

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

NICARAGUA

SUPPORT FOR FISCAL MANAGEMENT

(NI-X1010)

NONREIMBURSABLE TECHNICAL COOPERATION DOCUMENT

This document was prepared by the project team consisting of Andrés Muñoz (FMM/CNI), Project Team Leader; Alberto Barreix (IFD/FMM); Fernando Velayos (IFD/FMM); Victoria Florez (ORP/ORP); Alonso Chaverri (LEG/CLA); María del Pilar Jiménez (LEG/SGO); Nadine Schiavi (ORP/GCM); Armando Olocco (TRY/FSV); Sobeyda Castillo (CID/CNI); Osmin Mondragón (FMP/CNI); Santiago Castillo (FMP/CNI); Sonia Rojas (consultant); and Marina Massini (IFD/FMM).

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NONREIMBURSABLE TECHNICAL-COOPERATION DOCUMENT

SUPPORT FOR FISCAL MANAGEMENT (NI-X1010)

I. BASIC INFORMATION

Country:	Nicaragua
Name:	Support for Fiscal Management
Number:	NI-X1010
Project team leader/ members:	Andrés Muñoz (FMM/CNI), Project Team Leader; Alberto Barreix (IFD/FMM); Fernando Velayos (IFD/FMM); Victoria Florez (ORP/ORP); Alonso Chaverri (LEG/CLA); María del Pilar Jiménez (LEG/SGO); Nadine Schiavi (ORP/GCM); Armando Olocco (TRY/FSV); Sobeyda Castillo (CID/CNI); Osmin Mondragón (FMP/CNI); Santiago Castillo (FMP/CNI); Sonia Rojas (consultant); and Marina Massini (IFD/FMM).
Beneficiary:	Ministry of Finance (MHCP)
Executing agency:	Ministry of Finance (MHCP)
Donor:	European Union
Financing (IDB):	€5,165,000 ¹
Local counterpart funding:	N/A
Disbursement period:	48 months

¹ These resources will be administered by the Bank through a project-specific grant in accordance with document SC-114, and are equivalent to US\$6,921,100 at an exchange rate of US\$1.34/€1 on 21 November 2013. Source: Central Bank of Nicaragua. The Bank will supplement with US\$150,000, equivalent to €111,940, through technical cooperation NI-T1176 (ATN/OC-14014-NI), "Tax Policy Support," approved in September 2013, the goals and activities of which complement this operation, in particular Component 4, in the context of support for strengthening Nicaragua's fiscal and tax management.

Required start date:	1 February 2014
Types of consultants:	Individual consultants and consulting firms
Prepared by:	Fiscal and Municipal Management Division (FMM)
Disbursement responsibility:	CID/CNI
Operation included in country strategy:	Yes
Operation included in CPD:	No
GCI-9 sector priority:	Institutions for growth and social welfare

II. OBJECTIVE AND RATIONALE

- 2.1 The general objective of this technical cooperation operation is to support the development of a more efficient fiscal system to assist the Government of Nicaragua in its efforts to improve its fiscal position, achieve macroeconomic stability, and make headway in the sustainable financing of its public policies. Specifically, this operation seeks to: (i) expand coverage of tax administration; (ii) strengthen tax-collecting entities for fiscal control; (iii) expand access to taxpayer services; and (iv) improve the integrated operation of the tax administration. This operation is expected to increase tax revenues, make tax administration more effective and efficient, and enhance fiscal transparency.
- 2.2 Nicaragua has made significant fiscal strides in the last decade, with major improvements in tax collection and fiscal-deficit reduction (the consolidated public-sector deficit was 0.5% of GDP in 2012). The central government's tax ratio has increased considerably, from 10.4% of GDP in 2002 to 15% in 2012 (Nicaraguan Central Bank, 2012)—the highest tax ratio in Central America, where tax revenues averaged 12.5% of GDP between 2002 and 2009 (CEPALSTAT). More recently, in

