

IMF and U.S. Millennium Challenge Corporation Sign First Capacity-Building Partnership Agreement to Help Reform Tax Administration in the Philippines

Press Release No. 10/385
October 12, 2010

The International Monetary Fund (IMF) and the U.S. Government's Millennium Challenge Corporation (MCC) signed a partnership agreement today to provide capacity-building support for the reform and modernization of tax administration in the Philippines. This is the IMF's first agreement of this kind with the United States.

Under the agreement, MCC will contribute US\$4.6 million for technical assistance by the IMF's Fiscal Affairs Department to help the Philippines Bureau of Internal Revenue (BIR) improve its revenue administration policies and procedures. This will pay for a resident advisor to the BIR and a significant number of short-term technical assistance missions by IMF experts to assist with a wide variety of technical tax administration issues. It is anticipated that an IMF assessment mission will travel to Manila in November and that the resident advisor may be in place and engaging with the BIR before the end of 2010. The IMF will submit an annual report to MCC on the BIR's commitment to reform beginning in early 2012.

The funding is part of MCC's US\$434 million poverty reduction compact with the Republic of the Philippines, which includes a US\$54.3 million investment to computerize and streamline business processes in the BIR. The 40-month project will bolster the effectiveness of revenue collection and reduce opportunities for corruption. The project's design was based on the work the IMF has done over the past several years with the BIR.

"This agreement sets the stage for a strong partnership between the IMF and the U.S. Government," said Mr. Murilo Portugal, IMF Deputy Managing Director, who signed the partnership agreement on behalf of the Fund. "We warmly welcome the United States as a donor to the Fund's technical assistance program. We are looking forward to working together for the benefit of the Philippines," he added after the signing ceremony in Washington D.C.

"Today's agreement is a milestone. This is the first technical assistance agreement between the IMF and the U.S. Government," Mr. Patrick Fine, MCC Vice President, said after signing the agreement. "The agreement will serve as a solid foundation for success in reforming the Philippines Bureau of Internal Revenue, as well as a solid foundation for productive collaboration between the IMF and MCC."

Millennium Challenge Corporation

Millennium Challenge Corporation, a U.S. Government agency designed to work with developing countries, is based on the principle that aid is most effective when it reinforces sound political, economic, and social policies that promote poverty reduction through economic growth. For more information, please visit www.mcc.gov.

Keep connected with MCC via [Facebook](#) and [Twitter](#), through videos at [YouTube](#) and [Vimeo](#) or by podcast.

Contact: Nasserie Carew (+1 202) 631-7117/Sarah Johnson (+1 202) 375-8641

IMF Technical Assistance

Demand for the IMF's technical assistance has risen due to the global economic and financial crisis as countries work on strengthening their institutions. To meet this rising demand, as well as to better coordinate assistance delivery, the Fund is strengthening its partnerships with

donors by engaging with them on a broader, longer term, and more strategic basis. In addition the IMF is leveraging partnerships through its network of regional technical assistance centers (RTACs) and a range of topical trust funds to provide funding at a global level for the Fund's specialized technical assistance. Topical trust funds for capacity building in tax policy and administration, and in managing natural resource wealth are among several due to be launched in the coming year, adding to the topical trust fund on Anti-Money Laundering and Combating the Financing of Terrorism which was launched in May 2009 (see [Press Release No. 09/108](#)). For more information visit: <http://www.imf.org/external/about/techasst.htm>; for a factsheet click here: <http://www.imf.org/external/np/exr/facts/tech.htm>.

Contact: media@imf.org (+1 202) 623-7100