

I. COUNTRY REFORM PROGRESS

Initial work for this project will focus on developing standard operating procedures (SOPs) for customs authorities, to be adapted to national and regional frameworks. The project will also assess the impact of divergent rules of origin across African economic systems on customs procedures and trade facilitation and propose IT-based solutions to enhance information sharing and cooperation among customs administrations to support the African Continental Free Trade Area (AfCFTA) implementation. Project activities that were originally scheduled for FY 2025 will now take place in FY 2026 due to some unexpected delays, which have since been resolved. The first activities are expected to start in May 2025.

To initiate engagement, a regional workshop will be organized for countries in Central and West Africa.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY25: Unexpected administrative delays have required planned activities to be shifted to FY2026. Planning is currently underway to ensure timely execution of activities. Next Steps: The preparation of standard operating procedures (SOPs) for adaptation by customs authorities to national and regional frameworks will be initiated.
RM III: Revenue Module III – Training and Peer Learning
Key Progress in FY25: Unexpected administrative delays have required planned activities to be shifted to FY2026. Planning is currently underway to ensure their timely execution. Next Steps: A workshop for country engagement, initially in Central and West Africa, will be organized.
RM IV: Revenue Module IV – Fiscal Tools, Research, and Analytical Work
Key Progress in FY25: Unexpected administrative delays have required planned activities to be shifted to FY2026. Planning is currently underway to ensure their timely execution. Next Steps: The project will analyze the impact of differing rules of origin across African economic systems on customs procedures and trade facilitation, while simultaneously propose IT solutions to enhance the sharing and collaboration of customs information for the effective implementation of the AfCFTA.

III. LOGICAL FRAMEWORK

Country – African Continental Free Trade Agreement		
Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 1
Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	Preparations are underway to develop proposals for the electronic exchange of information between beneficiary countries.
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	Preparations are underway to work on this topic from the first quarter of FY2026. A workshop involving the first countries and a comparative study of the various rules of origin applicable on the African continent are planned.
Foreign trade operators better comply with their reporting and payment obligations	1 Not Achieved	Preparations to work on this topic have not yet started.
Trade facilitation and service initiatives better support voluntary compliance	1 Not Achieved	Preparations are underway to develop a regional SOP for the management and control of the origin of goods under the AfCFTA.
Strengthened revenue administration management and governance arrangements		Rating - 1
Outcome	Rating	Narrative
Effective implementation of a new tax or modernized legislation	1 Not Achieved	Preparatory work towards the development of a tax procedure code is underway.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Deterioration of fiscal situation may impact availability of resources to finance reforms	Medium	Ensure sufficient flexibility in program execution and allow the ability to adjust activities as the situation dictates.
Political Support		
There may be vested interest in the current management of preferential origin arrangements in some countries. The return to sound international practice, i.e., management by customs, may be faced by political resistance.	Medium	Engage regularly with ministers and senior management to ensure government ownership of proposed actions and close consultation with the country team to help authorities recognize the relevance of the issue.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
Proper management of the AfCFTA requires that customs administrations develop the economic function of their mission while in many countries the focus remains largely or even exclusively on direct revenue collection.	Medium	Engage proactively with senior management and technical staff and explain the importance of regional integration and its positive impacts, including revenue mobilization.
Resource Adequacy		
Insufficient technical capacity and human resources needed to monitor and control inter-regional trade.	Low	Ensure CD plans include sufficient capacity building and training elements.
Other Risks		
Multiple donors are providing technical assistance on the management and control of the origin of goods and overlaps or divergencies in the recommended approach may arise as a result.	Low	Take an active role in engaging with other donors to ensure support is coordinated and aligned.

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I. COUNTRY REFORM PROGRESS

Diversifying revenue away from hydrocarbons and taxing the informal sector are priorities. In 2024, non-hydrocarbon tax revenue was 13.0 percent of GDP (of which tax revenue 10.2 percent), while hydrocarbon revenue was 12.7 percent. Tax reforms were implemented in recent years: a progressive wealth tax was introduced in 2020; the PIT base was broadened, and rates were lowered. Taxation in the mining sector is being reviewed with support from the IMF's Fiscal Affairs Department (FAD), and VAT reforms progressed in FY25.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy

Key Progress in FY25: On mining, an extensive review of the sector's fiscal regimes was carried out, with the FARI model used extensively to simulate various policy options. The main FAD recommendation—the introduction of a progressive, profit-based royalty—was discussed with the General Directorate of Taxation (*Direction Générale des Impôts*, DGI) and received positively. On VAT, legal drafting was proposed concerning territoriality rules and VAT refunds, directly reflecting a recommendation from the FY23 CD on VAT.