- 2011 and 2012, the number of taxpayers filing online increased by 195% and collections by the Revenue Bureau (DGI) increased 17% (DGI, 2012).
- 2.3 Despite these strides, significant challenges remain. Tax expenditures on national taxes are still high, averaging 9.3% of GDP between 2004 and 2010 (MHCP, 2010). The tax evasion rate exceeds 10% of GDP, with overall value-added tax (VAT) evasion at 42% and income tax evasion at 35% to 50% in 2010. Greater efforts to mobilize revenues could result in further necessary investment in infrastructure and social services.
 - 2.4 Tax laws were reformed in 2012 through Law 822 on Tax Harmonization (LCT), the objectives of which included reducing tax evasion, expanding the tax base, and making the tax structure more progressive. The LCT proposes measures to make fiscal control more efficient and effective, simplify taxpayer obligations through rate and asset reduction, streamline and provide tax credits, and implement international fiscal standards to enhance fiscal transparency.
 - 2.5 The tax administration must be strengthened and modernized if tax reform is to be implemented effectively and its objectives achieved. Specifically, Nicaragua needs to improve the coverage, connectivity, and performance of its tax administration by strengthening institutional capacity, modernizing technology and infrastructure, and providing training to improve the delivery of taxpayer services. The DGI currently has only 60 tax offices and windows,² only 27 of which are connected to the tax information system (SIT); moreover, the DGI still has no presence in at least 20 municipal seats.
 - 2.6 The country also needs to simplify its tax system to ensure more effective tax compliance. The many special tax breaks and special tax categories make tax administration complex and hinder identification, collection, and compliance efforts. For improved compliance and greater fiscal transparency, a mechanism is needed to gather, consolidate, and publish tax and customs information in a systematic and integrated manner, as a way to support the formulation and implementation of tax policy.
 - 2.7 This technical cooperation operation is aligned with the priorities of GCI-9 under the Sector Strategy on Institutions for Growth and Social Welfare (document GN-2587-2), in its support of a small and vulnerable country. It is also aligned with the Bank's country strategy with Nicaragua (document GN-2683) in that it contributes to the crosscutting objective of institutional strengthening of public entities and country systems, namely the public financial administration system.

² The tax offices are an extension of the revenue administration offices, and their aim is to provide taxpayers in municipalities with an alternative to make it easier for them to file their tax returns and pay their taxes without having to go to a departmental capital. The tax windows are also an extension of the revenue administration offices and perform the same duties as the tax offices, located in Managua, such as, for example, one-stop windows, Bolsa Agropecuaria, and SERVIGOB.

- 2.8 This technical cooperation operation complements the technical cooperation operation, entitled “Support for Tax Policy” (NI-T1176; ATN/OC-14014-NI), approved in September 2013, in that both operations are part of the resources earmarked for strengthening Nicaragua’s fiscal and tax management, financed by the IDB and the European Union. Although both operations are managed independently, the complementarity between them was envisaged (NI-T1176; ATN/OC-14014-NI, paragraph 7.2) and is based on the fact that the activities, instruments, and recommendations set out therein will be deepened and implemented under this operation, in areas such as tax education, tax evasion, and international taxation, among others, signaling the common objective of increasing tax collection, reducing tax evasion, and enhancing fiscal transparency. Both operations will be executed by the same executing agency, with IDB monitoring and supervision.

III. DESCRIPTION OF ACTIVITIES/COMPONENTS AND BUDGET

- 3.1 **Component 1. Expansion of tax administration coverage nationwide (€653,046).** The objective is to bring tax administration to taxpayers who reside in remote areas of the country, by expanding and improving the connectivity between the DGI and its field offices. The number of municipios connected to the SIT³ is expected to triple by 2017, and tax collection capacity should improve where tax offices and windows already exist. Such capacity will be created in the new offices to be opened.
- 3.2 This component will finance the following activities: (i) to expand and improve taxpayer service capacity under the SIT, 80 tax offices will be equipped and put into service, and staff will be trained in matters related to taxpayer services and SIT usage; and (ii) to improve communication and connection between head offices and branch offices, computer equipment and furniture will be procured for tax offices and the SIT will be installed.
- 3.3 **Component 2. Strengthening of fiscal control (€1,449,858).** The objective is to promote compliance with tax obligations and combat tax evasion, as a way to help increase tax revenues.
- 3.4 This component will finance the following activities: (i) consulting assignments for the development of technical guidelines for fiscal control and auditing, in line with the new approach of selective audits by economic sector, and guidelines for implementation; (ii) training for tax inspectors in the use of the technical guidelines for fiscal control and auditing and in matters related to basic finance and

³ This component may also finance migration to the Tax Management System (SIGET), if so decided during the life of the project. The SIGET is a new tax-administration model aimed at achieving greater organizational efficiency. It includes adapting the organizational structure to simplify procedures and processes and make technological improvements, in order to provide taxpayers with quality tax services and achieve greater integration with outside entities.

