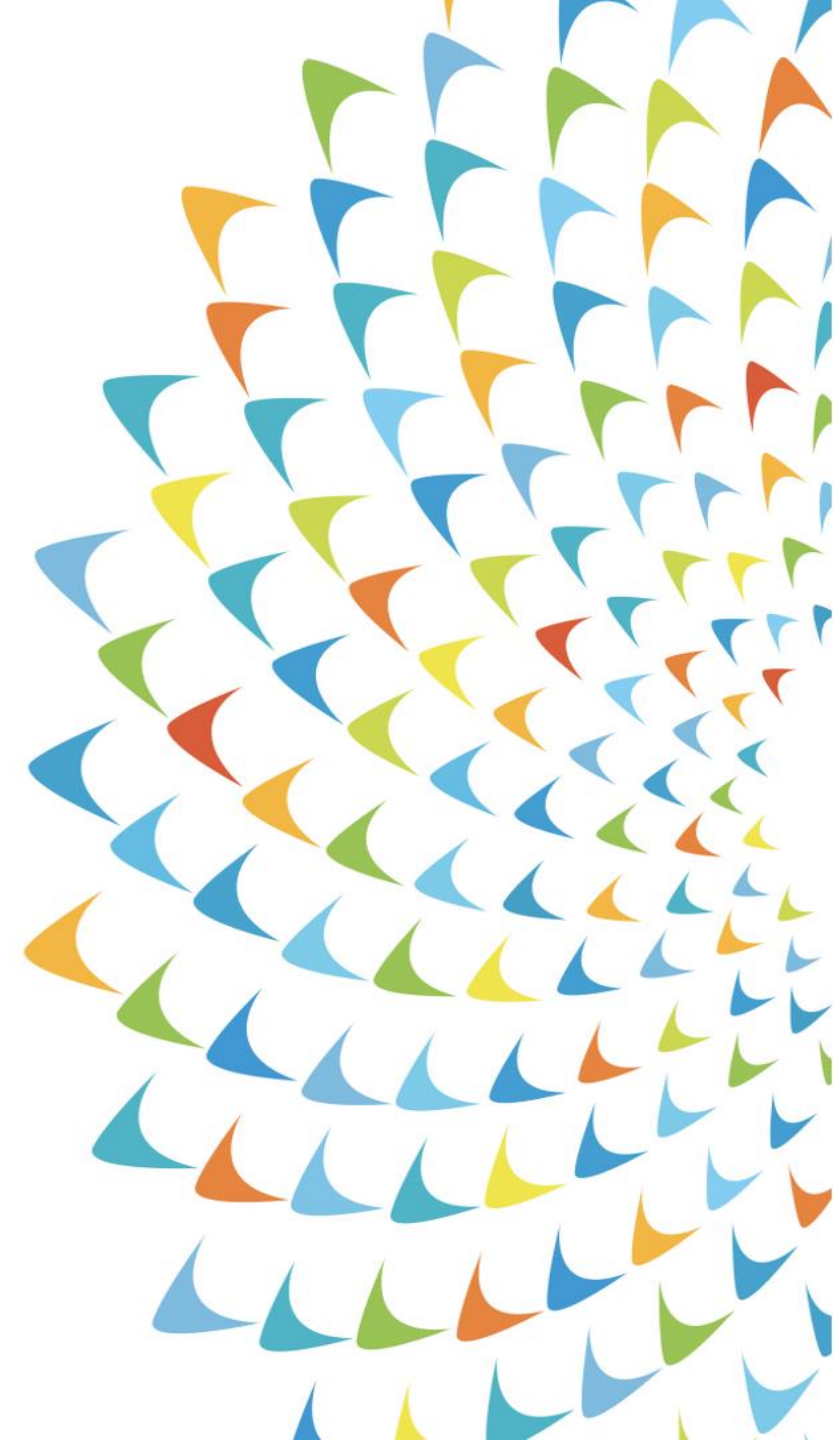




ADB's Work on the MTRS Approach to Support Recovery and Development in Asia and the Pacific

February 2023





Present Challenges: What Countries Are Facing

High and rising debt-to-GDP ratios and low tax-to-GDP ratios over the years.

Meeting developmental expenditures without risking debt sustainability.

