

I. COUNTRY REFORM PROGRESS

Liberia has demonstrated commitment to advancing its reform agenda, particularly in tax and revenue administration. Through targeted capacity development (CD) missions and the implementation of strategic recommendations, the authorities are establishing a foundation for a more transparent and efficient fiscal framework.

In 2025, two CD missions were carried out in Liberia to assess business (July 2025) and mining taxation (October 2025). The authorities demonstrated their commitment to improving tax systems by publishing the FY2023–24 tax expenditure report, which supports efforts to rationalize tax incentives. The missions offered recommendations to rationalize tax incentives, strengthen the corporate income tax (CIT) system, and to support the transition toward a more transparent and comprehensive fiscal regime for the mining sector. The July 2025 mission on businesses taxation identified key weaknesses and loopholes in Liberia’s international tax framework. In response, the Liberian authorities have requested support on international taxation to be delivered hopefully by the end of the FY26, to refine the diagnostic provided by the mission and to develop a comprehensive package of recommendations aimed at strengthening the country’s international taxation system. These efforts aim to enhance the tax system’s efficiency and boost revenue collection. Concurrently, capacity-building initiatives within the Liberia Revenue Authority (LRA), focused on tax audit and customs, have reinforced institutional capabilities, facilitating engagement with taxpayers. The pending roll out of value-added tax (VAT) is now anticipated to be from early 2027 and stakeholder engagements are ongoing. LRA has maintained momentum on customs reform through preparatory work on ASYCUDA upgrades, green-channel introduction, and continued collaboration with the IMF’s second Regional Technical Assistance Center in West Africa (AFW2) on audit and anti-smuggling functions. The LRA also began moving remote border posts toward electronic-only payments, an important step for reducing corruption risks. However, major governance challenges persist, including heavy reliance on manual processes and weak export controls in the extractive sector.

Continued IMF support will be critical to strengthen risk-based management, expand digital payments, and reinforce integrity and revenue performance. Recent diagnostic assessments indicate that continued efforts are needed to further strengthen tax administration and institutional support to fully realize Liberia’s macroeconomic objectives and sustain domestic resource mobilization. The World Bank is implementing the Governance Reform and Accountability Transformation (GREAT) project in Liberia, with some specific support allocated to the LRA. The World Bank, alongside development partners including the European Union, German Agency for International Cooperation (GIZ), and Expertise France actively participated in exit meeting briefings after the IMF mission. During these sessions, key CD priorities identified during the mission were discussed to promote effective donor coordination and alignment of future CD. Donors were briefed on Tax Administration Diagnostics Assessment Tool (TADAT) findings and subsequent post-TADAT recommendations for areas of improvement.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: Two CD missions were conducted by the IMF’s Fiscal Affairs Department (FAD) to assess businesses taxation (July 2025) and mining taxation (October 2025) in Liberia. The authorities have shown commitment to rationalizing tax incentives, supported by the publication of the FY2023–24 tax expenditure report. These missions provided recommendations to enhance the CIT regime and guide the transition toward a more transparent and comprehensive mining fiscal regime.

Previous Progress: These two CD missions marked the project’s initial activities. They built upon FAD’s earlier work on tax policy in Liberia, carried out under other financing programs, including under the Managing Natural Resource Wealth Thematic Fund initiative. The July 2025 mission assessed businesses

taxation and provided recommendations to enhance businesses' income taxation system and stimulate revenue collection. The October 2025 mission reviewed the tax policy regime for the mining sector and offered key recommendations to strengthen the taxation of mining activities in Liberia.

Next Steps: The project will continue strengthening the capacity of the Ministry of Finance and Development Planning (MFDP) to conduct and publish annual comprehensive tax expenditure assessments. The July 2025 mission on businesses taxation identified key weaknesses and loopholes in Liberia's international tax framework. In response, the Liberian authorities have requested support on international taxation to refine the diagnostic provided by the mission and to develop a comprehensive package of recommendations aimed at strengthening the country's international taxation system. These efforts aim to enhance the tax system's efficiency and boost revenue collection.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Building on the work on the implementation of the audit strategy and plan, in FY26, CD in tax administration focused on banking and insurance audit follow-up, with training provided to 12 LRA staff using case studies to reinforce audit techniques. Manuals were updated based on training feedback. While no customs capacity activities occurred during this period, preparatory measures including ASYCUDA upgrade planning, green channel introduction, and ongoing collaboration with AFW2 on strengthening audit and anti-smuggling capacities demonstrate steady reform momentum. The LRA also began implementing earlier recommendations including plans to transition to electronic-only payment at remote border posts, signaling progress toward digital modernization, though full implementation of the IT Master Plan is still pending.

Previous Progress: Previous achievements included developing a new Corporate Strategic Plan (2025–29), finalizing the Domestic Resource Mobilization Strategy, and successfully launching Phase 1 of the Liberia Integrated Tax System (LITAS) with critical modules such as registration and tax accounting. Comprehensive audit manuals for banks, insurance, agriculture, and timber were developed. In customs, prior efforts on rules of origin were translated into practical applications by using trade risk indicators and deepening work to strengthen data use and analytics, fostering a more integrated, risk-based approach.

Next Steps: Plans include implementing recommendations from post-TADAT reform mission to address tax administration weaknesses, enhance leadership, improve origin of goods tracking, and update customs processes on imports and exports and anti-smuggling controls at the international airport.

