

I. COUNTRY REFORM PROGRESS

The capacity development (CD) program is being successfully implemented as part of the new joint initiative between the IMF's Fiscal Affairs Department (FAD) and AFRITAC Centre on tax administration CD building in fragile and conflict-affected states (FCS). This effort advocates for a program that is more focused on the country. The CD program respects the new framework even though it currently has only a tax administration component. A CD request was sent to FAD that included information on the (i) scope, (ii) revenue targets, (iii) anticipated impact, (iv) significant milestones, and (v) indicators of execution. To guarantee more ownership of reforms, a draft roadmap and logical framework were created, and a mission counterpart from the authority was selected. Other elements, such as collaborative interventions, improved reform sequencing, increased cooperation with other CD providers, and performance management techniques, are observed in accordance with the new delivery model.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: CD activities helped improve the effectiveness of the tax compliance plan. Advancements include better accuracy of the taxpayer database, improved on-time filing and payments ratios and strengthened collaboration and communication between tax and customs administrations for audit purposes.

Next Steps: Next activities will focus on developing a risk management framework to tackle the following gaps that hinder revenue collection. These include (i) the differences between registered taxpayers and economic agents; (ii) the differences between registered taxpayers and taxpayers under the tax department's supervision; (iii) the differences between taxpayers under the tax department's supervision and those who timely file their returns; (iv) the high proportion of credit and nil returns; (v) the high amount of tax arrears; and (vi) the high proportion of unsubstantiated declarations (e.g., unreported business income, unlawful exemption claims, or discrepancies from data crosschecking).

III. LOGICAL FRAMEWORK

Country – Chad		
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	The taxpayer base is strengthened

A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	On-time filing ratios are improving over time
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	On-time payment ratio is improving over time
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Audit and other verification programs are more effective
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Initiatives are taken to foster e-procedures

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External climate/conditions		
RM II: Resurgence of pandemic hinders CD delivery and changes CD priorities	Very High	Build on progress achieved with remote delivery of CD.
Political Support		
RM II: Political instability may slow down and even stop implementation of reforms	Very High	Focus on both strategic advice and hands-on capacity building to have a more permanent impact. Close consultation with the IM African Department team and the authorities.
Management and Technical Staff Support and Commitment		
RM II: Continuous rotation of managers and staff undermine the absorptive capacity and provoke permanent discontinuity.	Very High	Encourage authorities to implement administrative reforms and closely monitor projects.
Resource Adequacy		
RM II: Resources are misused, nor properly accounted for, do not achieve value for money.	Low	Project resources will be employed in accordance with IMF policies and procedures.
Other Risks		
RM II: The reform momentum is highly based on the availability of a modern IT system that is able to support reform management and implementation	Very High	Maintain close coordination and collaboration with other technical assistance providers, especially the World Bank to ensure delivery of a modern IT system.

V. PROJECT MANAGERS CONTACT INFORMATION

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