



**Amendment to
Project Proposal for**

Democratic Republic of the Congo

March 2026

Components: Revenue and Public Financial Management

Module: RM-I: Tax Policy

SM-II: Managing Public Finances



PROJECT SUMMARY

COUNTRY:	Democratic Republic of the Congo	
LEAD DEPARTMENT:	FAD	
REGION:	AFR	
PLANNED DATES:	FY26-28	
PROJECT MANAGERS:	Patrick Petit (Tax Policy, FADT1, Lead) Rene Ossa (Revenue Administration, FADR2) Aminata Charles (Public Financial Management, FADM2)	
ESTIMATED BUDGET:	US\$647,463	
BUDGET FOR ENDORSEMENT:	US\$647,463	
PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
INITIAL PROJECT PROPOSAL	Proposal for RM-I: Tax Policy and RM-II Revenue Administration	January 2024
AMENDMENT 1	Reorient RM-I CD program towards non-tax revenue drafting and mining taxation; and the inclusion of SM-II: Managing Public Finances (previously funded under a bilateral arrangement with a current donor of the GPFP for fragile and conflict affected states in sub-Saharan Africa)	March 2026

CONTENTS

Acronyms.....	4
I. Project Amendment Purpose.....	5
A. Country request and relevance/importance.....	5
B. Description of Modules	5
II. Background.....	6
A. Macro-fiscal situation	6
B. Country engagement and alignment to reform priorities	6
III. Project Amendment Modules - Description	8
A. RM I – Tax Policy.....	8
Scope	8
Program Objectives	9
Expected Results (outcomes).....	9
B. SM II – Public Financial Management	9
Scope	9
Program Objectives	10
Expected Results (Outcomes).....	10
IV. Organizational Arrangements	11
A. Country Engagement.....	11
B. Delivery Modalities.....	11
C. Coordination / Cooperation.....	12
V. Risk Assessment and Mitigation	13
VI. CD Delivery Plan.....	15
VII. Program Financials	16
VIII. Targeted Logical Framework	17
A. RM I – Tax Policy.....	17
B. SM II – Managing Public Finances	17

ACRONYMS

CD	Capacity development
DRC	Democratic Republic of the Congo
ECF	IMF's Extended Credit Facility
FAD	IMF's Fiscal Affairs Department
GPFP	Global Public Finance Partnership
MEFP	IMF's Memorandum on Economic and Financial Policies
PFM	Public financial management
STX	Short-term expert
TSA	Treasury single account

I. PROJECT AMENDMENT PURPOSE

A. Country request and relevance/importance

The purpose of this amendment is first to reorient the revenue component of this capacity development (CD) program away from areas where successes were achieved or where going beyond partial success will not be cost-effective (tax expenditures, parafiscal fees, excise taxes, provincial taxation), towards areas where (1) additional resources will be needed to reach a clear milestone (non-tax revenue), and (2) new needs have appeared (mining taxation). Second, it also seeks to continue work on modernizing and strengthening the key components of public financial management (PFM). This support was previously financed by an earlier CD program with a current donor of the Global Public Finance Partnership (GPFP) that targets fragile and conflict-affect states in sub-Saharan Africa. This CD program thus keeps aiming at a simpler and more transparent tax system and higher revenue, both of which will contribute to growth and macro-fiscal stability. In addition, strengthening PFM practices will ensure that these gains translate into better budget execution, improved resource allocation, and enhanced accountability—critical for sustaining fiscal discipline and help the Democratic Republic of the Congo (DRC) implement the structural benchmarks in the IMF's Extended Credit Facility (ECF).

B. Description of Modules

Tax policy. The work on non-tax revenue will continue to review and codify a sprawling system of taxes collected by line ministries, whose transparency and legal basis are weak or absent, and hence significant governance issues. The new work on mining taxation will target international tax provisions, as well as resource-rent tax and cobalt valuation, to increase revenue and make the system more transparent and adapted to modern practices in the mining industry.