accounting; (iii) consulting assignments for the design and development of a risk assessment model to identify the sectors/areas where tax evasion is most common, and staff training on how to use the model; (iv) consulting assignments for the design and implementation of an invoice authorization system for fiscal control of taxpayers and printing related to the issuance of tax bills, expenditures, and credits, and training of leading taxpayers in implementation, use, and control of the system; (v) technical assistance, training, and advisory services to strengthen the DGI's institutional capacity to combat tax evasion, including training of compliance personnel in advanced and corporate finance and international auditing standards; and (vi) consulting assignment for the design and implementation of a compliance management programming and control system for tax control of taxpayers and staff training on how to use the system.

- 3.5 **Component 3. Expansion and improvement of tax service delivery to taxpayers (€708,043).** The objective of this component is to support the process of simplifying procedures at tax revenue offices throughout the country. Equipping 24 tax revenue offices⁴ is expected to strengthen interfacing and reduce the time needed for tax procedures.
- 3.6 This component will include the following activities: (i) procurement of hardware and software for work teams and for data backup and security in tax offices and centralized taxpayer service systems; (ii) staff training in matters related to taxpayer services and installation of a center for staff training and continuing education; and (iii) modernization and standardization of e-services for online tax services, including the development of applications for, and staff training in, the preparation and distribution of new taxpayer registration identification cards and VAT withholding agent records with security features, taxpayer registration applications, tax valuation, and printing authorization.
- 3.7 **Component 4. Improvement in the operation of integrated tax administration (€2,065,601).** The objective of this component is to support the Fiscal Policies and Statistics Bureau (DGPEF) in its management and monitoring of national tax policy and generation of fiscal information and analyses for decision-making. It will also strengthen the link between the DGPEF and the MHCP's other bureaus as a way of improving internal operations.
- 3.8 This component will finance: (i) consulting assignment for the design and implementation of an interconnected system for managing, processing, and transmitting comprehensive tax information, to strengthen the link between the DGPEF and other entities comprising the public financial administration system; (ii) consulting assignments for the development of an information system for streamlining tax breaks and exemptions; (iii) technical assistance, training, advisory support, and exchange of best practices to strengthen the institutional capacity of

⁴ Tax revenue offices are department-level units of the DGI that accept tax returns and tax payments and provide advisory services, current-account management, applications, compliance, etc.

the DGPEF and other divisions of the MHCP; (iv) establishment and strengthening of an international taxation unit to address transfer pricing and information agreements, among other instruments, in both the DGPEF and entities involved in implementing this system, and including staff training and implementation of a transfer-price monitoring system; (v) implementation of a comprehensive tax culture program for public dissemination of tax laws and how taxes work, within the framework of the LCT, to strengthen the culture of taxpaying, through actions to disseminate information, training events, instructional and audiovisual materials, and conferences, *inter alia*; and (vi) implementation of the management model and integrated information system for tax policy and administration.

Table 3.1. Indicative results matrix

Results matrix						
Impact indicators	Baseline 2012	Year 1	Year 2	Year 3	Year 4*	Cumulative final target
Tax revenue as percentage of GDP	15%	15.8%	16.3%	16.33%	16.4%	
VAT evasion rate (internally collected by the DGI)	42.7%	40.8%	39.1%	38%	37%	
Outcome indicators						
Percentage of SIT-connected tax offices and windows	17%	41%	54%	67%	67%	
Number of registered taxpayers	137,731	142,798	147,865	152,932	158,000	
Percentage of tax clearance procedures and payments made online	44%	55.5%	67%	78.5%	90%	
Refund and exemption system up and running online	0%	20%	40%	60%	80%	
Output indicators						
Number of staff members trained in matters related to taxpayer services and use of the SIT	0	80	40	40		160
Number of tax offices equipped	0	40	20	20		80
Number of technical guidelines for fiscal control and auditing and implementation guidelines produced	0	4	3	2	1	10
Number of tax inspectors trained	0	55	55	55	35	150
Risk assessment model designed and in place	0		1			1
Information system for streamlining of tax exemptions and tax breaks designed and implemented	0		1			1
Interconnected system for managing, processing, and submitting comprehensive tax information, designed and implemented	0	1				1
Transfer-price monitoring system designed and in place	0	25%	25%	25%	25%	100% (1)
Comprehensive tax culture program implemented	0	25%	33%	10%	32%	100% (1)

* Estimated completion date: 2017.

