

**INTEGRATED SAFEGUARDS DATA SHEET  
APPRAISAL STAGE**

**Report No.: ISDSA17596**

**Date ISDS Prepared/Updated:** 09-Apr-2016

**Date ISDS Approved/Disclosed:** 09-Apr-2016

**I. BASIC INFORMATION**

**1. Basic Project Data**

<b>Country:</b>	Moldova	<b>Project ID:</b>	P127734
<b>Project Name:</b>	Tax Administration Modernization Project (P127734)		
<b>Task Team Leader(s):</b>	Oleksii Balabushko, Jan Loeprick		
<b>Estimated Appraisal Date:</b>	18-Apr-2016	<b>Estimated Board Date:</b>	25-May-2016
<b>Managing Unit:</b>	GGO15	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	General public administration sector (100%)		
<b>Theme(s):</b>	Tax policy and administration (90%), Public expenditure, financial management and procurement (10%)		
<b>Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?</b>			No
<b>Financing (In USD Million)</b>			
Total Project Cost:	20.00	Total Bank Financing:	20.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			20.00
Total			20.00
<b>Environmental Category:</b>	C - Not Required		
<b>Is this a Repeater project?</b>	No		

**2. Project Development Objective(s)**

To improve revenue collection, tax compliance and taxpayer services

**3. Project Description**

The project seeks to improve STI's institutional arrangements and management systems to implement a highly automated, low-discretion, risk-based system. The project provides support for:

revenue collection methodologies and procedures; information technology and other technological infrastructure and training, tax audit and operational systems refinements and technical assistance to underpin STI's management decisions on organization structure. The project consists of five components.

- Component 1. Tax policy reform. This component will finance technical assistance for capacity development on tax policy reform including tax systems and ensuring compliance of the Moldova tax system with the EU-Moldova Association Agreement; support the Ministry of Finance by providing recommendation on implementation of the tax legislation; and the development and implementation of the transfer pricing controls in line with international standards. The component will also support capacity building for revenue forecasting, tax expenditure analysis and tax rulings.
- Component 2. Institutional Development. This component will support changes to STI's organizational structure. It will finance: a comprehensive review and redesign of the organizational structure at headquarters, regional, and local offices based on the STI restructuring plan; implementation of the reorganization based on the restructuring plan; strengthening of capacity for strategic management and performance assessment within the STI; a comprehensive review of HR policies; and development of revised work flow analysis, workforce planning and strategy. In addition, the component will finance: development of a training strategy and curriculum for tax administration staff; purchase of technical and training equipment for the training center and distance learning system; and building capacity of STI through study tours, managerial, human resource management and language training. The component will support the development and implementation of a taxpayer service and communication strategy, taxpayer journey mapping and recommendations on improvement of the taxpayer experience.
- Component 3. Operational Development. Compliance management based on self-assessment and risk management is the cornerstone of an efficient tax administration. The component will finance: technical assistance on strengthening the capacity of the Large Taxpayers Office, in particular on profiling of entities to be serviced by LTO; improved compliance risk management and audit practices; and required organizational changes, and capacity building through audit training. The component will also enhance STI capacity for enforced collection and appeals handling. It will support analysis of case-workflow management for appeals, audits and collection.
- Component 4. IT Infrastructure and System Modernization: This component will acquire and implement an Integrated Tax Management System that will unify IT support for all business functions including: user role management and security, transaction audit trails and logging, taxpayer registration, returns processing, accounting, payment processing, collections and enforcement, objections and appeals, audit, risk assessment, management reporting, case work flow, data warehouse and business intelligence tools, a document management system and a portal interface. The new system will provide for electronic interaction with the taxpayers and enable further taxpayer self-service through the web portal. It will be supported by an integrated data management system, include all required hardware, network improvements, and software to support the ITMS and data warehouse, and establish a business continuity recovery system. It will also provide a bi-directional link to other systems that share data with the STI including Customs Service, CNAS, and NHIF. The new system will be installed in the GoM's e-Government data center and/or the Ministry of Finance data center, it will reuse appropriate existing GoM e-services provided by e-GOV and will have data replication to a business continuity center. ITMS implementation will include user training in the use of all ITMS functions and the use of the management reporting, business intelligence and document management tools
- Component 5. Project Management and Change Management: Funds under this component will be used to support the functioning of the Project Implementation Unit within the MSTI, which will carry out day-to-day project management and help the MSTI coordinate project activities and

interact with all local and international entities involved in the project as well as facilitating engagement of a private sector advisory panel. The component will finance: national and international consultants to support procurement, financial management and technical implementation; international advisors for IT project management, training and change management; and operating costs associated with the implementation of the Project. In addition, the subcomponent will finance audit and operational expenses.

#### **4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

#### **5. Environmental and Social Safeguards Specialists**

<b>6. Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	No	No civil works included in the project
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

## **II. Key Safeguard Policy Issues and Their Management**

### **A. Summary of Key Safeguard Issues**

<b>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</b>
<b>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</b>
<b>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse</b>

impacts.
<b>4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.</b>
<b>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</b>

### ***B. Disclosure Requirements***

<b>If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.</b>
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b>

### ***C. Compliance Monitoring Indicators at the Corporate Level***

<b>The World Bank Policy on Disclosure of Information</b>	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
<b>All Safeguard Policies</b>	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
Have costs related to safeguard policy measures been included in the project cost?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input type="checkbox"/> ]

### **III. APPROVALS**

Task Team Leader(s):	Name: Oleksii Balabushko, Jan Loeprick	
<b><i>Approved By</i></b>		
Practice Manager/ Manager:	Name: Adrian Fozzard (PMGR)	Date: 09-Apr-2016