Public financial management. The CD will support the implementation of modified cash accounting, which is part of the strategy to modernize public finance, through the following:

- Experimentation of cash modified accounting system in four pilot ministries;
- Implementation of public accountants' offices in the four pilots;
- Registration of the budget expenditure operations on an accrual basis to better track arrears; and
- Production of their general ledger.

These measures will progressively help the authorities to improve transparency and accountability.

The estimated budget for this project amendment is US\$647,463 covered within the total budget endorsement request for the Democratic Republic of the Congo (DRC) of US\$1,753,398 through FY28.

II. BACKGROUND

A. Macro-fiscal situation

The DRC faces a highly challenging environment, driven by persistent conflict in the East and mounting humanitarian pressures. These factors have significantly strained public finances, with security spending crowding out essential social and development spending. The fiscal space remains limited, and emergency procedures are widely used, raising concerns about fiscal transparency and discipline.

The DRC is a fragile country with low revenue and significant governance issues.¹ In 2024, tax and non-tax revenue were 9.5 and 4.0 percent of GDP, respectively, of which 5.7 percent from natural resources (tax and non-tax); typically, a third to half of total revenue comes from the mining sector. Revenue mobilization is a key concern in DRC, both for mining and non-mining sectors. DRC has an ECF with the IMF, and a team visited the country in October/November 2025, for the second review.

B. Country engagement and alignment to reform priorities

In January 2025, the IMF Executive Board approved a 38-month ECF arrangement totaling US\$1.729 billion, alongside a Resilience and Sustainability Facility arrangement of US\$1.038 billion. Recent political transitions, including a government reshuffle and changes of leadership at the central bank and the National Assembly, have not altered the authorities' firm commitment to the Fund-supported programs.

As part of this program, the authorities emphasized their readiness to improve transparency and accountability. For that, the DRC is rolling out a treasury single account (TSA) to improve cash management, transitioning from cash-based to accrual accounting for better financial reporting, and deploying public accountants in pilot ministries to decentralize expenditure authorization. These steps aim to modernize public finance management and support macro-fiscal stability under the ECF program.

¹ Antonio Hyman-Bouchereau, A., P. Di Benedetto, D. McDonnell, A. French, P. Petit, A. Ramarozatovo and B. Taiclet, *Évaluation sur la gouvernance et la lutte contre la corruption*, Legal Department, Fiscal Affairs Department, October 2020 (IMF).

Growth is also an important objective of the program, but the complexity of the tax system is an obstacle to investments. An improved and simpler tax system to support private investments is therefore at the center of the authorities' growth strategy. Following the September 2017 tax conference, the IMF and the World Bank coordinated to support tax reform in DRC. The World Bank initiated work on the income tax (which then became a project to prepare a Tax Code) and the IMF's Fiscal Affairs Department (FAD) opted to work on tax simplicity and transparency—the DRC has one of the most complex and least transparent tax systems in the world, in large part because of thousands of nuisance taxes. FAD, therefore, supported (1) the rationalization and codification of non-tax revenue (revenue collected by line ministries); (2) the rationalization and improved control over parafiscal fees (revenue collected by administrative bodies); and (3) the evaluation, management, and rationalization of tax expenditures. The program also supported (4) the reform of excise taxes; and (5) provincial taxes, which are other sources of complexity.

Higher revenue is also crucial to boost government spending on health, education, and infrastructures. Fully leveraging the potential of the mining sector is therefore crucial to the authorities' revenue strategy and significant support has been provided by development partners to help the authorities reach this goal (notably by FAD during 2013-2016, with advice on mining tax reform and mining revenue forecasting). In this respect, the authorities have recently asked FAD to provide advice on three topics that are not covered by development partners and where FAD has significant experience: (1) international taxation; (2) resource-rent tax; and (3) reference pricing.