- 3.9 The total budget for this technical cooperation operation is €5,165,000, to be provided by the European Union in accordance with the Cooperation Framework Agreement signed between the Bank and the European Commission, including the 5% administration fee. The Bank will provide the supplementary amount of

€111,940 through technical cooperation operation NI-T1176; ATM/OC-14014-NI. This operation does not include local counterpart funding.

Table 3.2. Indicative budget

Component	Financing (€)
Component 1. Expansion of tax administration coverage nationwide	653,046
Component 2. Strengthening of fiscal control	1,449,858
Component 3. Expansion and improvement of tax service delivery	708,043
Component 4. Improvement in the operation of integrated tax administration	2,065,601
Auditing. Contracting of auditing firm	42,500
Administration fee: 5% of total eligible direct costs of contribution	245,952
Total	5,165,000

Note: For more information, see Detailed Budget.

- 3.10 European Union resources will be administered in euros. These resources will be provided to the Bank through a project-specific grant. The Bank administers these operations in accordance with document SC-114. The European Union's commitment will be established through a separate administrative agreement in accordance with the Cooperation Framework Agreement signed by the Bank and the European Commission, dated 19 June 2011. Under that agreement, the Bank will administer the resources for this project and will charge an administrative fee equivalent to 5% of the contribution. The resources from the European Union are conditional upon the signature of an administration agreement between the Bank and the European Union, based on the general terms and conditions established in the Framework Agreement.
- 3.11 The Bank, meanwhile, will sign a technical-cooperation agreement with the executing agency in accordance with the terms and conditions that usually apply to this type of operation. This agreement will set forth specific obligations of the executing agency in accordance with the Cooperation Framework Agreement between the Bank and the European Commission. This agreement will be in euros, and the executing agency will open a special account in euros in the Central Bank of Nicaragua (BCN) for the operation. Commitments and contracts with suppliers will also be in euros; contracts of local origin will be paid in the equivalent in local currency (córdobas) with maintenance of value. These payments will be made solely from the special account at the BCN. In accordance with the Cooperation Framework Agreement between the Bank and the European Commission, travel by Bank staff members is an eligible expense and, pursuant to paragraph 2.23 of document GN-2470-2, may be charged to the European Union's contribution.

IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 4.1 The executing agency will be the MHCP, through its Project Technical Coordination Office. The MHCP has extensive experience in executing Bank-

financed projects, having executed a programmatic series (2015/BL-NI, 2253/BL-NI, and 2466/BL-NI) and technical-cooperation operations such as ATN/SF-11957-NI and ATN/SF-12502-NI.

- 4.2 The MHCP will designate a coordinator for the technical cooperation operation, who will be the Bank's counterpart. The coordinator will be in charge of the technical and fiduciary aspects of project execution in accordance with the Bank's policies for procurement of goods and works (document GN-2349-9) and the policies for selection and contracting of Bank-financed consultants (document GN-2350-9), with the exception set forth in document GN-2605 with regard to origin of goods and nationality of consultants, which may be from nonmember countries of the Bank provided that such countries are recognized as eligible by the European Union. The consulting services for developing project management capacity will be contracted and executed directly by the Bank.
- 4.3 Financial management of the operation will be based on the Bank's policy and proceeds of the financing will be transferred to a special account in the BCN. The Bank may provide resources in the form of advances on the basis of the project's liquidity needs, to finance expenses for up to six months in accordance with a financial plan and when supporting expense vouchers for at least 80% of the advance have been provided. The executing agency's expense vouchers for the Bank will use the exchange rate in effect on the date that the euros were converted to local currency. The executing agency will submit annual financial statements audited by an independent firm acceptable to the Bank within 90 days following the end of each fiscal period and the date of the last disbursement. The conditions precedent to the first disbursement are the standard conditions required by the Bank for this type of technical cooperation operation.
- 4.4 If the project's execution period ends with a positive balance and with expense categories uncommitted or unspent, the project team will notify ORP/GCM so that the unspent balance may be transferred as agreed upon by the donor and the Bank in accordance with the administration agreement for the project-specific grant. Meanwhile, the project team will prepare and submit an annual execution report and a final report to the project donor at the end of the project, in accordance with the administration agreement.
- 4.5 As provided for in the specific agreement signed between the European Commission and the Bank, the Bank will submit the project's financial statements audited by an independent auditing firm in accordance with the Bank's usual procedures. The midterm and final evaluations—as well as the line items for communication, visibility, and contingencies—will be executed directly by the European Union.

