

## I. COUNTRY REFORM PROGRESS

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Compliance Risk Management (CRM) remains a critical weakness across many Caribbean tax administrations, prompting a comprehensive reform initiative supported by IMF capacity development (CD). The project began with two virtual workshops attended by roughly 90 participants from 19 countries, offering an end-to-end perspective on CRM processes and practical implementation guidance. Building on this foundation, six countries formed a Community of Practice (COP), enabling deeper collaboration through experience sharing, joint learning, and co-development of CRM solutions. The COP has already drafted action plans for approval by national authorities, signaling tangible progress toward institutionalizing risk-based compliance strategies.

Despite these advances, challenges persist. Limited analytical capacity, fragmented data systems, and uneven adoption of risk-based approaches threaten sustainability. IMF technical assistance plays a pivotal role by providing structured methodologies, diagnostic tools, and ongoing mentoring through bilateral engagements and thematic sessions. Future support will focus on strengthening COP capacity, fostering peer-to-peer learning, and scaling CRM reforms region-wide to enhance revenue integrity and compliance outcomes.

## II. PROJECT DELIVERY HIGHLIGHTS

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### RM II: Revenue Module II – Revenue Administration

**Key Progress in FY26:** The project launched in February 2025 with a regional webinar, Supporting CRM in the Caribbean Region, introducing CRM concepts to over 110 participants. A follow-up session, CRM Getting Started, was held in April to outline foundational steps for implementation. Recently another workshop was held to establish a COP using six of the countries as the pioneers (Barbados, Belize, Curacao, Grenada, Guyana, Jamaica).

**Previous Progress:** The project was initiated in FY25, and has progressed as planned with work ongoing for the establishment of a COP with six member countries.

**Next Steps:** Follow up will be done with the six selected countries, beginning with a check-in to determine progress on the priority action presented at the end of the workshop and another peer engagement workshop before the end of the fiscal year.

### III. LOGICAL FRAMEWORK

| Country – Caribbean Countries                                                                           |                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM |                      | Rating - 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Outcome                                                                                                 | Rating               | Narrative                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Corporate priorities are better managed through effective risk management                               | 2 Partially Achieved | IMF supported country authorities primarily through a series of webinars, which introduced and deepened understanding of CRM practices. Six countries, selected for their advanced CRM maturity, were invited to join a COP. This initiative was further strengthened by an in-person workshop, where participants shared their current CRM practices. Action plans were developed for each country, representing a foundational step to full institutionalization. Support is ongoing through active engagement and peer learning. Planned activities for this FY include bilateral follow-up with each country, a subsequent webinar, and another in-person workshop to review progress and explore more technical topics on CRM. |

### IV. RISK ASSESSMENT

| Description                                                                                     | Rating    | Mitigation Measures                                                                                                                                        |
|-------------------------------------------------------------------------------------------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| External Climate/Conditions                                                                     |           |                                                                                                                                                            |
| Climate-related disasters affecting fiscal balances                                             | Very High | Support enhanced resilience in the revenue administration institutions and help build solid fiscal positions.                                              |
| External shocks (social, Political, economic, etc.) impact government revenue and expenditures. | Medium    | Work with the IMF country teams and other IMF departments to analyze emerging fiscal risks and propose potential fiscal policies to minimize fiscal risks. |

| Description                                                                             | Rating | Mitigation Measures                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Political Support</b>                                                                |        |                                                                                                                                                                                                                       |
| Government revenue measures adversely impact the tax ratio.                             | Medium | Work with country teams and authorities to monitor revenue measures and their impact on the tax ratio and propose reforms to boost the tax ratio.                                                                     |
| Lack of political support to ensure the autonomy needed to mobilize revenue collection. | Medium | Close consultation with the country team to assist authorities in recognizing the relevance of reforms.                                                                                                               |
| <b>Management and Technical Staff Support and Commitment</b>                            |        |                                                                                                                                                                                                                       |
| Existing staff lack the technical skills to support the CRM framework                   | Medium | Develop and implement frameworks that are specifically designed to meet the unique needs and constraints of smaller tax administrations, ensuring that available staff can operate efficiently within their capacity. |
| <b>Resource Adequacy</b>                                                                |        |                                                                                                                                                                                                                       |
| Outdated practices to select senior staff and lack of meritocracy.                      | High   | Establish merit-based selection processes to hire senior staff with adequate skills.                                                                                                                                  |
| Lack of quantity or skilled staff                                                       | Medium | - Establish tailored frameworks for small states.<br>- Close consultation with authorities to ensure resource adequacy.                                                                                               |
| Inability to retain trained staff                                                       | High   | Institute a program of “train the trainers” as part of the CD delivery.                                                                                                                                               |
| <b>Other Risks</b>                                                                      |        |                                                                                                                                                                                                                       |
| Deficient transparency and accountability in revenue administration.                    | Medium | Development of reform projects approved by higher-level authorities, with clear objectives, outcomes, and milestones monitored by these authorities.                                                                  |
| Overlap of reforms with other development partners                                      | Low    | Coordinate reforms with major development partners.                                                                                                                                                                   |

## V. PROJECT MANAGERS: CONTACT INFORMATION

| Project Manager            | Module Project Manager | E-mail                                                                                                               |
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