

I. COUNTRY REFORM PROGRESS

This project was approved during the January 2025 Steering Committee meeting. To date, three capacity development (CD) activities have been delivered, including two in FY26 focusing on wage tax modeling and reform options, as well as the design of a fiscal regime for the mining sector. Earlier engagement in FY25 focused on tax treaties.

CD under this project has helped: (1) build foundational knowledge in tax treaty negotiations, personal income tax (PIT) micro-simulation, and the use of discounted cash flow models to assess mining fiscal regimes; (2) facilitate internal collaboration and dialogue (e.g., between the Ministry of Finance/Economy, the Ministry of Foreign Affairs, and the Ministry of Mining); and (3) identify potential reform options as well as actionable measures that can be taken at the technical level to improve outcomes in the three core areas covered so far. The project has resulted in the development of a draft model tax treaty for Gabon, which is expected to greatly assist future tax treaty negotiations, as well as a draft PIT micro-simulation model to help authorities assess the fiscal and distributional impacts of tax reforms.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy
Key Progress in FY26: There is very strong collaboration with Gabonese officials at the technical level, including on the modeling of potential reforms to the PIT and the design of an appropriate fiscal regime for the mining sector. We are looking forward to continuing this productive engagement in FY27 and beyond. Previous Progress: Previous support focused on tax treaties (FY25), with considerable capacity building provided including a new draft model treaty specific to Gabon. Next Steps: Authorities requested additional support on PIT reforms, focusing on the identification of a reform package that could raise revenues, increase progressivity and protect lower income households. A mission on this topic is being planned for Summer 2026. Resources should allow a second CD engagement in FY27, with the topic of engagement yet to be determined.

III. LOGICAL FRAMEWORK

Country – Gabon		
Objective – Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased/decreased revenue quantity	2 Partially Achieved	Gabon's 2026 Budget includes several measures aimed at increasing tax revenues. This includes amendments to (1) value-added tax (VAT) (progressive increase in tax rates

		for several commodities); (2) excise taxes (increase in tax rates plus taxation of new products); (3) capital gains tax (rate increase); (4) export taxes (rate increase); and (5) property tax (broadening of the tax base).
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	Gabon's 2026 Budget includes tax measures, including some that are likely reduce economic distortions (for example convergence toward a single VAT rate and reduction in exemptions).
Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	Gabon's 2026 Budget includes tax measures, none of which significantly impact the PIT (the main redistributive instrument within the tax system). However, amendments to the capital gains tax, property tax and VAT do improve equity.
Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		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	CD supported the creation of a new tax treaty model for Gabon (March 2025), a new PIT micro-simulation model (June 2025), and provided training in a discounted cashflow model to assess the sharing of profits under alternative mining fiscal regimes. These are noteworthy deliverables, but more is needed to ensure full institutionalization of the models including additional training if possible.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
World economy, security in the region, etc.	Medium	Factor authorities' priorities into our work program and remain flexible in delivering the workplan.
Political Support		
Obtain needed leadership from Ministry of Economy and sufficient buy-in from the whole government to enact meaningful reforms in the National Assembly.	Very High	Engage constructively with high-level officials (e.g., Directeur Général des Impôts, Directeur de Cabinet, Ministre) to ensure that they appropriate themselves of proposed reform options and that their views or concerns are considered and reflected into our analysis and recommendations. Work closely with country team.
Management and Technical Staff Support and Commitment		
Buy-in and commitment by our direct counterparts at the Ministry of Economy.	High	Engage constructively with counterparts to ensure that they appropriate themselves of reform options

Description	Rating	Mitigation Measures
		and that their views are considered in the analysis and recommendations. Remain agile and build the CD program based on their needs and preferences.
Resource Adequacy		
Resource adequacy in Ministry of Economy, including in terms of number of staff and skillset required to effectively support CD missions and absorb analysis and recommendations.	Medium	Sequence CD and reform proposals to align with country capacity. Offer complementary CD in the form of follow-up engagements or support in legal drafting. Coordinate closely with revenue administration division colleagues to avoid overburdening our counterparts in the Direction Générale des Impôts.

V. PROJECT MANAGER: CONTACT INFORMATION

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