

I. COUNTRY REFORM PROGRESS

The project for the Lusophone African Countries aims to establish a permanent forum for capacity building on public financial management (PFM) issues and for fostering peer-to-peer learning among the six countries (Angola, Cape Verde, Equatorial Guinea, Guinea-Bissau, Mozambique, and São Tomé and Príncipe). These countries share common PFM practices and similar reform agendas, for which the discussion forum leverages capacity development (CD) delivery and engagement. The project covers core PFM areas such as budget formulation and execution, cash and debt management, financial control and reporting, climate-resilient public investment management, fiscal risks including state-owned enterprises (SOEs) and climate-related risks, and gender budgeting, among others. The activities are delivered in Portuguese with the support from Regional Capacity Development Centers and the IMF's African Training Institute (ATI). The delivery modality entails in-person and remote interactive learning activities and workshops.

The first five-day in-person regional workshop on fiscal risk management was delivered in November 2024 at the ATI located in Mauritius. Twenty-four officials, including 12 women, from 5 countries—Angola, Cape Verde, Guinea-Bissau, Mozambique, São Tomé and Príncipe—representing members of the IMF's Regional Technical Assistance Centers (RTACs) for South Africa (AFS), Central Africa (AFC), and West Africa (AFW and AFW2), attended the workshop in-person. The program received strong endorsement from participants, achieving an overall evaluation score of 4.6 out of 5. The workshop was conducted in Portuguese. The event provided Lusophone African country authorities the opportunity to exchange experiences and learn from the reform efforts of their peers, specifically focused on enhancing the identification and management of fiscal risks.

II. PROJECT DELIVERY HIGHLIGHTS

SM III: Training and Peer Learning

Key Progress in FY25: The first five-day in-person regional workshop on fiscal risk management was delivered in November 2024 at the ATI in Mauritius. The participants were provided an overview of fiscal risk management, including an appreciation of the IMF's fiscal transparency code (Pillar 3), C-PIMA and fiscal risks related to climate change. The presentations covered fiscal risks from SOEs—participants were introduced to SOE-Health Check (SOE-HCT) and SOE-Stress Test (SOE-ST) tools; risks associated with government guarantees and loans, with an introduction to the DGLAT tool; and a “work-in-progress” methodology for analyzing risk related to climate change was presented, along with an Excel-based model for assessing/quantifying these risks. The workshop featured hands-on group exercises that enabled participants to navigate the presented tools and gain practical experience with the tools. Additionally, to promote peer learning, the seminar included presentations from officials representing three countries: Cabo Verde, Madagascar, and Mozambique. Participants were tasked with identifying and sharing with their peers, the main sources of risks in their countries and key priorities to strengthen fiscal risk management. They also discussed the challenges that needed to be addressed to improve fiscal risk management in their countries, which includes weak capacity, a lack of political will for increased transparency, and gaps in the PFM legal framework. The event was co-organized by the IMF's Fiscal Affairs Department (FAD) and AFS, and coordinated with AFC, AFW, and AFW2.

Next Steps: Another in-person regional workshop will be delivered in FY26 covering, as a matter of priority, core PFM areas and emerging topics that are macro critical for the Lusophone Africa community including (i) budget formulation and execution, cash and debt management, financial control and reporting; (ii) fiscal risks including SOEs and climate-related risks; (iii) strengthening climate-resilient public investment management; and (iv) gender budgeting. Funded by other sources, bilateral CD activities on fiscal risks management are ongoing to Angola and Mozambique and such CD agenda has been positively influenced by the November 2024 regional workshop.

III. LOGICAL FRAMEWORK

Country – Lusophone African Countries		
Objective – Strengthened Budget Management - PBM		Rating - 1
Outcome	Rating	Narrative
Strengthened annual budget process, and effective allocation	1 Not Started	This PFM area will be covered in future HQ led in-person workshop/training events with short-term expert (STX) engagement to be delivered at ATI facilities in Mauritius.
Strengthened asset and liability management processes	1 Not Started	This PFM area will be covered in future HQ led in-person workshop/training events with STX engagement to be delivered at ATI facilities in Mauritius.
Strengthened budget execution and control processes	1 Not Started	This PFM area will be covered in future HQ led in-person workshop/training events with STX engagement to be delivered at ATI facilities in Mauritius.
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	Country officers have been trained on the Fiscal Risk Toolkit (including SOE-HCT, SOE-ST, DGLAT). They shared experiences on improving awareness of climate-related matters in fiscal planning and budgeting, and were showcased modeling of climate-related risks and producing quantitative analysis of the fiscal risks generated by climate change.
Strengthened medium-term frameworks	1 Not Started	This PFM area will be covered in future HQ led in-person workshop/training events with STX engagement to be delivered at ATI facilities in Mauritius.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Demand for training (in-person and online) is expected to remain significant among countries.	Low	Continue the production and delivery of workshops/training activities and outreach activities. Support country-centric CD from RTACs.
Political Support		
Project implementation requires political support to establish a permanent forum and foster peer-to-peer learning.	Medium	Coordinate with the IMF's African Department and Resident Representative Offices.
Coordination among HQ and RTACs.	Low	Maintain constant interaction with RTAC directors and report on the RTACs Steering Committee meetings.
Management and Technical Staff Support and Commitment		
Low absorption capacity	High	Hands-on training and peer learning.
The IMF and its partners continue to show strong commitment to the project.	Low	Continue engagement with senior management and technical staff of RTACs.
Resource Adequacy		
Availability of funds	Medium	Closely monitor execution and resources availability.
Other Risks		
N/A	N/A	N/A

V. PROJECT MANAGERS CONTACT INFORMATION

Project Manager	Module PM	E-mail
Felipe Bardella (FADM2)	Felipe Bardella (FADM2)	FBardella@imf.org