III. PROJECT AMENDMENT MODULES - DESCRIPTION

This proposal is an amendment to an existing project. The amendment proposes CD support to the DRC in the areas of tax policy and PFM. FAD CD will support improvements within the strategic objectives presented in Table 1.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Revenue	RM I / Tax Policy	Improve tax policy design
Spending	SM II / Managing Public Finances	- Improve fiscal transparency and reporting - Strengthen budget management

A. RM I – Tax Policy

Scope

This project started in 2018, first under financing with a current GPFP donor, and then under the IMF's Revenue Mobilization Thematic Fund. At this stage, the tax expenditures work has been a tremendous success (annual assessments every year since 2019). Excise taxes were significantly increased on main products (cigarettes and beer, as well as cars in the 2026 budget), and some rationalization of excises categories occurred. Clear steps (central government laws) are also on their way to providing a better framework for harmonizing provincial laws (drafting was just finished, and the draft laws have been released for consultations). A new organization in charge of rationalizing parafiscal fees was also inaugurated by the Prime Minister in September 2025, thus setting a rationalization process in motion. Finally, non-tax revenue codification (albeit longer than expected) should result in a new text which would for the first time place in a single document these thousands of fees (a prior step to rationalization), as a section of the forthcoming Tax Code (prepared in cooperation with the World Bank—target date is December 2026).

However, the scope for further CD-driven progress is shrinking in some areas, where other types of support could now be more efficient (e.g., objectives of the IMF's Memorandum on Economic and Financial Policies (MEFP), program-related benchmarks, close ad hoc technical assistance, follow up from HQ, joint analytical projects, etc.): this is the case for tax expenditures, excise taxation, parafiscal fees, and provincial taxation. The drafting work on non-tax revenue has taken longer than expected, but

it is (at least for a large part of it)² about to be included as a section of the new Tax Code, and this needs to be finalized. In addition, two recent reports by the German Agency for International Cooperation (GIZ) and the Extractive Industries Transparency Initiative have highlighted many gaps in mining taxation, and FAD's expertise could help on three of them (reference prices, international taxation provision, and resource-rent tax).

Program Objectives

This proposal seeks to advance the CD program by channeling resources toward achieving a key milestone in non-tax revenue mobilization and supporting tax reform in the mining sector. Building on past efforts, the program will evolve beyond its earlier focus areas (tax expenditures, excise taxation, parafiscal fees and provincial taxation) to better align with the country's evolving needs. The initial objective of improving tax simplicity and transparency thus remains, but the work on mining taxation will aim to bring the Congolese tax system closer to international best practice, in terms of tax design.

Expected Results (outcomes)

The outcome of this project is to prepare for inclusion in the forthcoming Tax Code (December 2026) (1) a section on non-tax revenue (including tax procedures), and (2) provisions on international taxation (in the Tax Code) and resource-rent tax (in the Mining Code).³ The program also aims to (3) prepare a framework for the valuation of cobalt.

B. SM II – Public Financial Management

Scope

The CD program will support DRC authorities in enhancing progressively fiscal transparency, strengthening budget management, and improving financial reporting. Assistance will include reviewing and updating the legal and institutional framework, where necessary, to ensure greater transparency and more effective budget execution. The program will help produce for the four pilot ministries a cash modified accounting for fiscal expenditure operations to progressively have reliable financial reports based on budgetary operations and to better track the arrears. In addition, the project will support the

² Non-tax revenue to be included in Tax Code in December 2026 would include revenue from the domain (mines, hydrocarbons, environment, habitat, real property, urbanism, etc.), as well as a procedure code. Administrative, judiciary and portfolio revenue would come in a second wave.

³ Provisions on provincial taxation would also be included, and they are currently undergoing review procedures at the provincial level.

implementation of the public accountant function for the four pilots—an essential actor in the expenditure chain—responsible for verifying and controlling payments before execution, thereby reinforcing accountability and fiscal discipline.

Program Objectives

This proposal aims to strengthen PFM. For that, it is essential to enhance fiscal transparency and reporting by producing progressively comprehensive, timely, and high-quality fiscal reports.