Poor performance of meeting SDGs



Urgent Need to Improve Revenue Efforts

Figure 1: Debt-to-GDP, 2016-2022

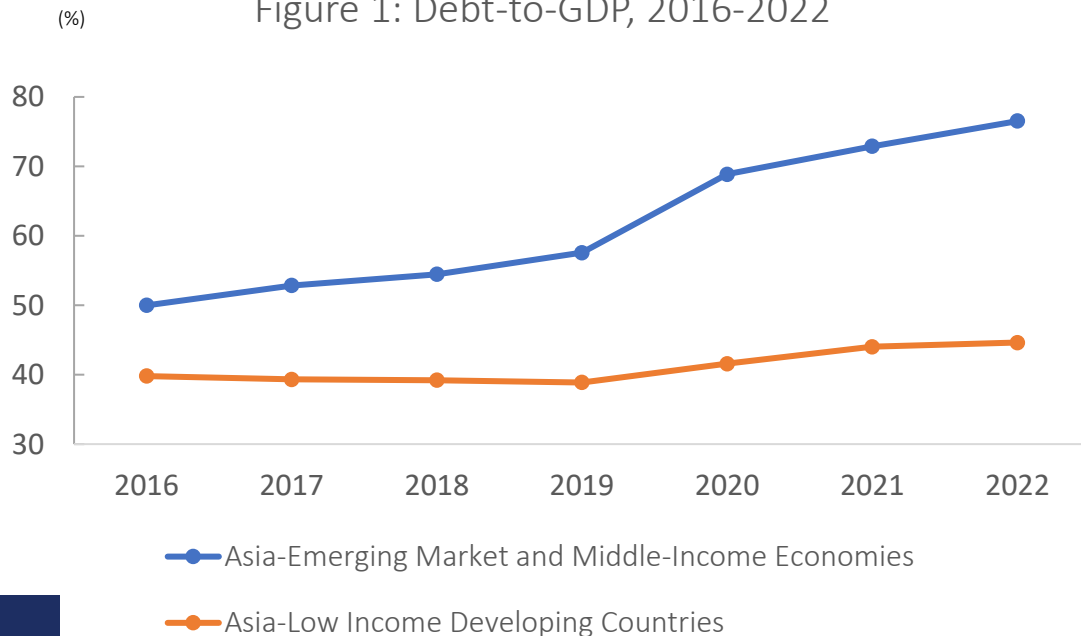
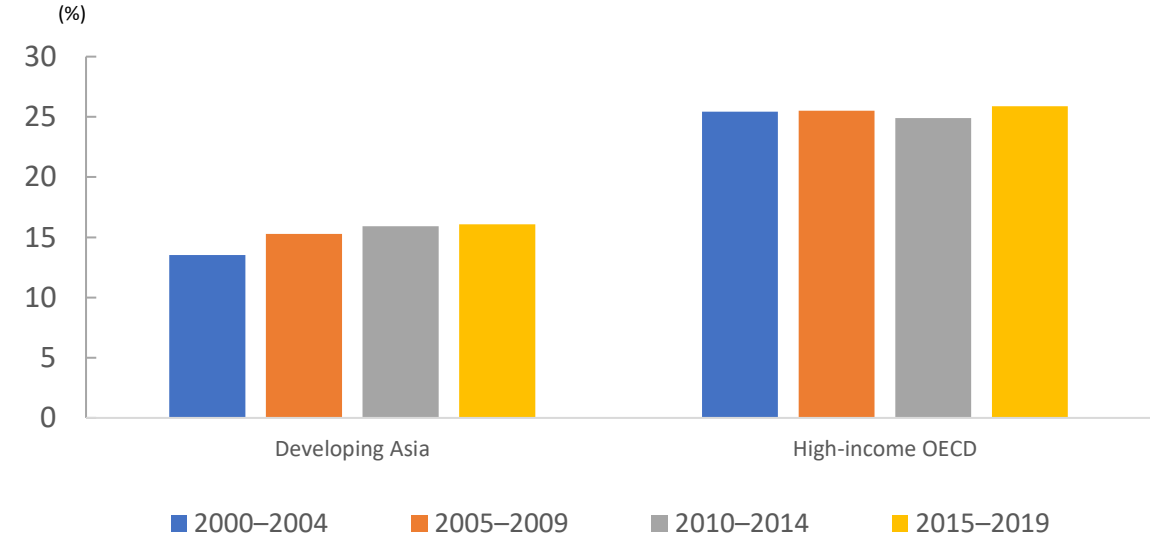


Figure 2: Tax-to-GDP ratios, 2000-2019



Source: IMF Fiscal Monitor April 2022

Note : Twenty-six economies in developing Asia and 33 among high-income OECD members. Data do not include social security contributions.
Sources: Asian Development Outlook 2022, Theme Chapter, Figure 2.1.3



