

I. COUNTRY REFORM PROGRESS

On revenue administration side, the project supports the Bolivian tax administration (*Servicio de Impuestos Nacionales*, SIN) in enhancing compliance risk management (CRM) by adopting a system-based approach to assess and prioritize key compliance risks. It also emphasizes the formulation of key performance indicators (KPIs) to monitor and evaluate the effectiveness of risk mitigation activities. Additionally, the project ensures that the IT system aligns with best practices and assists in developing a roadmap to strengthen data governance. Furthermore, it provides guidance for modernizing the audit function and improving the value-added tax (VAT) refund process.

The project was approved in January 2025. Prior to this approval, a workshop was conducted to enhance the understanding of SIN staff regarding the objectives, processes, and methodologies of CRM while sharing international best practices. It was recommended that governance arrangements be strengthened to effectively implement CRM. Moreover, a short-term expert (STX) assignment was conducted to continue identifying ways to enhance the management of tax arrears based on recommendations from the previous IMF Revenue Mobilization Thematic Fund (RMTF) project.

Under GPFP, an STX assignment was carried out that focused on designing a set of indicators to monitor and evaluate the impact of risk mitigation activities at both strategic and operational levels. Although there is a need for improved data availability for compliance risk assessments within the mining sector, the Bolivian tax administration, with support from the IMF's Fiscal Affairs Department (FAD), has made significant strides in applying tax risk assessments to the mining export income of Bolivian companies, developing a risk matrix that will be further enriched by incorporating specific sectoral tax risks.

Capacity development (CD) activities aimed at improving the agile VAT refund process for regular exporters using a compliance risk-based model have been developed. In collaboration with tax officials, the administrative procedures for processing VAT refund claims were reviewed. Together with Bolivian tax officials, risk criteria were established to develop a risk-based model to enhance the VAT refund process, which will be implemented as part of the new IT system (SIAT).

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: The project was approved in January 2025, so the first activities will begin to be carried out in fiscal year 2026. Based on findings and recommendations from the previous RMTF project, SIN has successfully overcome significant challenges to improve voluntary compliance. Tax arrears management has shown important advances in debt segmentation based on criteria such as amount, age, and risk profile of the debtors. The development of the new IT system (SIAT) has progressed significantly. Concerning the GPFP project approved in January 2025, knowledge of the SIN staff related to the objectives, processes, and methodologies of CRM has been strengthened. The SIN has designed both tactical and strategic KPIs aligned with CRM practices. Additionally, SIN officials were able to prepare a tax risk assessment for mining companies that reported exports during the years 2022 and 2023, based on the data available. The administrative procedures for processing VAT refund claims were reviewed, and a scoring system based on risk criteria was developed to assess VAT refund claims, enhancing noncompliance detection within a standardized framework.

Next Steps: Upcoming presidential elections in August 2026 could slow down activities until 3Q:FY26. Regarding the VAT refund process, the risk-based model should be integrated into a comprehensive framework that includes guidelines to enhance the tasks of tax officials within the process. Previous

activities related to KPIs must be supported by an institutional platform. To this end, SIN should continue working on developing a Data Lake that supports data analytical tools. An audit pilot program related to mining sector compliance risks should be proposed to review and update the tax risk indicators previously designed. The authorities have requested to conduct a repeat Tax Administration Diagnostics Assessment Tool (TADAT) evaluation in July 2025 (the previous TADAT was conducted in September 2018). A Revenue Analysis-Gap Analysis Program (RA-GAP) mission would be planned upon formal request.

III. LOGICAL FRAMEWORK

Country – Bolivia		
Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 1
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	Authorities have been working on designing strategic and operational indicators based on TADAT best practices. After CD activity in February 2025, they agree on establish a set of indicators for strategic and operational level built jointly with the STX. Once the main modules of the new IT system will be fully operational by June 2025, they are planning to produce the IT applications to implement this Key Performance Indicators
Corporate priorities are better managed through effective risk management	2 Partially Achieved	The project was approved in January 2025. The upcoming presidential elections in August 2026 could slow down activities until the third quarter of fiscal year 2026. Additionally, the authorities are beginning to assess and evaluate risk compliance in the mining sector, with support from FAD to develop a workshop for this purpose. Through a workshop delivered early January 2025 the knowledge on CRM among tax administration managers and officials was strengthened.
Digital technologies are better aligned with strategic objectives	1 Not Achieved	The project was approved in January 2025. The upcoming presidential elections in August 2026 could slow down activities until the third quarter of fiscal year 2026. Activities to design a data governance framework and to define IT applications for tax arrears management, audit function and VAT refund process will start after the implementation of

		the main modules of the new IT System, SIAT planned by June 2025.
Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
A larger proportion of taxpayers meet their payment obligations as required by law	3 Largely Achieved	With FAD support, the VAT refund process has been reviewed. Authorities agreed with findings and recommendations to introduce an e-form for these claims and minimize the information required to complete these claims improving the use of internal data (e-invoices information) for this purpose. A set of criteria and rules were defined to build a risk-based model for the refunds process, specifically for exporters. IT specific applications will be established after the implementation of the new IT system modules planned by June 2025. However, the political context makes the adoption of a clear legal framework to enhance the tax administration powers to manage and control the VAT refund tax process challenging.
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	The project was approved in January 2025, so the first activities will begin to be carried out in fiscal year 2026. However, upcoming presidential elections in August 2026 could slow down activities until 3QFY26.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Risks that external events create a more challenging environment to implement reforms.	Medium	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events.
Political Support		
Political instability can slow the implementation of reforms. With that said, the authorities have remained firmly committed to reforms and the main direction of government is not expected to change until new elections in 2025.	Medium	Bolivia has prioritized this project based on its needs assessment. Focus on strategic advice and hands on capacity building to have a more permanent impact.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
Lack of trained managers and staff's rotation undermine the absorptive capacity.	Low	The missions will work with stable staff and officials encouraging authorities to implement administrative reforms that contribute to a more stable staff. Continual/regular high-level engagement and monitoring.
Resource Adequacy		
Deterioration of fiscal situation may impact availability of resources to finance reforms.	Medium	Careful alignment of reforms with the main priorities of the government. Reforms at SIN and AN and Ministry of Finance are underpinned by comprehensive strategic plans, and the project results from the respective governments' strategic decision to reduce non-compliance and modernize its risk management capabilities.
Other Risks		
Lack of coordination among capacity building partners duplicate efforts and deliver contradictory advice.	Low	Take an active role in engaging with other donors to ensure support is well coordinated, especially with the Inter-American Development Bank and <i>Centro Interamericano de Administraciones Tributarias</i> .

V. PROJECT MANAGERS CONTACT INFORMATION

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