

I. COUNTRY REFORM PROGRESS

To advance South Sudan's goal of boosting non-oil tax revenues for poverty reduction and inclusive growth, technical assistance has been provided in key areas of tax policy and revenue administration. Building on capacity development recommendations, the authorities have developed a roadmap for implementing a value-added tax (VAT). They have also requested continued support for drafting VAT legislation, managing VAT implementation, and establishing a tax policy unit to oversee these reforms.

On revenue administration, the authorities are also implementing a four-year reform plan focused on strengthening core tax functions such as registration, filing, payment, and reporting accuracy. They are also working to update outdated revenue laws, enhance compliance management, and prepare to train staff and taxpayers for introduction of VAT. With support of the Global Public Finance Partnership (GPFP) project, in collaboration with the IMF's Regional Technical Assistance Center for East Africa (AFE) and other development partners, authorities are also strengthening customs clearance procedures.

The project works closely with the South Sudan country team of the IMF's African Department (AFR) to align capacity development (CD) activities with country priorities. There is also close collaboration with AFE and other development partners, including the African Development Bank and Germany Agency for International Cooperation, ensuring that CD efforts are well coordinated and responsive to South Sudan's evolving needs.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: The first mission by the IMF's Fiscal Affairs Department (FAD) on non-resource revenue mobilization was delivered in July 2025, which outlines policy reform options across all major taxes and includes the design of a VAT that is tailored for the current economic structure and capacity. The authorities have laid out a roadmap for VAT implementation for 2026–29 since, based on the recommendations of the mission, and have requested further support in legal drafting of VAT legislation, implementation, and setting up a Tax Policy Unit to oversee the process.

Previous Progress: This is the first tax policy mission to South Sudan since its independence. The original mission, scheduled for April 2025, was postponed at the request of the authorities.

Next Steps: A virtual mission, joint with the IMF's Legal Department (LEG), will take place in December 2025 to start legal drafting of the VAT legislation. An in-person mission will then take place in May 2026 to finalize the draft VAT law.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Authorities continued to develop an effective registration, filing and payment strategy. A staff visit continued the engagement with the authorities to provide broad and high-level guidance on driving reforms. Following the appointment of a new Commissioner General and New Minister of Finance, the authorities made requests for support in implementing priority reforms in revenue mobilization including: VAT implementation, review of revenue laws, and strengthening compliance management across all tax functions.

Previous Progress: The South Sudan Government aims to increase non-oil revenue to at least 6 percent of GDP by 2027. The authorities assessed its reform gaps, agreed to, and is implementing a four-year GPFP supported plan to implement the reform program. The first CD assignment was carried out in November 2024.

Next Steps: Given low capacity of the revenue administration, future support will focus on improving performance in core tax functions: registration, filing, payment and accuracy of reporting. In collaboration with AFE, support will also be provided on improving customs clearance procedures. The project will also collaborate with LEG and FAD to develop a plan for implementing revenue administration reforms in the medium term. The project shall also continue to collaborate with other development partners to better coordinate support for South Sudan.

III. LOGICAL FRAMEWORK

Country – South Sudan		
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 1
Outcome	Rating	Narrative
Increased/decreased revenue quantity	2 Partially Achieved	The July 2025 mission on non-resource revenue mobilization outlined policy reform options across all major taxes, and included the design of a VAT that is tailored for the current economic structure and capacity. Further request on legal drafting of VAT legislation has been received.
RM I: Objective –Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 1
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	The program to assist in achieving the milestones and objective will commence after concluding the work on VAT.
RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Organizational arrangements enable more effective delivery of strategy and reforms	1 Not Achieved	Organization structure misses some functions and does not have HQ roles in customs and domestic taxes.
Capacity for reform increased due to clear reform strategy and a strategic management	2 Partially Achieved	Strategic Plan in place, but implementation capacity is weak and progress monitoring and reporting is inadequate.

framework adopted and institutionalized		
Corporate priorities are better managed through effective risk management	1 Not Achieved	No risk-based compliance framework and practice in place-work started on improving compliance and is not yet based on a risk framework.
Transparency and accountability are more effectively supported by independent external oversight and internal controls	2 Partially Achieved	Internal Audit department in place and is in early stages of implementing its audit strategy. Internal controls are not documented in some South Sudan Revenue Authority (SSRA) operational areas.
Effective implementation of a new tax or modernized legislation	2 Partially Achieved	Both VAT Act and implementation plan are under development.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Authorities are taking steps to improve the IT system. CD to support digitization yet to be delivered in first half of FY27-at the request of authorities. Taxpayer compliance management modules for an integrated tax administration IT system (ITAS) are yet to be developed.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) – TAD		Rating - 2
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Program to assist in achieving the milestones and outcome has started and authorities have developed a registration, filing and payment strategy that is awaiting approval by SSRA management.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	Registration, filing and payment strategy developed and is waiting for approval and launch by management for implementation.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Audit program is weak; staff possess poor audit skills and limited audit capacity. Support to the authorities on audit CD starts in November 2025.
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	The GPFP project supported the authorities to develop a taxpayer registration strategy. Implementation support has begun and will continue through FY26 and in FY27.
RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 3
Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	Audit and Anti-Smuggling programs are weak; support has started to develop standard operating procedures and train officers.

Customs control during the clearance process more effectively ensures accuracy of declarations	4 Fully Achieved	In CD discussion. AFE started work on clearance procedures and FAD aims to build on this to advance progress. Support in this area continued in collaboration, with AFE during the second quarter in FY26.
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IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I & II: External events including civil war creating a more challenging environment to implement reforms.	High	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events. Also strengthen Business Continuity Planning capacity.
Political Support		
RM I: The political cycle generates governance instabilities, restricting policy making and delivery.	Low	Secure policy continuity if political instability occurs. Ensure transparency, accountability, and inclusion in policy implementation. Engage regularly with ministers and senior management to ensure government ownership of reforms.
RM I, RM II: Insufficient technical capacity and human resources necessary to implement reforms.	Medium	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 country engagement strategy. Engage regularly with ministers and senior management to ensure government ownership of reforms. Leverage bilateral IMF Spring/Annual Meetings and AFR country team engagement to garner political support.
Management and Technical Staff Support and Commitment		
RM I, RM II: Low commitment of management and staff in finance ministry and revenue authority to adopt and implement tax expenditure policy framework and implement revenue administration reforms	High	Engage with senior management and technical staff proactively and explain their role in driving reforms, and importance of strengthening fiscal risk management. Ensure frequent engagement to maintain momentum and rekindle commitment where needed. Strengthen SSRA accountability management framework.
Resource Adequacy		
RM II: Insufficient technical capacity and human resources necessary to implement reforms.	High	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited. synergize with other development partners for more impact.

Description	Rating	Mitigation Measures
Other Risks		
RM I, RM II: Multiple donors provide technical assistance on fiscal risk topics and gaps, or overlaps may arise.	Medium	- Take an active role in engaging with other donors to ensure support is well coordinated. - Participate in existing Donor coordination forums and provide support to SSRA on effective development partner coordination.

V. PROJECT MANAGERS: CONTACT INFORMATION

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