



Project Proposal
Extractive Industries Resident Advisor
in Africa

January 2025

Component: Revenue

Module: RM II – Revenue Administration



PROJECT SUMMARY

COUNTRY:	Multi-country (Nigeria, Uganda, Sierra Leone and Mozambique)	
LEAD DEPARTMENT:	FAD	
REGION:	AFR	
PLANNED DATES:	FY26/27	
FUNDING PROGRAM TITLE:	LTX to Support Extractive Industries AFR Region - GPFP RMI&II	
PROJECT MANAGERS:	Pierre Kerjean (Revenue Administration, FADR2, Lead)	
ESTIMATED BUDGET	\$ 929,260	
PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
AMENDMENT 1	[Please add brief description]	January 2025

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ACRONYMS

CD	Capacity development
CIP	Compliance improvement plan
EI	Extractive industries
FAD	IMF's Fiscal Affairs Department
LTX	Long-term expert
MNRW	Managing Natural Resource Wealth Thematic Fund
STX	Short-term expert

I. PROJECT PURPOSE

The purpose of this project is to enhance FAD's capacity to respond to members' requests for capacity development (CD) in revenue administration of extractive industries (EI) in an agile and cost-effective manner by placing a resident advisor in the field. Traditionally, CD in EI revenue administration has been provided through headquarters (HQ)-led missions and short-term expert (STX) assignments. While this delivery model has proven effective, it has encountered challenges in sustaining momentum and providing follow-up assistance to member countries between missions. There is increased demand for hands-on CD, particularly from resource-rich, low-income countries. A resident advisor based in the African region will enable the IMF's Fiscal Affairs Department (FAD) to respond swiftly to CD requests in the region while minimizing travel expenses and reducing FAD's carbon footprint. This project aims to provide implementation-oriented CD to reinforce the impact of HQ-led interventions in EI revenue administration within the African region.

The project is seeking funding from the GPFP to continue providing CD on EI Revenue administration in the African region. Previously funded by the Managing Natural Resource Wealth-Thematic Fund (MNRW-TF) since January 2024, the project coordinates and delivers CD across five MNRW countries in Africa including Nigeria, Uganda, Sierra Leone, and Mozambique. Country authorities have requested continued assistance to strengthen their capacity in revenue administration of the EI sector, with plans for two additional countries in Africa. Previous CD efforts focused on improving industry knowledge and specialized skills and advancing the development of EI compliance strategies. Moving forward, the CD will continue to address industry knowledge and technical skills while providing hands-on support for implementing the EI compliance strategies.

The estimated budget for this two-year project is \$929,260, and endorsement is requested for the full amount through FY27.

The information in this proposal refers exclusively to the deliverables and responsibilities of the LTX across the beneficiary countries.

II. BACKGROUND

Macro-fiscal situation

Climate change and the energy transition have taken center stage in the global landscape, influencing long-term investors' and governments' decisions regarding fossil fuel resources.

However, fossil fuels are expected to continue playing a significant role in the global energy mix for the foreseeable future largely due to rising energy demand driven by economic growth and rapid population expansion, particularly in Africa and emerging markets. High commodity prices have renewed investor interest and created short- to medium-term investment opportunities, especially in natural gas which is viewed as a potential transition fuel. In the minerals sector, there is a projected increase in investment in exploration and development of minerals considered critical to the energy transition (niche minerals), including in countries that have not historically been involved in significant mining activities. The IMF remains committed to its efforts in assisting countries to improve their management of natural resources, recognizing their relevance and necessity in generating essential revenues for resource-rich low and lower-middle-income countries to increase fiscal space and enhance the ability to alleviate the effects of climate change.

Country engagement and alignment to reform priorities

There is strong support and commitment to CD from historical MNRW member countries except for a few countries where CD priorities changed due to a significant decline in investment in their upstream sector leading to stranded assets. Since the deployment of the EI LTX in January 2024, there has been an improvement in the uptake of CD in some countries. For example, Uganda has seen increased momentum in implementing reforms designed to enhance customs administration in the EI sector.

