

I. COUNTRY REFORM PROGRESS

This project, approved Global Public Finance Partnership (GPFP) financing in January 2025, builds upon a multi-module program under the Revenue Mobilization Thematic Fund (RMTF). It aims to continue supporting authorities in implementing reforms that strengthen revenue administration, management, and core tax administration functions. The Bolivian tax administration (*Servicio de Impuestos Nacionales* – SIN) has further advanced its compliance risk management (CRM) process by implementing a tax risk assessment for mining export income. However, additional efforts are needed to improve access to mining income data and to refine the methodology for developing a tax compliance risk catalog specifically for the mining sector.

Moreover, in collaboration with tax officials, the audit manual was reviewed to identify areas for improvement to strengthen the audit process. This review includes integrating best practices of CRM and the IMF's Tax Administration Diagnostics Assessment Tool (TADAT), progressing toward a case management system for tracking, recording, and documentation, and defining enhanced Key Performance Indicators for the audit function within the context of the new IT system (SIAT), whose main modules have been fully operational since June 2025.

With project support, a repeat TADAT assessment was conducted by the IMF's Fiscal Affairs Department (FAD) in July 2025—the previous one took place in September 2018—in collaboration with the Inter-American Development Bank (IDB) and the Inter-American Center of Tax Administrations (CIAT). The assessment reveals significant progress in the taxpayer registry, which now incorporates information from related entities and ultimate beneficiaries. Advances have also been made in CRM, with enhanced analytical capabilities and the establishment of a governance framework. Additionally, performance and functions aimed at supporting voluntary compliance to deliver better services and information to taxpayers have been consolidated. A key achievement is the effort to categorize tax arrears based on collectability criteria, following FAD guidance and support.

Despite these improvements, SIN continues to face significant challenges within a complex political, economic, and social environment. According to the TADAT assessment, critical areas for further progress include ensuring timely filing and payment of tax declarations, strengthening the audit function, and reducing delays in the value-added tax (VAT) refund process—especially after integrating the risk-based model developed with project support. Furthermore, weaknesses persist in both internal and external controls, along with ongoing public trust issues regarding the integrity of the tax administration.

In light of the recent presidential election results and the anticipated changes in SIN management, it will be necessary to reassess project priorities and capacity development (CD) objectives, based on the recent TADAT assessment and further consultations with new authorities expected to be appointed in December 2025. This reassessment should ensure close coordination with other CD providers, particularly IDB, CIAT, and the European Union.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The second TADAT assessment conducted in July 2025 demonstrated significant progress in the taxpayer register, tax arrears collection, and compliance risk management. The main modules of the new IT system, which follows international good practices, have been fully operational since June 2025, with support from FAD in these improvement areas. However, substantial challenges remain in the audit function, transparency, and accountability, particularly regarding internal audit controls. SIN has enhanced compliance risk management by assessing mining export income risks, although further efforts are required to improve mining data access and refine the risk catalog methodology. Additionally, the audit manual was reviewed to integrate best practices, including TADAT Key Performance Indicators for the audit function. In close coordination with the project, the IDB assisted in building a Data Lake to support data analytics tools, while CIAT is helping to strengthen transfer pricing audits by developing a risk matrix for this purpose.

Previous Progress: Building on previous achievements from RMTF projects, SIN has made significant strides in improving its compliance risk management process, including the design of both strategic and tactical Key Performance Indicators, as well as in tax arrears management through advanced debt segmentation. Furthermore, SIN has improved VAT refund processing by introducing a risk-based scoring system to better detect noncompliance.

Next Steps: In light of the recent presidential election results, project priorities will be reviewed considering TADAT results and further discussions with the new authorities expected to be appointed in December 2025. This review will include the planned Revenue Administration – Gap Analysis Program (RA-GAP) for VAT, supported by the project. As a result, capacity development activities may slow down until the first quarter of FY2027.

III. LOGICAL FRAMEWORK

Country – Bolivia		
Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Corporate priorities are better managed through effective risk management	3 Largely Achieved	This GPFP project was approved in January 2025. A repeat TADAT assessment was undertaken in July 2025; the previous TADAT assessment (October 2018) showed significant improvements in CRM; TADAT scores evidenced improvements (POA 2-3 showed progress from C to B; POA 2-4, from C to B; and POA 2-5, from D to C). With FAD support, the authorities are beginning to assess and evaluate risk compliance in the mining sector. This process faces important constraints due the limited exchange of information from the

		agency responsible for collecting mining data. The results of the presidential elections and the likely appointment of new authorities impact the plans and activities of the tax administration. CD activities may slow down due to the very tight economic and political situation. Additionally, the expected rotation of managers and officials in the coming months could have a negative impact.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	The main modules of the new IT system—registration, tax return filing, taxpayer accounts, and payments—have been fully operational since June 2025, incorporating significant improvements aligned with international good practices, including a data lake for analytical purposes. Initial steps to implement subsystems related to tax arrears collection and the audit process have also been taken.
Objective - Strengthened core tax administration functions (SDG 17.1) – TAD		Rating - 1
Outcome	Rating	Narrative
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. A set of criteria and rules were defined to build a risk-based model for the refunds process, specifically for exporters. As a result, important fraud cases have been prosecuted against the judiciary system. IT specific applications will be established. In addition, the adoption of a clear legal framework to enhance the tax administration powers to manage and control the VAT refund tax process will be necessary.
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	According to the recent TADAT assessment (July 2025), the tax administration has shown modest progress in the nature and scope of the audit program compared to the previous TADAT assessment (October 2018). FAD supported improvements through a short-term expert activity, assisting the authorities in enhancing the development of the tax audit program. However, significant challenges remain in standardization, quality monitoring, and measuring the effectiveness of the audit function.

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.

Description	Rating	Mitigation Measures
Political Support		
Political instability may negatively impact the implementation of reforms, considering the expected changes in government following the second round of the presidential elections in October 2025 and the likely appointment of new authorities in late November 2025.	Very High	A strong focus on strategic advice and hands-on capacity building will be essential to achieve a more lasting impact. Additionally, strengthening engagement with the forthcoming authorities will be crucial.
Management and Technical Staff Support and Commitment		
Lack of trained managers and staff's rotation undermine the absorptive capacity.	Very High	The missions will work with stable staff and officials encouraging authorities to implement administrative reforms that contribute to a more stable staff. Continuous / regular high-level engagement and monitoring, especially after presidential elections results.
Resource Adequacy		
Deterioration of fiscal situation may impact availability of resources to finance reforms.	High	Careful alignment of reforms with the main priorities of the government. Reforms at SIN and MoF are underpinned by comprehensive strategic plans, and the project results from the respective governments' strategic decision to reduce noncompliance 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 IDB and CIAT.

V. PROJECT MANAGERS: CONTACT INFORMATION

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