response to ADB Management needs.
	Commissioned studies upon review will be released as policy briefs and/or individual working papers, and will also form part of a collective volume on expenditure policies and fiscal management. Research outputs may also feature in the AFM. Aside from electronic and printed publications, digital platforms—such as infographics, blogs, op-eds, and social media—will be used.
	Output 3: ADB online fiscal content enhanced, and Asia Fiscal Monitor published. In addition to contributing fiscal content to existing ADB portals, or creating and updating the AFO sub-portal (para. 13 of the main text), fiscal analytics will be developed and made publicly available to monitor evolving fiscal stances and vulnerabilities across DMCs. The TA will support the continuous improvement of the AFO sub-portal, or other relevant ADB portals, to keep up with the demands of users and with changes in technology. Key fiscal issues will be highlighted through infographics and blogs, which will be posted on existing ADB portals or the AFO sub-portal and shared through social media. The project team will also consult with ADB's Department of Communications on additional tools for engaging the target audience of the TA cluster's planned knowledge products.
	Two issues of AFM will be released under subproject 2. The annual AFM will discuss the region's latest fiscal trends and developments and provide analysis and insights on the key issues and challenges faced by DMCs. AFM will also present the highlights of fiscal research undertaken as part of the TA and the implications of this for fiscal policies in developing Asia.
	Output 4: Knowledge sharing on fiscal policy strengthened. Two regional conferences will be held to communicate with and gather insights from high-level policymakers and experts in the region and to disseminate findings from the collective volume on fiscal policy issues prepared under subproject 2 and/or AFMs.
Indicative implementation arrangements	ADB will administer subproject 2. EROD and ERMR will be directly responsible for administering and supervising the subproject, recruiting and managing consultants, procuring information technology hardware and software, and producing outputs.
	The proposal for subproject 2 will be submitted to the ERCD chief economist and director general for approval following the business process for knowledge and support TA cluster processing.
Implementation schedule	July 2022–December 2024

ADB = Asian Development Bank, AFM = Asia Fiscal Monitor, AFO = Asia Fiscal Online, DMC = developing member country, ERCD = Economic Research and Regional Cooperation Department, ERMR = Macroeconomics Research Division, EROD = Office of the Chief Economist and Director General, IT = information technology, TA = technical assistance.
Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS
http://www.adb.org/Documents/LinkedDocs/?id=55130-001-TAReport

1.   Contribution to Strategy 2030 Operational Priorities