

I. COUNTRY REFORM PROGRESS

The Ministry of Finance (MoF) remains committed to establishing a tax policy unit (TPU). While administrative hurdles are overcome, the Directorate of Fiscal and Monetary Affairs is working in partnership with the IMF's Fiscal Affairs Department (FAD) to develop tax policy analytical capacities, revenue forecasting, costing of policy reforms and the development of a research agenda that supports the country's reform agenda.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy
Key Progress in FY26: In January 2026, the first CD mission under this Global Public Finance Partnership (GPFP) project assisted the MoF in its efforts to establish a TPU. The mission trained the MoF's department on fiscal affairs in tax policy principles, tax policy analysis, including costing of tax reforms and distributive analysis, and revenue forecasting. The mission also supported the development of a research agenda which will guide Eswatini's reform agenda. Next Steps: Two missions are planned for FY27. One will support the development of income taxes microsimulation models. The other activity will provide CD on international taxation and taxation of natural resources.

III. LOGICAL FRAMEWORK

Country – Eswatini		
Objective – Strengthen Policy Monitoring, Evaluation, and Institutions		Rating - 2
Outcome	Rating	Narrative
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	2 Partially Achieved	A workshop to support the MoF's objective of establishing a TPU took place in January 2026. The CD mission focused on tax policy principles, tax policy analysis, including costing of tax policy reforms and distributive analysis, and revenue forecasting. FAD also supported the development of a tax policy research agenda that will guide their tax reform efforts going forward. The Director of the Fiscal Department at the MoF envisages some administrative hurdles to the creation of a formal TPU, notwithstanding the Director expressed his commitment to instituting a de facto TPU, for the time being, that can perform all of the functions of a formally established TPU.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
External shocks (social, political, economic, etc.) impact government revenue.	Medium	Work with the IMF country team and other IMF departments to analyze emerging fiscal risks and propose potential fiscal policies to minimize fiscal risks
Political Support		
Lack of political support may prevent the formal creation of a TPU and slow down reforms	Medium	Continue working at both the technical and political level in developing sound analysis to support reform needs and better inform stakeholders.
Management and Technical Staff Support and Commitment		
Resistance to change and low commitment of management to enact necessary changes within the Ministry of Finance and implement reform measures.	Medium	Engage with senior management and technical staff pro-actively to support the development of an implementation plan (and monitoring) while CD support is provided on an on-going basis.
Resource Adequacy		
Insufficient technical capacity and human resources necessary to absorb technical support and implement reforms.	High	Ensure CD plans include sufficient capacity building and training elements that are tailored to the country's needs and prioritize CD in areas where capacity is limited.

V. PROJECT MANAGER: CONTACT INFORMATION

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