V. SIGNIFICANT RISKS

- 5.1 One risk is the lack of qualified human resources in the Fiscal Policies and Statistics Bureau (DGPEF) and the Revenue Bureau (DGI) with the advanced technical skills needed to implement the tax reforms. It is essential that current staff capacity be enhanced. This operation will include extensive training for these bureaus in order to overcome this issue.
- 5.2 To address the risk of staff turnover, the DGI will implement a retention policy for qualified staff members, whereby staff members who undergo specialized training will sign a letter committing to remaining on the job for at least two to four years. In addition, work will be done with the executing agency on the implementation of a mechanism for transferring knowledge within the work teams, under which trained staff will train new employees.
- 5.3 Moreover, to strengthen tax policy and tax administration in a strategic, integrated manner, effective coordination among all bureaus of the MHCP is essential, especially between the DGI and the DGPEF. Information-sharing agreements will be signed between relevant government entities to mitigate the risk of a lack of interagency coordination or cooperation.
- 5.4 Lastly, beginning in 2014, the Government of Nicaragua is planning to earmark additional line items for the DGI for the purpose of supporting the investments associated with the new tax offices. Although there is no plan to increase staff, the DGI's current excess staff will be reorganized and relocated to the municipios where the new offices are opened and equipped.

VI. EXCEPTIONS TO BANK POLICY

- 6.1 None.

VII. ENVIRONMENTAL SAFEGUARDS

- 7.1 This project has been classified as a Category "C" operation ([SPF](#), [SSF](#)) and has triggered no policy directives. No environmental evaluation or consultation is required.

VIII. REQUIRED ANNEXES

- 8.1 Annex I. Procurement plan

IX. ELECTRONIC LINKS

- 9.1 [Letter of request from the government](#)
- 9.2 [Terms of reference](#)
- 9.3 [Abbreviations](#)

PROCUREMENT PLAN

Executing agency: Ministry of Finance
Public or private sector: Public sector
Country: Nicaragua
Project number: NI-X1010

Threshold for ex post review of procurement processes:
Goods and services (in euros): €3,164,215.54
Consulting services (in euros): €1,708,294.00

Item No.	AWP Ref.	Description of procurement contract ⁽¹⁾	Euros	Procurement method ⁽²⁾	Review (ex ante or ex post) ⁽³⁾	Source of financing and percentage		Estimated date of procurement notice or start of contract	Technical review by project team leader ⁽⁴⁾	Comments
						IDB	Local / other			
1		Component 1	653,046.00							
		Training for 80 government employees in tax laws and reforms, as well as Nicaraguan tax system regulations	17,240.00	S	Ex ante	100%		3rd quarter 2014 3rd quarter 2015 3rd quarter 2016		
		Training in use of various tax systems, such as the tax information system (SIT), the taxpayer master file (ERUC), the electronic window (VET), refunds, tax exemptions	17,240.00	S	Ex ante	100%		3rd quarter 2014 3rd quarter 2015 3rd quarter 2016		
		Procurement of hardware for 80 tax offices to operate and serve taxpayers	176,710.00	ICB	Ex ante	100%		1st quarter 2014 2nd quarter 2014 1st quarter 2015 2nd quarter 2015 1st quarter 2016 2nd quarter 2016		
		Procurement of desks and chairs for 80 tax offices	30,170.00	S	Ex post	100%		3rd quarter 2014 3rd quarter 2015 3rd quarter 2016		

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						IDB	Local / other			
		Installation and configuration of equipment for 80 tax offices	17,240.00	S	Ex post	100%		3rd quarter 2014 3rd quarter 2015 3rd quarter 2016		
		Procurement of software licenses for 80 tax offices	21,550.00	S	Ex post	100%		4th quarter 2014 4th quarter 2015 4th quarter 2016		
		Training for technical staff in administration of network and communications equipment	20,000.00	S	Ex post	100%		4th quarter 2014		The method will be determined with the executing agency.
		Procurement of electrical supplies	14,136.00	S	Ex post	100%		2nd quarter 2014 2nd quarter 2015 2nd quarter 2016		
		Procurement of services for data interconnection between tax offices	338,760.00	ICB	Ex ante	100%		3rd quarter 2014 4th quarter 2014 1st quarter 2015 2nd quarter 2015 3rd quarter 2015 4th quarter 2015 1st quarter 2016 2nd quarter 2016 3rd quarter 2016 4th quarter 2016	Yes	
2		Component 2	1,449,858.00							
		Consulting contract to develop guidelines and train government employees to implement compliance programs	57,756.58	CQS	Ex post	100%		1st quarter 2014		
		Copies of compliance guidelines	52,027.00	S	Ex post	100%		2nd quarter 2014		

