

## Capacity building: world Bank inks grant agreement with FBR

The World Bank will assist the Federal Board of Revenue (FBR) under the "strengthening tax systems and building tax policy analysis capacity project" for establishing Tax Intelligence Unit and the Market Monitoring and Intervention Unit to strengthen the FBR capacity to carry out sound tax policy analysis, etc.

Sources told *Business Recorder* here on Saturday that the FBR and the WB have signed grant agreement on "strengthening tax systems and building tax policy analysis capacity project" covering updating Tax Administration Data Centres to strengthen Federal Board of Revenue's (FBR) capacity in information technology. The FBR intended to strengthen tax systems and building tax policy analysis capacity project, recipient executed trust fund.

Under the agreement, the government would update the FBR data centers, including storage, servers and network equipment; and support the implementation of the Change Management Program resulting in an integrated ICT data center that effectively conveys information to decision makers, generates business intelligence, allows centralised monitoring and data management, and responds more efficiently to business demands.

The project would also build FBR fiscal research and tax policy analysis capacity. It would support the establishment of the Tax Intelligence Unit and the Market Monitoring and Intervention Unit to strengthen the capacity of the FBR to carry out sound tax policy analysis, including estimation and evaluation of the revenue impact of existing policy, propose tax policy changes, provide information on the tax systems and develop simulation models, and timely dissemination of information to FBR departments, including ad hoc research and studies.

According to the WB, in response to the request for financial assistance made on behalf of Pakistan ("recipient"), the WB has informed that the International Bank for Reconstruction and Development/International Development Association (collectively, the "World Bank"), acting as administrator of grant funds provided by various donors ("donors") under the Accelerating Growth and Reforms Multi-Donor Trust Fund, proposes to extend to the recipient, a grant in an amount not to exceed US \$4,900,000 ("grant") on the terms and conditions set forth or referred to in letter agreement ("agreement") to assist in the financing of the project.

This grant is funded out of the mentioned trust fund for which the WB receives periodic contributions from the donors. In accordance with Section 3.02 of the standard conditions, the World Bank's payment obligations in connection with this agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the recipient's right to withdraw the grant proceeds is subject to the availability of such funds.

The recipient represents, by confirming its agreement, that it is authorized to enter this agreement and carry out the project in accordance with terms and conditions set forth or referred to in this agreement. Under the agreement, the objective of the project is to support policy informed decisions in domestic revenue mobilization. The project consists of the following parts:

Updating Tax Administration Data Centers to Strengthen FBR Capacity in Information Technology: The project would update the FBR data centres, including storage, servers and network equipment; and support the implementation of the Change Management Program resulting in an integrated ICT data centre that effectively convey information to decision makers, generates business intelligence, allow centralized monitoring and data management and responds more efficiently to business demands.

Building FBR Fiscal Research and Tax Policy Analysis capacity: The project would support the establishment of the Tax Intelligence Unit and the Market Monitoring and Intervention Unit to strengthen the capacity of FBR to carry out sound tax policy analysis, including estimation and evaluation of the revenue impact of existing policy, propose tax policy changes, provide information on the tax systems and develop simulation models and timely dissemination of information to FBR departments, including ad hoc research and studies.

Project Execution Generally: Pakistan declares its commitment to the objectives of the project. To this end, Pakistan shall carry out the project through the FBR in accordance with provisions of; (a) Article II of the standard conditions, (b) the Anti-Corruption Guidelines, (c) and this Article II.

Project Management Unit: Pakistan shall establish by no later than three months after the countersignature date of this agreement a project management unit ("PMU") within the FBR, and thereafter shall maintain it with terms of reference, composition and resources at all time satisfactory to the WB. The PMU shall be headed by a project director and it shall be responsible for administrative and financial matters related to the project.

Pakistan shall establish by no later than three months after the countersignature date of the agreement a project management and evaluation team, and thereafter shall maintain it throughout the implementation of the project with terms of reference, composition and resources at all time satisfactory to the World Bank. The project management and evaluation team shall be responsible, among other things for project implementation, preparing work plans and monitoring and evaluation, it said.

Pakistan shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the donors' support for the project. Project Monitoring, Reporting and Evaluation: Pakistan shall monitor and evaluate the progress of the project and prepare project reports in accordance with the standard conditions and on the basis of the indicators set forth. Each project report shall cover the period of one calendar semester and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

The performance indicators included production of annual comprehensive tax expenditure analysis and forecast annual tax revenues of the FBR and provincial governments. Pakistan shall prepare the completion report in accordance with the provisions of standard conditions. The completion report shall be furnished to the World Bank not later than six months after the closing date.

Pakistan shall have its financial statements audited in accordance with the provisions of the standard conditions. Each such audit of the financial statements shall cover the period of one fiscal year of the recipient. The audited financial statements for each such period shall be furnished to the World Bank

not later than six months after the end of such period.

All goods, non-consulting services and consulting services required for the project and to be financed out of the proceeds of the grant shall be procured in accordance with the requirements set forth or referred to in the World Bank Procurement Regulations for Borrowers under Investment Project Financing" dated July 1, 2016 and the provisions of the Recipient's procurement plan for the project dated February 2017 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the WB, the WB added.

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