



Regional: Fiscal Policy for Green and Inclusive Development Subproject 1: Revenue Mobilization for Green and Inclusive Development

Project Name	Fiscal Policy for Green and Inclusive Development Subproject 1: Revenue Mobilization for Green and Inclusive Development	
Project Number	55130-002	
Country	Regional	
Project Status	Active	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 6745-REG: Fiscal Policy for Green and Inclusive Development	
	Technical Assistance Special Fund	US\$ 300,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Public sector management - Public expenditure and fiscal management	
Gender Equity and Mainstreaming	Some gender elements	
Description	This TA subproject will advance knowledge and policy insights and build technical capacity on fiscal policies to support green and inclusive development advancing economic, social, and environmental objectives in developing Asia. The Economic Research and Regional Cooperation Department (ERCD), in collaboration with leading experts will carry out research , and findings will be disseminated to policymakers and other stakeholders. The project closely aligns with ADB's Strategy 2030 on ADB's role in enhancing DRM and improving public expenditure effectiveness. By addressing the funding and provision of public goods and services, the subproject contributes to the ADB vision of a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. The TA is also aligned with the Sustainable Development Goals. The proposed TA is included in the current Management-approved annual work program of ERCD.	
Project Rationale and Linkage to Country/Regional Strategy	<p>3. 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 the region needs to invest \$1.5 trillion annually from 2016 to 2030 to achieve SDGs. While private finance is crucial, much of this expenditure must be met by stronger tax revenue. Inadequate taxes also impede the effectiveness of counter-cyclical fiscal policy and increase reliance on costly finance. An inefficient tax mix can increase reliance on more distortive and growth retarding taxes; worsen income distribution; and work against environmental and social policy objectives.</p> <p>The COVID-19 pandemic has exacerbated fiscal pressures, with revenues falling sharply across the region due to the economic downturn and stimulus measures. Combined with higher spending, fiscal deficits have widened considerably. While fiscal pressures should ease as economies emerge from the pandemic, the economic outlook remains uncertain and government balance sheets may remain weak for some time. 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 on the benefits of fiscal policy reforms and the impact of alternative and timely policy options can play an important role in supporting policy reform dialogue and mobilizing political support for reform.</p>	
Impact	Fiscal policy for green and inclusive development better leveraged	
Project Outcome		
Description of Outcome	Knowledge on strengthening revenue mobilization, public expenditure effectiveness, and fiscal management enhanced.	
Progress Toward Outcome		
Implementation Progress		
Description of Project Outputs	Research addressing priority areas on revenue mobilization strengthened	
Status of Implementation Progress (Outputs, Activities, and Issues)		
Geographical Location	Regional	
Summary of Environmental and Social Aspects		
Environmental Aspects		
Involuntary Resettlement		
Indigenous Peoples		
Stakeholder Communication, Participation, and Consultation		

During Project Design

During Project Implementation

Responsible ADB Officer	Hill, Samuel C.
Responsible ADB Department	Economic Research and Regional Cooperation Department
Responsible ADB Division	Office of the Chief Economist, ERD
Executing Agencies	Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines

Timetable	
Concept Clearance	-
Fact Finding	28 May 2021 to 28 May 2021
MRM	-
Approval	13 Jul 2021
Last Review Mission	-
Last PDS Update	13 Jul 2021

TA 6745-REG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
13 Jul 2021	-	13 Jul 2021	30 Sep 2022	-	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
300,000.00	0.00	0.00	0.00	0.00	0.00	300,000.00	29 Sep 2021	82.40

Project Page <https://www.adb.org/projects/55130-002/main>

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