

I. COUNTRY REFORM PROGRESS

The tax policy module is reaching a juncture at which (1) some clear successes have been reached (Tax Expenditures assessment, excise tax increase, provincial tax drafting, regular progress on non-tax revenue drafting, etc.); (2) blockages on some topics will be hard to overcome (e.g., strong reluctance to rationalize excise taxes); (3) other forms of support than CD are becoming more appropriate (e.g., program targets for implementing a plan to rationalize parafiscal charges); and (4) some capacity development (CD) themes will take more time than initially expected (non-tax revenue drafting). In addition, new themes are emerging on mining taxation. It therefore appears that a reorientation of this CD program toward mining taxation and non-tax revenue drafting (with the additional challenge of speeding things up on that topic), with some other topics falling in a follow-up mode, is due. A proposal will be prepared to that effect.

On revenue administration, the Democratic Republic of the Congo has adopted a post-Tax Administration Diagnostic Assessment Tool (TADAT) plan. But fully mobilizing the Tax Department on these efforts has been hard due to delays in the acquisition and implementation of the value-added tax (VAT) billing system. It is expected that once this is implemented (program benchmark), more efforts can be dedicated to digitalization, a core issue for the Tax Department.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key progress in FY26: (1) Tax Expenditures: review of customs VAT exemptions / Preparations of an appendix to VAT form on exemptions / Study on the Investment Code. (2) Non-tax revenue drafting: "recettes domaniale" (mines, environment, habitat, housing, etc.) are completed. (3) Provincial taxation: texts completed on the four provincial taxes. (4) Parafiscal charges (fees by administrative bodies): a body recommended by the IMF's Fiscal Affairs Department (FAD) to review and rationalize is in place.

Previous progress: Recent progress supports a reorientation of activities. (1) Annual tax expenditures are routinely updated and analytical support will ebb after December 2025. (2) Excise tax rates on beer and cigarettes were increased, but there is little hope for rationalization. (3) The four provincial taxes were harmonized (property taxes, rental income, excises and vehicle fees). (4) Parafiscal charges are now reviewed by a formal structure (COPIRAP) inaugurated by the prime minister in September 2025 and should benefit from the adoption of a "décret de reclassement", to support a comprehensive review. On these four fields, it is expected that CD work would enter a "follow up" mode, with ad hoc and targeted interventions, which could benefit from synergies with the IMF program. However, while non-tax revenue drafting has covered 80-90 percent of the work revenue-wise, much more work needs to be done on a very large number of smaller taxes and ways to speed up and complete the effort need to be found. In addition, new reports by the Extractive Industries Transparency Initiative (EITI) and German Agency for International Cooperation (GIZ) point to gaps on mining taxation, and mining revenue forecasting (benchmark), and additional help will be required.

Next steps: Prepare amendments to this CD program to speed up the work on non-tax revenue and include mining taxation (mining revenue forecast, international taxation, and cobalt valuation), with follow-up on other activities.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The Global Public Finance Partnership (GPFP)-funded project enabled the country to generalize the standardized VAT billing system and adopt a post-TADAT revenue mobilization plan, meeting key requirements of its economic program.

Previous Progress: Authorities have reported progress in revenue collection by recovering taxes, implementing the VAT system, and activating the Commission for unpaid customs claims. These reports are not supported by accompanying documentation. The project assessment scheduled for April will report on the performance for 2025, using data validated by the IMF's African Department (AFR) country team.

Next Steps: Upcoming activities will promote digitalization to protect revenue and improve compliance in the short and medium term.

III. LOGICAL FRAMEWORK

Country – Democratic Republic of the Congo		
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	Progress in key fields of this CD program supports a reorientation of activities, with an acceleration of the work on non-tax revenue and new work on mining taxation (revenue forecast, reference prices for cobalt and international taxation). Work on tax expenditures, excise taxes, provincial taxes and parafiscal charges would benefit from ad hoc and targeted follow-up.
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	Monitoring of taxpayer registers has progressed. It is recommended that the next reporting of the outcome assessment be postponed until the scheduled achievement date of the key performance indicator in April 2026. At that time, actual results can be compared with predefined objectives, and the current assessment may be reviewed if necessary.
A larger proportion of taxpayers meet their filing	2 Partially Achieved	Filing compliance has been good. Reporting of outcomes is recommended to be postponed until the next scheduled key

obligations as required by law		performance indicator date in April 2026, when results can be compared to established objectives and the current assessment may be reviewed as needed
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Payment compliance has been good. Reporting of outcomes is recommended to be postponed until the next scheduled key performance indicator date in April 2026, when results can be compared to established objectives and the current assessment may be reviewed as needed.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Authorities have reported progress in audit and verification programs. Currently, the reports are not supported by accompanying documentation. It is recommended to delay the next outcome assessment until the scheduled key performance indicator date in April 2026, when results can be compared with established objectives and the current assessment may be reviewed as appropriate

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Pandemic / Coups	Medium	Build on progress achieved with remote delivery of CD, use data shared by the authorities. However, the events in the East of the country have had no negative impact on the program, nor have recent floods.
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 I: 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 are strong. The difficulties in the East of the country have increased pressure for more revenue, and hence additional pressure to increase excise taxes. There is strong buy-in from provinces as well on provincial tax reforms (close contacts with provincial ministers). Overall, the political buy-in has significantly improved over the past six months, but overall, the political landscape remains risky.
RM II: Political instability may slow down and even stop implementation of reforms	Very High	Focus on strategic advice and hands-on capacity building to have a more permanent impact. Close consultation with the AFR team and the authorities.
Management and Technical Staff Support and Commitment		
RM I: Staff instability in the local working groups and significant bureaucratic interference	Medium	Given the length of the project, local staff turnovers on local working group was always a potential problem and hence the need to use consultants as a fallback option and to get as much data as possible to continue the work. However, local counterparts (CTR, COREF, the Minister himself) have managed

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		that risk well and the quality of staff on the local groups has improved. Data (even with tax identifiers) is also shared on a regular basis. Furthermore, a local "Commission Permanente" was set up to work on parafiscal charges, and this should minimize this risk on that topic as well. Yet, political interferences at the technical level remain a possibility.
RM II: Continuous rotation of managers and staff undermine the absorptive capacity and provoke permanent discontinuity.	Very High	Encourage authorities to implement administrative reforms with a stable internal environment and closely monitor projects.
Resource Adequacy		
RM I: Significant demand on local working groups and difficulties delivering on tight and heavy schedule	Low	So far, COREF and CTR, our main organizational counterparts, have dealt well with these issues by mobilizing necessary resources. However, additional stress could be dealt with by extending deadlines and reviewing outputs. This type of ongoing adjustments has been going on for a while, sometimes the other way round, by tightening deadline and increasing output when things go well.
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, including in particular its Travel Policy.
Other Risks		
RM I: Bureaucratic and industry resistance to reforms (notably on health excise taxes).	Medium	Mobilize other donors (i.e., World Health Organization, World Bank, GIZ, French Development Agency). Use structural benchmark, if possible. The 2025 budget excise increase though seems to signal a change of tack from the authorities, and hence the lower risk.
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 CD providers, especially the World Bank to deliver a modern IT system.

V. PROJECT MANAGERS: CONTACT INFORMATION

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