Next Steps: Further work on tax expenditures is expected but has not been formally requested by the authorities.

III. LOGICAL FRAMEWORK

Country – Algeria		
Objective - Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	Work on VAT and mining taxation delivered respectively in November and December 2024.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Moderate risk for this tax policy project.	Low	Not applicable.

Description	Rating	Mitigation Measures
Political Support		
General Political instability may slow down and even stop implementation of reforms.	Low	Focus on strategic advice and hands-on capacity building to have a more permanent impact. Close consultation with the IMF country team and the authorities.
Reform proposals to reduce tax expenditures may trigger opposition from beneficiaries.	Low	Consultation with relevant internal and external stakeholders to help ensure reflect broad consensus across government.
The TA has been requested by the Minister of Finance during the 2023 Annual Meetings and confirmed through the 2024 Spring Meetings.	Medium	Technical work to be continued with the DGI.
Management and Technical Staff Support and Commitment		
Close coordination across senior level staff in relevant counterpart agencies (MoF, Economy, tax administration, mining regulators) is critical for delivery)	Low	Coordination with World Bank and commitment by the Government should help to mitigate this risk.
This TA has been specifically requested by authorities and counterpart engagement (DGI) has been strong.	Low	Alternative counterparts could be sought.
Resource Adequacy		
The DGI is well staffed and a special team has been designated.	Low	The IMF team could partly substitute for counterpart's staffing issues.
Other Risks		
None	Low	Not applicable

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I. COUNTRY REFORM PROGRESS

Tax/GDP reached 22.6 percent in 2024 from 21.9 percent in 2022. Revenue mobilization is growing slowly (23.2 percent in 2025, according to the IMF's projection), with risks of base erosion from new tax incentives. Armenia's Stand-By Arrangement (SBA), expiring in December 2025, is on track. Capacity development (CD) support from the IMF's Fiscal Affairs Department (FAD) in recent years has been crucial for the implementation of structural conditionality of the SBA. Key CD needs in revenue administration include modernizing the audit process, addressing tax gaps, and enhancing medium-term fiscal planning and tax revenues, with potential benefits from assistance through the Tax Administration and Diagnostics Assessment Tool (TADAT). On tax policy, FAD CD has been crucial for enhancing the tax system (tax expenditures and capital gains taxes, mining taxation, road transport taxation).

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25 The interaction with the government was positive, marked by strong collaboration. The CD contributed to greater ownership, policy changes, and improved outcomes in the areas of road transport and capital gains taxation. In road transport taxation, a review of the existing vehicle and fuel tax regime led to recommendations for a feebate system on vehicles and a gradual increase in fuel excises. Regarding capital gains taxation, the reform—outlined in detail by FAD—aims to tax gains on both real estate and financial assets.

Previous progress: The new capital gains tax directly implements a policy recommendation from FAD's 2023 CD on tax expenditures. This followed direct policy impact on mining taxation in 2022/23 following a FY23 FAD review.

Next Steps: In FY26, the authorities confirmed their interest in focusing on implementation issues related to the recent CD, notably on road transport taxation (feebate) and capital gains taxation.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: FAD has provided important insights for the State Revenue Committee (SRC) in their work on implementing personal income tax declarations by estimating the Personal Income Tax gap and the Social Security Tax gap. FAD advised SRC on the taxation of crypto assets, in particular tax compliance issues and implementation of the Organization for Economic Co-operation and Development's (OECD) Crypto-asset Reporting Framework (CARF).

Previous Progress: FAD has laid one of the foundational elements for SRC's Compliance Risk Management (CRM) process by estimating the corporate income tax gap.

Next Steps: FAD will undertake a TADAT assessment to establish a baseline of the current state of SRC tax system operations and then help SRC develop a reform and CD plan to improve their core capabilities in priority areas.