III. PROJECT MODULES - DESCRIPTION

This proposal will provide CD support to countries in the African region, including Nigeria, Uganda, Sierra Leone, and Mozambique with plans for potentially two additional countries: Tanzania and Namibia. The project is designed to assist countries in the African region in improving revenue administration capabilities in the EI sector. The project focuses on assisting countries in developing risk-based compliance strategies for the EI and building the necessary capacity within the revenue authorities to implement and maintain these strategies effectively.

FAD CD will support improvements within the strategic objectives presented in Table 1.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Revenue	RM II / Revenue Administration	- Improved customs administration functions - Strengthened core tax administration functions - Strengthened revenue administration management and governance arrangements

A. RM II – EI Revenue Administration

The project focuses on addressing revenue (tax and customs) administration capacity in EI sector.

Program Objectives

The project will focus on two strategic objectives:

- Strengthen the revenue authorities' Compliance Risk Management (CRM) strategies and risk assessment processes for the EI. The project will assist the authorities in implementing EI compliance improvement plans (CIP) and coordinate with the respective country CD delivery leads at HQ to align and integrate EI compliance strategies in the overall compliance strategies for all economic sectors to enable the effective implementation of the EI CIP. Interagency cooperation and sharing of information and expertise is essential to enable revenue authorities' access to timely and reliable data necessary for continuous risk assessment and mitigation. The project will support a whole-of-Government approach in managing the sector and promote interagency cooperation and sharing of information and expertise.
- Address the skills and specialization required to administer the EI sector. To ensure the sustainability of the project's support, it is essential to train and develop critical skills gaps in tax and Customs administration and engage with the authorities to develop and implement innovative strategies to attract, train and retain industry skills and expertise.

Expected Results (outcomes)

Robust EI compliance strategies are in place and implemented and staff capacity addressed.

IV. ORGANIZATIONAL ARRANGEMENTS

A. Country Engagement

The project will coordinate with HQ and other module leads to align CD delivery, including integrating EI compliance strategies in the overall compliance strategies for all economic sectors to enable the effective implementation of the EI CIPs.

B. Delivery Modalities

The project will be primarily delivered through a resident advisor responsible for coordinating and participating in the delivery of CD in EI revenue administration across multiple countries in Africa. CD will comprise a mix of remote and in-person activities by the resident advisor. The following CD activities will be delivered as a package:

- **Long-term expert (LTX) support.** A resident advisor will guide reform implementation across the four countries covered, will coordinate technical assistance support, and respond to authorities' needs in real time.
- The LTX will support and participate in **Headquarters-led (HQ) missions and staff visits** to provide strategic recommendations, conduct regular follow-ups, assess progress, ensure Resident Advisor work is aligned to plans, coordinate with other CD providers, and adjust reform implementation plans.
- The LTX will coordinate **short-term expert (STX) support** to provide specialized assistance in specific areas of revenue administration.

C. Coordination / Cooperation

To promote synergies and avoid possible duplication, activities will be coordinated and sometimes carried out jointly with other partners involved in the implementation of reforms in EI revenue administration in the respective countries. Key partners include the World Bank, United Kingdom Foreign Commonwealth and Development Office (FCDO), Norwegian Oil for Development (NORAD) and OECD's Tax Inspectors Without Borders (TIWB).