III. LOGICAL FRAMEWORK

Country – Liberia		
RM I: Objective – Improve Tax Policy Design – TPD		Rating - 1
Outcome	Rating	Narrative
Increased/decreased revenue quantity	1 Not Achieved	The first activity of the project was the tax policy CD mission conducted by FAD in February 2025. This mission assessed businesses' taxation. The mission provided authorities with an aide-memoire containing policy recommendations for rationalizing businesses tax incentives for stimulating corporate tax revenue collection in Liberia. In August 2025, FAD conducted a CD mission to assess Liberia's mining tax policy and provide recommendations for enhancing the country's

		mining fiscal regime. These efforts aim to enhance the tax system's efficiency and boost revenue collection in Liberia.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	The VAT Act was enacted in 2024, prior to the launch of this Global Public Finance Partnership (GPFP) project. Preparations for VAT implementation are currently underway, with implementation expected to begin in January 2027. The authorities plan to address tax incentive distortions and streamline the tax incentive regime based on a comprehensive tax expenditure review. Under the GPFP project, an FAD-led mission was conducted in February 2025 to assess business taxation and review tax expenditures (a structural benchmark under the IMF's Extended Credit Facility), followed by another mission in August 2025 to support reforms in mining taxation.
RM I: Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 0
Outcome	Rating	Narrative
Improved transparency and outreach	1 Not Achieved	A FAD CD mission assessed businesses' taxation and tax incentives for mining activities in February 2025. A subsequent mission conducted in August 2025 reviewed the mining tax regime for Liberia. The authorities are committed to rationalizing tax incentives and improving transparency based on a comprehensive tax expenditure assessment. In August 2025, they published the tax expenditure report for FY2023-24. The CD reports for the two missions provide recommendations that could serve as a background to support the ongoing initiatives aiming at transitioning from a contract-specific fragmented mining fiscal regime to build a comprehensive and transparent mining fiscal regime. The GPFP project plans to continue supporting the capacity of the MFDP to conduct a comprehensive tax expenditure assessment and publicly publish this report on an annual basis.
RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	A new domestic revenue mobilization strategy has been developed and has been approved by the cabinet. A corporate strategic plan commencing 2025 has also been developed.
Effective implementation of a new tax or modernized legislation	1 Not Achieved	The VAT has been passed by the legislature, but the VAT is not yet been rolled out. There are plans to roll it out in January 2027.
Digital technologies are better aligned with strategic objectives	3 Largely Achieved	Although the LRA-wide IT Master Plan remains pending approval, the customs component has begun implementing recommendations from the August 2024 FAD mission, including preparations for a phased transition to electronic-only payments

		supported by solar power and satellite connectivity at remote border posts. These steps reflect the growing alignment of digital initiatives with the LRA's broader strategic objectives.
RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	The audit strategy and implementation plan is being implemented, and some work has been done to update manuals and audit practices at the LRA.
RM II: Objective – Improved customs administration functions (SDG 17.1) - CAD		Rating - 2
Outcome	Rating	Narrative
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	Although limited progress was made during the reporting period, preparations for the ASYCUDA upgrade and the introduction of the green channel demonstrate a strong commitment to reform. The Centralized Assessment Unit—already working to verify the accuracy of declarations and ensure consistent application of customs rules while minimizing direct contact with traders—remains a key asset. A follow-up mission on control and verification of the origin of goods, planned for January 2026, is expected to further enhance the accuracy and reliability of customs controls during clearance.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	Although no missions were conducted under the project during this reporting period, progress continued through close coordination with the IMF's second Regional Technical Assistance Center for West Africa (AFW2). The Post-Clearance Audit Unit maintained risk-based audits of high-value importers and concessions, while training provided by AFW2 on anti-smuggling techniques is expected to strengthen enforcement capacity and enhance the effectiveness of customs controls in ensuring compliance with customs laws.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: Risk that external events create a more challenging environment to implement reforms.	High	Ensure sufficient flexibility in program execution across countries and allow for the ability to adjust activities in the case of adverse events.
Political Support		
RM I, RM II: Lack of political support for reforms inhibits required actions or resources being allocated that are needed	Medium	A Fund coordinated approach with the country team taking the lead is proving to be helpful in tracking progress, getting political support for reforms, and

Description	Rating	Mitigation Measures
to enhancements to fiscal risk management institutions and practices		resolving key obstacles to sustained revenue performance.
Management and Technical Staff Support and Commitment		
RM I, RM II: Low commitment of management and staff in finance and other ministries to adopt and implement recommended reforms	High	Engage with senior management and technical staff proactively and explain their role in driving reforms
Resource Adequacy		
RM I, RM II: Insufficient technical capacity and human resources necessary to implement reforms are limited.	High	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited, in line with the country engagement strategy.
Other Risks		
RM I, RM II: Multiple donors are providing technical assistance on fiscal risk topics and gaps, or overlaps may arise as a result.	Medium	Under the leadership of the country team, take an active role in engaging with other donors to ensure support is well coordinated.
RM II: Low capacity to implement reforms and achieve strategic change	High	In addition to the recommendations on the reforms that need to be implemented (the What), CD will also engage with senior leadership on how strategic change is successfully implemented and sustained.

V. PROJECT MANAGERS: CONTACT INFORMATION

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