Expected Results (Outcomes)

As part of the ECF-supported reforms, the DRC authorities are prioritizing the operationalization of the Directorate-General of Treasury and Public Accounting (DGTCP: in charge of managing cash, expenditure control and financial reporting) and the installation of public accountants in four pilot ministries to strengthen budget execution and fiscal transparency. Pilot ministries should implement an interfaced expenditure chain, supported by equipped offices and operational accounts, enabling accountants to control expenditures before payment. DGTCP should be operational by consolidating the modified cash accounting of the 4 pilots for fiscal expenditures. Each pilot ministry should generate quarterly balances under the new system. These measures aim to modernize the expenditure chain, improve budgetary control, and lay the foundation for accrual accounting and compliance with International Public Sector Accounting Standards.

Project proposals typically cover only one to two years of CD activities, which are expected to contribute to the achievement of the objectives outlined in the sections above. The objectives of this GPFP project may require extended and ongoing support to be fully and sustainably realized. Therefore, progress reports will serve to monitor advancement towards these objectives, and it may be necessary to adjust or broaden project workplans to better facilitate the achievement of these goals.

IV. ORGANIZATIONAL ARRANGEMENTS

A. Country Engagement

Tax Policy. The authorities have committed (MEFP, 2nd review) to adopting a Tax Code including non-tax revenue and provincial taxation by December 2026 and there is close cooperation with the authorities and the World Bank. The mission therefore aims to keep supporting the drafting of these texts, based on a well-honed *modus operandi* (four one-month STX missions in support of a local drafting group). The focus of these missions will be to prepare a procedure code that will apply to already drafted texts concerning non-tax revenue in the field of Mines, Hydrocarbons, Environment, Habitat, Urbanism, Land Affairs. Other fields may be added if time allows. Provincial taxes are already drafted and are reviewed by the “*Comité de pilotage*” (a mechanism to coordinate the central and provincial governments) and the “*Conférence des Gouverneurs*”.

Public Financial Management. FAD has supported the DRC authorities in advancing major public PFM reforms. From 2022 to 2024, an in-country long-term resident advisor has been working closely with the authorities on TSA implementation, accounting, and cash management. With this support, the authorities adopted a TSA decree defining its scope and organization framework. They also launched accounting reform through the recruitment of public accountants and the adoption of new accounting tools. This project will enable continued support to the country as it advances these critical reforms aimed at enhancing fiscal transparency and strengthening overall PFM performance.

B. Delivery Modalities

CD will comprise of a mix of remote and in-person activities. Virtual deliveries will be used to provide efficiencies to in-person support, including pre-engagement meetings and post-follow-up meetings. The following CD activities will be delivered as a package:

- Headquarters-led (HQ) missions and staff visits to tackle all aspects of mining taxation in a single mission, provide strategic recommendations, conduct regular follow-ups, assess progress, ensure STX work is aligned to plans, coordinate with other CD providers, and adjust reform implementation plans.
- Short-term expert (STX) visits to help implement the recommendations delivered by the HQ missions; a limited number of STXs will be assigned to support the local drafting group in charge of non-tax revenue drafting and to provide specialized assistance in specific areas of PFM.

- Workshops, during the HQ missions, staff visits, or STX visits, to share experiences, provide stakeholders with a view of progress achieved and challenges faced, and discuss with the managers and staff their views on the reforms and particular technical subjects.