Coordination			
Partner	Type of Coordination	Area of Coordination	Frequency
IMF country team, resident representative, FAD and regional capacity development Centers in Africa, including AFRITAC East, AFRITAC West II, and AFRITAC South.	Coordination to ensure that CD is aligned to the countries' reform priorities. Support country team on Article IV consultation	EI revenue administration	Quarterly or as needed
Cooperation			
Partner	Type of Coordination	Area of Coordination	Frequency
World Bank, FCDO, NORAD and TIWB.	Coordination to ensure complimentary and incremental CD	EI Revenue administration	As needed

V. RISK ASSESSMENT AND MITIGATION

[See Country-level Risk Assessments]

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY25	FY26	FY27	FY28	FY29	Grand Total
RM II – Revenue Administration						
Field-based	-	6	6	-	-	12
Remote	-	3	3	-	-	6
Workshops (inc. during HQ and remote CD)	-	-	-	-	-	-
TOTAL	-	9	9	-	-	18

Note:

- In-person delivery was chosen in *most* instances because *the RA will be based in AFR, allowing for closer proximity to the country authorities, making the in-person CD delivery modality the most suitable option.*
- *Remote CD delivery was chosen in some instances to provide ongoing support between visits to address evolving capacity needs and help maintain the momentum of reforms.*

Table 3. First year workplan (FY26)

Timing	CD Modality	Proposed Topics of CD
RM II - Revenue Administration		
FY26	Remote CD	Follow-up of prior visit recommendations and action points across all countries supported.
FY26 Q1	Field-Based	Strengthening Customs Administration in Uganda
FY26 Q1	Field-Based	Addressing audit capacity in Nigeria
FY26 Q1	Field-Based	LTX visit to Mozambique
FY26 Q2	Field-Based	EI compliance strategy in Nigeria
FY26 Q2 & Q3	Field-Based	Addressing audit capacity in Uganda

VII. PROGRAM FINANCIALS

Module	FY 25	FY26	FY27	TOTAL (USD)
Direct Delivery				
RM II - Revenue Administration	-	423,598	444,869	868,467
Trust Fund Management Fee (7%)	-	29,652	31,141	60,793
TOTAL	-	453,250	476,010	929,260

VIII. TARGETED LOGICAL FRAMEWORK

A. RM II – Revenue Administration

Objective	
Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM	
Outcome(s)	Indicator(s)
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	Reform management capacity strengthened or in place for reform implementation, including dedicated resources
Corporate priorities are better managed through effective risk management	Better identification, assessment and mitigation of institutional risks (TADAT POA2-6) Improved identification, assessment, ranking and quantification of compliance risks (TADAT POA2-3)
	Better mitigation of risks through a compliance improvement program TADAT POA2-4)
Support functions enable more effective delivery of strategy and reforms	Improved human resources strategies and practices to support the tax administration (TADAT 2019 POA2-7)
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	Substantive provisions of the tax and customs laws are better aligned with modern standards and/or protocols, and are widely communicated, and applied
Digital technologies are better aligned with strategic objectives	Capacity to work with data and analytics is strengthened
	Core systems and process automation are consistent with good practices

Objective	
Strengthened core tax administration functions (SDG 17.1) - TAD	
Outcome(s)	Indicator(s)
A larger proportion of taxpayers meet their filing obligations as required by law	Management of filing compliance improved (TADAT 2019 POA4-13)
A larger proportion of taxpayers meet their payment obligations as required by law	Management of tax arrears improved (TADAT 2015 POA5-15/TADAT 2019 POA5-18) Management of refunds improved (TADAT 2015 POA8-24/TADAT 2019 POA8-28)
Audit and other verification programs more effectively ensure accuracy of reporting	Automated cross-checking used to verify return information (TADAT 2015 POA6-16/TADAT 2019 POA6-20)
	Appropriate range of tax audits and other initiatives used to detect and deter inaccurate reporting and fraud (TADAT 2015 POA6-16/TADAT 2019 POA6-19)
Objective	
Improved customs administration functions (SDG 17.1) - CAD	
Outcome(s)	Indicator(s)
Foreign trade operators better comply with their reporting and payment obligations	Traceability of goods and customs actions in the customs systems strengthened
	Self-assessment used to declare goods at customs and strengthened
	Alignment of customs procedures (including transit) with international standards and regional integration objective improved