Item No.	AWP Ref.	Description of procurement contract ⁽¹⁾	Euros	Procurement method ⁽²⁾	Review (ex ante or ex post) ⁽³⁾	Source of financing and percentage		Estimated date of procurement notice or start of contract	Technical review by project team leader ⁽⁴⁾	Comments
						IDB	Local / other			
		Nationwide training on basic finance and accounting for 150 inspectors	40,495.75	S	Ex post	100%		1st quarter 2014		
		Design of risk assessment model to help manage compliance efforts and improve tax control	76,190.47	QCBS	Ex ante	100%		1st quarter 2016	Yes	The design of the risk system is the stage at which the architecture of the software, components, modules, and data for the system in question will be defined, to meet the risk system's analysis and control requirements.
		Development of a risk assessment model to help manage compliance efforts and improve tax control	152,380.95	QCBS	Ex ante	100%		2nd quarter 2016	Yes	Development: It is the application of the design in which the system that was designed is implemented and completed, that is to say, the final product in itself.
		Procurement of desktop and laptop computers to implement the risk assessment model	49,142.87	S	Ex post	100%		3rd quarter 2016		
		Training for compliance staff to implement the risk assessment model	20,571.00	S	Ex post	100%		3rd quarter 2016		

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						IDB	Local / other			
		Training for taxpayers to implement the invoice and printing authorization system	11,428.50	S	Ex post	100%		3rd quarter 2016		The method will be determined with the executing agency subsequently.
		Training for government officials in the invoice and printing authorization system	22,857.00	S	Ex post	100%		3rd quarter 2014		
		Reproduction of banners and flyers	3,093.33	S	Ex post	100%		3rd quarter 2014		
		Training for leading taxpayers and large-scale taxpayers	90,285.15	NCB	Ex ante	100%		3rd quarter 2014		
		National training for inspectors in international financial reporting standards for microenterprises and small and medium-sized businesses	66,297.85	NCB	Ex ante	100%		2nd quarter 2014		The method will be determined with the executing agency subsequently. Training on existing rules.
		National training for inspectors in advanced and corporate finance	10,839.65	S	Ex post	100%		3rd quarter 2014		
		National training for inspectors in international auditing standards	66,297.85	NCB	Ex post	100%		1st quarter 2014		The method will be determined with the executing agency subsequently. Training on existing rules.
		Consulting contract for technical advisory services to monitor system design and processes	35,359.96	NICQ	Ex post	100%		1st quarter 2014	Yes	

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						IDB	Local / other			
		Consulting contract for technical advisory services on compliance processes by economic sector	35,359.96	CQS	Ex post	100%		2nd quarter 2014	Yes	
		Consulting contract for technical advisory services by international consultants on compliance processes by economic sector	212,159.97	CQS	Ex post	100%		4th quarter 2014		
		Consulting contract for technical assistance to implement transfer pricing	50,438.11	NICQ	Ex post	100%		3rd quarter 2014	Yes	
		Training on joint compliance work by MHCP divisions to effectively detect tax fraud	20,114.16	S	Ex post	100%		4th quarter 2015		
		Consulting contract for the design of a compliance management programming and control system, to help lead compliance efforts and improve tax control	83,809.52	QCBS	Ex ante	100%		2nd quarter 2015	Yes	
		Consulting contract for development of a compliance management programming and control system, to help lead compliance efforts and improve tax control	167,619.04	QCBS	Ex ante	100%		3rd quarter 2015		
		Procurement of equipment: desktop and laptop computers to implement the compliance management programming and control system	56,761.90	CP	Ex post	100%		4th quarter 2015		