C. Coordination / Cooperation

Partner	Coordination Type	Coordination Area	Frequency
IMF's African Department	Tax policy: Coordination with program (MEFP, benchmarks, revenue measures, etc.) PFM: Coordination with program (MEFP, benchmarks, PFM reforms, etc.) Sharing of information, and recommendations	Tax Policy Revenue, legal, and other program-related measures PFM: Priorities, recommendations and status of reforms	On a continuous basis
IMF's Regional Technical Assistance Center for Central Africa (AFC)	Tax policy: AFC is coordinating with other partners to support mining revenue forecasting models, which will be used to calibrate the resource-rent tax. PFM: Recommendations, Sharing of information, where available participation in missions	Tax policy: Mining taxation PFM: Fiscal Risks, Budget execution, cash management, fiscal transparency and reporting	Tax policy: Ad hoc, based on availability of their output. PFM: Regular
World Bank, on the Tax Code	Tax policy: Integrated calendar and joint initiatives on the Tax Code	Tax Policy, tax and non-tax revenue, tax procedure code	Tax policy: On a continuous basis
German Agency for International Cooperation (GIZ)	Tax policy: Coordination of initiatives	Tax policy: Mining taxation	Tax policy: Ad hoc by nature, but regular in practice
World Bank (project ENCORE)	Tax policy: Coordination of initiatives on mining PFM: Sharing of information, and recommendations	Tax policy: Mining taxation PFM: Fiscal Risks, Budget execution, cash management, fiscal transparency and reporting	Tax policy: Ad hoc PFM: Regular

V. RISK ASSESSMENT AND MITIGATION

Module	Description	Risk Assessment	Mitigation Measures
EXTERNAL CLIMATE/CONDITIONS			
RM I - Tax Policy	Pandemic	Low	Drafting work, legal review and financial modeling can be done partly remotely, as well as analytical work based on data provided in earlier missions.
SM II – Managing Public Finances			
POLITICAL SUPPORT			
RM I - Tax Policy	Political instability may slow down and even stop implementation of reforms	High	The new Minister is a previous technical partner and links with his two tax advisers and technical staff are strong. However, the political process in DRC remains very complex, and things can turn around rather quickly. In this context, the mission has been opportunistic and flexible, using program-related revenue needs to push for reforms (as well as structural benchmark), as well as other opportunities.
SM II – Managing Public Finances			Ensuring that CD is focused on priority areas and with the support of the IMF team and ensure government continue to support the CD program and ownership of reforms.
MANAGEMENT AND TECHNICAL STAFF SUPPORT AND COMMITMENT			
RM I - Tax Policy	Staff instability in the local working groups and significant bureaucratic interference	Low	The modus operandi of this CD program is to initiate work and then rely on local workgroups to pursue it, putting FAD in an advisory function and relying on strong local counterparts (CTR and COREF) to steer the process. In this respect, while the stability of the working groups was an issue at the beginning of the program (after they were just set up), it is not an issue anymore. There are now working groups on non-tax revenue, provincial taxation, tax expenditures, parafiscal charges, TSA, accounting reforms.
SM II – Managing Public Finances			
RESOURCE ADEQUACY			
RM I - Tax Policy	Wavering political support could impact resource adequacy	Medium	Non-tax revenue drafting, which is a key aspect of simplifying the tax system, is a much longer process than expected and the mission is trying to speed up this process, in coordination with authorities, in order to maintain momentum and the local working group intact.
SM II – Managing Public Finances	Ministry of Finance is overall adequately staffed but reforms would also require input in terms of IT and training.	Medium	Continued coordination with other development partners.
OTHER RISKS			
RM I - Tax Policy	Bureaucratic and industry resistance to reforms	Medium	There are significant entrenched interests in bureaucracy and industry, as was made clear by the difficulties implementing Parliament-approved excise tax increase in the last budget (voted in December, enforced in April). Advocacy for reforms thus plays a big role. The Ministry of health was met a few times on excise taxes, the

Module	Description	Risk Assessment	Mitigation Measures
			provincial parliament on provincial tax expenditures, etc. There are significant entrenched interests in bureaucracy and industry, as was made clear by the difficulties implementing Parliament-approved excise tax increase in the last budget (voted in December, enforced in April). Advocacy for reforms thus plays a big role. The Ministry of Health was met a few times on excise taxes, the provincial parliament on provincial tax expenditures, etc. This CD program also has strong connections with other donors (World Health Organization, World Bank, GIZ) and with the IMF's African Department, which supports CD through the MEFP and program benchmarks.
SM II – Managing Public Finances	Resistance to reforms in the new budget execution process and transparency	Medium	Advocate for budget discipline by having a change management strategy that combines strong communication, capacity building, and stakeholder engagement.