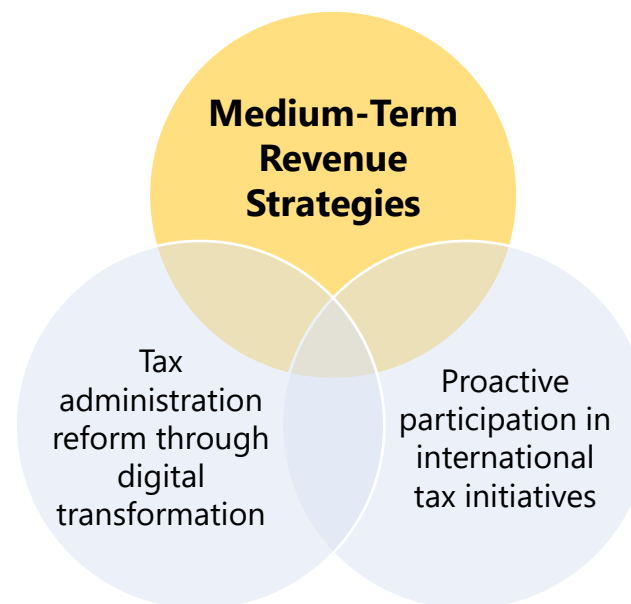
ADB Initiatives to Address These Challenges

Asia Pacific Tax Hub (APTH)

Officially **launched in May 2021** as an open and inclusive platform for:

- Strategic policy dialogue
- Knowledge sharing and capacity building
- Development coordination among ADB, its members, and development partners.

APTH Three Key Building Blocks



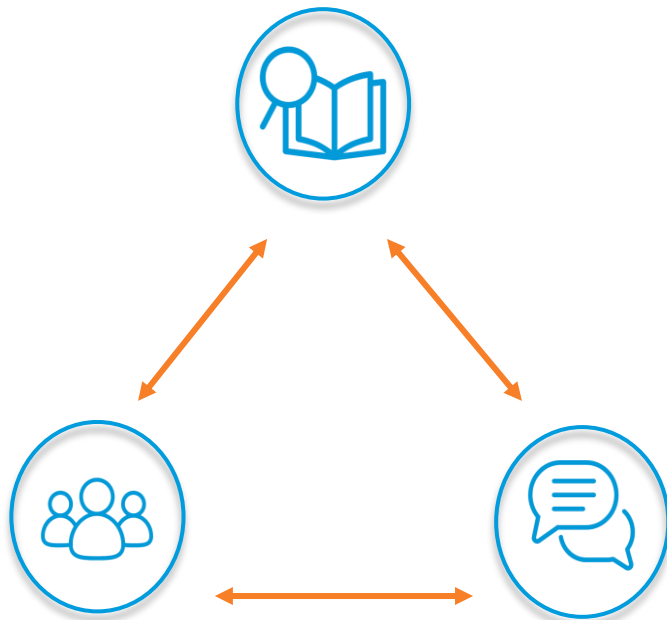
Progress of ADB developing members on MTRS

Pre-formulation
Georgia, Malaysia, Mongolia, Uzbekistan
Formulation
Bangladesh, Indonesia, Lao PDR, Pakistan, Thailand, Viet Nam
Implementation
Papua New Guinea

Source: the Platform for Collaboration on Tax's [website](#) (accessed on 25 January 2023)



ADB's Contributions to Formulation of MTRS



- ❖ **Capacity building events.** Two MTRS regional workshops in May and August 2021 in collaboration with the Platform for Collaboration on Tax.

- ❖ **Tax Administration Diagnostic Assessment Tool (TADAT).** Active in promoting as the weakness revealed by TADAT assessments.
 - **Pakistan:** led training and assessment in May-August 2021
 - **Maldives:** joined assessment led by IMF in March 2022
 - **Bhutan:** led training and assessment in September 2022
 - Several TADAT assessments done by capacity development partners for ADB developing members such as **Fiji, Cambodia, and Mongolia.**



ADB's Future Supports on Implementation of MTRS

Maldives

Joined a collaborative approach agreed with IMF and Maldivian authorities for formulating the MTRS, which conducted a joint tax administration diagnostic assessment tool, a joint MTRS formalization workshop, and the MTRS mission. A donor coordination between capacity development partners continues.

Source: the Platform for Collaboration on Tax, [Progress Report 2022](#), Box 2.B. "PCT and Other Partners' Support to Maldives' MTRS" (accessed on 25 January 2023)



ADB can leverage its financial instruments, such as policy-based and project lending/grant:

Pakistan

[Programmatic Policy Based Lending](#) "Improved Domestic Resource Mobilization Reform Program" is facilitating implementation of TADAT recommendations, with the focus on improving tax administration, automation and compliance.

Mongolia

The outcome of TADAT assessments will provide inputs for the [programmatic Policy-Based Loan](#) which includes tax administration reform areas broadly.



Thank you!