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						IDB	Local / other			
		Training of government employees in implementation of the compliance management programming and control system	68,571.43	NCB	Ex ante	100%		4th quarter 2015	Yes	The method will be determined with the executing agency.
3		Component 3	708,043.00							
		Procurement of equipment to improve taxpayer services and maintain operations	127,924.47	ICB	Ex ante	100%		2nd quarter 2014 1st quarter 2015		
		Procurement of computer licenses (one operating system license, office software license, and security license per computer)	32,600.00	S	Ex post	100%		3rd quarter 2014 3rd quarter 2015		
		Procurement of software license for data backup and security in tax revenue offices and centralized taxpayer-service systems	60,000.00	S	Ex post	100%		4th quarter 2014		
		Procurement of alternate power-backup equipment for continuity of operations in two tax revenue offices	18,000.00	S	Ex post	100%		1st quarter 2014		
		Training in taxpayer services	78,506.33	NCB	Ex post	100%		3rd quarter 2014 3rd quarter 2015 3rd quarter 2016 1st quarter 2017		
		Procurement of lab equipment, technical and audiovisual media and digital telephone equipment	27,000.00	S	Ex post	100%		1st quarter 2014		
		Procurement of equipment and printers for 30,000 taxpayer identification cards	48,320.00	S	Ex post	100%		1st quarter 2014 2nd quarter 2014		

Item No.	AWP Ref.	Description of procurement contract ⁽¹⁾	Euros	Procurement method ⁽²⁾	Review (ex ante or ex post) ⁽³⁾	Source of financing and percentage		Estimated date of procurement notice or start of contract	Technical review by project team leader ⁽⁴⁾	Comments
						IDB	Local / other			
		Procurement of consumable supplies (laminating sheets, holograms, PVC cards, and magnetic strips) for 30,000 taxpayer identification cards	46,459.30	S	Ex post	100%		2nd quarter 2014 2nd quarter 2015 1st quarter 2016 3rd quarter 2016 4th quarter 2016		
		Procurement of equipment and inputs to process 30,000 taxpayers	15,000.00	S	Ex post	100%		2nd quarter 2014 2nd quarter 2015 1st quarter 2016 3rd quarter 2016 4th quarter 2016		
		Consulting contract for development of applications and services based on e-forms with service-oriented architecture	60,900.00	CQS	Ex ante	100%		3rd quarter 2014	Yes	
		Consulting contract for standardization of e-services with service-oriented architecture	30,000.00	NICQ	Ex post	100%		3rd quarter 2014	Yes	
		Consulting contract for development of taxpayer service management model (CRM)	40,000.00	QCBS	Ex ante	100%		2nd quarter 2016 3rd quarter 2016	Yes	
		Training of staff members who will use the CRM	15,000.00	S	Ex post	100%		1st quarter 2016		
		Consulting contract for study and implementation of e-signatures for tax procedures	35,000.00	CQS	Ex ante	100%		4th quarter 2015 1st quarter 2016 3rd quarter 2016	Yes	
		Training of staff and taxpayers in the use of e-signatures	10,000.00	S	Ex post	100%		4th quarter 2015 2nd quarter 2016 4th quarter 2016		
		Commissioning of publications and audiovisual media	5,000.00	S	Ex post	100%		4th quarter 2015		

Item No.	AWP Ref.	Description of procurement contract ⁽¹⁾	Euros	Procurement method ⁽²⁾	Review (ex ante or ex post) ⁽³⁾	Source of financing and percentage		Estimated date of procurement notice or start of contract	Technical review by project team leader ⁽⁴⁾	Comments
						IDB	Local / other			
		Consulting contract for study and implementation of security management of master taxpayer registry	25,000.00	CQS	Ex post	100%		3rd quarter 2014		
		Security management training	5,000.00	S	Ex post	100%		4th quarter 2015		
		Contracting of advertising media	1,904.40	S	Ex post	100%		4th quarter 2014		
		Training of leading and large-scale taxpayers	15,000.00	S	Ex post	100%		4th quarter 2014		
		Training of government employees in the use of the DGI's new tax management system	11,428.50	S	Ex post	100%		4th quarter 2014		
4		Component 4	2,065,601.00							
		Consulting contract for design of an interconnected system for managing, processing, and submitting tax information	49,230.77	CQS	Ex ante	100%		2nd quarter 2014	Yes	
		Contracting of technical assistance for 2 people in development of the dissemination website	12,307.69	NICQ	Ex post	100%		2nd quarter 2014	Yes	
		Contracting of technical assistance for two people for interface between MHCP (DGPEF) and divisions	9,230.77	NICQ	Ex post	100%		2nd quarter 2014	Yes	
		Procurement of information system for tax policy and administration (business intelligence solution): implementation, platform, and licenses	361,538.01	ICB	Ex ante	100%		1st quarter 2015	Yes	The method will be determined with the executing agency.