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY26	FY27	FY28	Grand Total
RM I – Tax Policy				
HQ led CD mission	-	1	-	1
STX visits	1	2	-	3
Staff visits	-	-	-	-
Workshops (inc. during HQ and remote CD)	-	-	-	-
Subtotal	1	3	-	4
SM II – Managing Public Finances				
HQ led CD mission	-	1	1	2
STX visits	-	1	1	2
Staff visits	-	-	-	-
Workshops (inc. during HQ and remote CD)	-	-	-	-
Subtotal	-	2	2	4
TOTAL	1	5	2	8

Note:

- In-person delivery was chosen in all tax policy activities as mobilizing human resources for remote deliveries has proven very difficult in the past. Technological conditions are also far from optimal, and significant capacity gaps demand a very “hands-on” and pro-active approach which is easier with in-person missions
- In-person delivery was chosen for PFM to engage in sensitive matters that require substantial interviews and field observations conducted in operational units.
- Collectively, the blend of CD delivery proposed over the duration of this project/program reflects the optimal balance of in-person, remote, and hybrid activities needed to achieve the project/program outcomes taking into account the needs of the country and the resources available.

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
RM I – Tax Policy		
Q4/FY26	Field-Based work - FB	STX: Legal drafting of the Tax Procedure Code
Q1/FY27	Field-Based work - FB	STX: Legal drafting of the Tax Procedure Code
Q2/FY27	Field-based work - FB	1. Legal drafting of the Tax Procedure Code and other non-tax revenue texts 2. Review of mining taxation (international tax provisions and resource rent tax) and cobalt valuation
Q3/FY27	Field-Based work - FB	STX: Legal drafting of the Tax Procedure Code and other non-tax revenue texts
SM II – Managing Public Finances		
Q1/FY27	Field-Based work - FB	STX: Pilot ministries controlling the expenditure before payment
Q2/FY27	Field-Based work - FB	STX: Pilot ministries registration of fiscal expenditures operations in a cash modified accounting system
Q3/FY27	Field-Based work - FB	STX: Pilot ministries producing their accounting balances in a cash modified system with the fiscal operations they validated
Q1/FY28	Field-Based work - FB	HQ: Pilot ministries accounting report production
Q2/FY28	Field-Based work - FB	STX: Pilot ministries accounting report consolidated by the DGTCP
Q3/FY28	Field-Based work - FB	STX: How to broaden the scope of accounting operations and the opening balance

VII. PROGRAM FINANCIALS

Module	FY26	FY27	FY28	TOTAL (USD)
Direct Delivery				
RM I - Tax Policy	197,513	236,170	-	433,683
SM II – Managing Public Finances	-	84,487	86,934	171,423
Subtotal	197,513	320,657	86,936	605,106
Trust Fund Management Fee (7%)	13,826	22,446	6,086	42,357
TOTAL	211,339	343,103	93,021	647,463

Note: The estimated budget for this project amendment is US\$647,463 and endorsement is requested for the full amount through FY28. Endorsement for future plans will be requested at a later date as funding for the program is secured and reform plans gain traction.

VIII. TARGETED LOGICAL FRAMEWORK

A. RM I – Tax Policy

Objective: Improve Tax Policy Design – TPD	
Outcome	Indicators
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	Adopt legislation that reduces economic distortion.
	Taxes are introduced or amended to address externalities

B. SM II – Managing Public Finances

Objective: Improve fiscal transparency and reporting - FTR	
Outcomes	Indicators
Comprehensive, timely, and high quality fiscal reports	Strengthened completeness, timeliness and consistency of annual financial statements (Record Score: PEFA PI-29) FTC1.2.2
Strengthened accounting and audit processes	Strengthened adoption and implementation of international accounting standards
Objective: Strengthen Budget Management - SBM	
Outcome	Indicator
Strengthened asset and liability management processes	Improved design and establishment of fixed assets register