Item No.	AWP Ref.	Description of procurement contract ⁽¹⁾	Euros	Procurement method ⁽²⁾	Review (ex ante or ex post) ⁽³⁾	Source of financing and percentage		Estimated date of procurement notice or start of contract	Technical review by project team leader ⁽⁴⁾	Comments
						IDB	Local / other			
		Procurement of equipment for information sharing, taking advantage of the Financial Management System Modernization Project (PMSAF)	150,076.92	ICB	Ex ante	100%		1st quarter 2015		
		Consulting contract for development of project-management capacities	92,829.21	NICQ	Ex ante	100%		1st quarter 2014	Yes	Contracted by the Bank
		Expenses for five information-sharing agreements	5,000.00	Operating expenses		100%		1st quarter 2014		
		Consulting contract for information system to streamline tax breaks and exemptions	150,861.00	CQS	Ex ante	100%		2nd quarter 2014	Yes	
		Contracting of logistics for six training events	162,000.00	S	Ex post	100%		2nd quarter 2014		
		Expenses for six annual meetings for sharing best practices	41,538.46	Operating expenses		100%		1st quarter 2014		
		Expenses for four annual courses to improve quality of technical analysis	64,615.38	S	Ex post	100%		1st quarter 2014		
		Training of 12 MHCP staff members at training events in matters related to international taxation (one event per year)	78,000.00	S	Ex post	100%		3rd quarter 2014		
		Procurement of software and hardware for transfer-pricing system	54,401.00	S	Ex post	100%		3rd quarter 2014		
		Publications and audiovisual media	215,444.79	ICB	Ex ante	100%		4th quarter 2014	Yes	
		Consulting contract for education plan and with	150,860.00	QCBS	Ex ante	100%		4th quarter 2014	Yes	

Item No.	AWP Ref.	Description of procurement contract ⁽¹⁾	Euros	Procurement method ⁽²⁾	Review (ex ante or ex post) ⁽³⁾	Source of financing and percentage		Estimated date of procurement notice or start of contract	Technical review by project team leader ⁽⁴⁾	Comments
						IDB	Local / other			
		producers' organizations in all forms and throughout the country								
		Procurement of flyers, brochures, and advertising space	290,068.00	ICB	Ex ante	100%		4th quarter 2014	Yes	
		International consulting contract for technical assistance to monitor implementation of the integrated information system for tax policy and administration and related plan of action	138,500.00	IICQ	Ex post	100%		3rd quarter 2014	Yes	
		Procurement of equipment for execution and monitoring (computers)	8,100.00	S	Ex post	100%		2nd quarter 2014		
		Three training and knowledge-transfer events for staff members	30,999.00	S	Ex post	100%		2nd quarter 2014		
		Auditing	42,500.00	QCBS	Ex ante	100%		4th quarter 2014		
Total:			4,919,048.00	Prepared by: Andrés Muñoz Date: 24 September 2013						

- (1) It is recommended that procurements of a similar nature, such as information technology equipment, furniture, publications, travel, etc., be grouped together. If there are a number of similar individual contracts to be executed at different times, these can be grouped together under a single heading, with an explanation in the comments column, indicating the average individual amount and the period during which the contracts would be executed. For example: an export promotion project that includes travel to participate in trade fairs might include an item labeled "Airlines - fairs" for an estimated cost of US\$5,000 and an explanation under the Comments column such as this: "This item encompasses some four trips to participate in fairs in the region during year X and year X1."
- (2) **Goods and works:** CB: competitive bidding; S: shopping; DC: direct contracting.
- (2) **Consulting firms:** CQS: selection based on the consultants' qualifications; QCBS: quality- and cost-based selection; LCS: least-cost selection; FBS: selection under a fixed budget; SSS: single-source selection; QBS: quality-based selection.
- (2) **Individual consultants:** NICQ: national individual consultant selection based on qualifications; SSS: single-source selection; IICQ: international individual consultant selection based on qualifications.
- (3) **Ex ante/ ex post.** In general, depending on the institutional capacity and risk level associated with the procurement process, the standard modality is ex post review. Ex ante reviews may be used for critical or complex processes.