III. LOGICAL FRAMEWORK

Country – Armenia		
RM I: Objective - Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 2
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	Key Progress in FY25: The Government of Armenia requested CD in three areas: (i) assessment of the tax buoyancy of the tax system; (ii) evaluation of the road transport in the country; and (iii) capital gains taxation. The goal of the first activity is to provide insight to the government on growing sectors of the economy and their share in tax revenues of the country. The goal of the second activity is to review the existing regime of property taxation for vehicles and advise on alternative methods of vehicle taxation. The second activity also aims at revision of existing environmental taxes applied to vehicles and as well as reassessment of the level fuel excises. The third activity is the implementation of a policy recommendation of the FY23 CD on tax expenditures and aims at taxing capital gains on real estate and financial assets.
RM II: Objective - Strengthened revenue administration management and governance arrangements		Rating - 2
Outcome	Rating	Narrative
Corporate priorities are better managed through effective risk management	2 Partially Achieved	SRC has made very good progress on implementing an international good practice standard compliance risk management CRM framework to better manage through effective risk management. However, there is still more to do to have a fully operational international good practice CRM framework.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: The risk is that external events create a more challenging environment to implement reforms.	Medium	Program execution allows for sufficient flexibility ability to adjust activities in the case of adverse events.
RM II: CD delivery abrupted due to health crisis	High	Known techniques for virtual engagement and delivery of CD, if needed.

Description	Rating	Mitigation Measures
Political Support		
RM I, RM II: Lack of political support for reforms.	Low	The IMF's SBA is a strong sign of political support. Considered unlikely under newly appointed (2024) Chair, who was former deputy Finance minister. If needed, engage MCD country team to assist in securing additional political support.
Management and Technical Staff Support and Commitment		
RM I: Low commitment of management and staff in finance and other ministries to adopt and implement fiscal risk management practices.	Low	All past CD projects have evidenced the availability and engagement of qualified staff.
RM II: SRC management and staff previously took a passive position during CD assignments (2021), but this has not been observed recently (2024)	Low	Low risk assessment, so we accept the risk. If authorities do become passive we can tailor a mitigation including proportionately reduced CD or active management of logframe milestones.
Resource Adequacy		
RM I: The project is constrained by ministry of finance/SRC staff capability and capacity.	Low	Advice will include a realistic implementation timetable. This would ensure the CD complements the authorities' ongoing work. Staffing options will be explored early in the project.
RM II: Resources available do not allow to address some requested development areas. Resource adequacy has generally improved between 2021 and 2024, although some skills (e.g., analytics) present challenges in all administrations.	Low	Focus CD on those matters that do not have resource constraints. If needed, direct CD to the process of how to overcome skilled resource constraints.
Other Risks		
RM I: Emerging risks as the project evolves.	Medium	Continuous monitoring of emerging risks and mitigations developed.
RM II: Long running border war with Azerbaijan, which could escalate.	Medium	Techniques for engaging with fragile and conflict-affected states are available. Tensions seem to be subduing (Mar 2025).

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I. COUNTRY REFORM PROGRESS

This Global Public Finance Partnership (GPFP) project continued to support Benin in their reform effort under the IMF's Extended Credit Facility (ECF) and Resilience and Sustainability Facility (RSF) programs, which are centered on increasing revenue mobilization and improving resilience to climate change.

In **tax policy**, some measures have been taken to reduce tax expenditures through a rationalization strategy adopted in November 2022. However, there is no clear tax policy reform plan in place and the MTRS remains centered on digitalization, tax compliance and administration measures. Development partners (Agence Française de Développement (AfD) and German Agency for International Cooperation (GIZ)) have launched comprehensive capacity development (CD) programs targeting revenue mobilization and in particular property taxation.

In **tax administration**, with remote support from HQ and hands-on activities by the IMF's Regional Technical Assistance Center in West Africa (AFW), progress is made on almost all due milestones: (1) the number of large and medium taxpayers jumped from 4000 to 4506; (2) taxpayers meeting their filing obligations increased from 80 percent to 85 percent; (3) those meeting their payment obligations from 65 percent to 72 percent; and (4) completed audits on suspected cases increased up to 60 percent compared to 30 percent a year ago. These improvements are fueled by the adoption of a medium-term revenue strategy (MTRS) in September 2023, the development of which has received massive support from the IMF's Fiscal Affairs Department (FAD). Subject to the provisions of a counterpart to missions and the CD logical framework, the next activities will help enlarge the taxpayer register and extend the use of digital tax ledgers to improve tax compliance.

Regarding the **customs** component of the project, there was no engagement from the authorities due to a change in management and the adoption of a new modality of the country's demand-driven approach to CD wherein they must make specifications in a formal letter. However, in April 2025, the authorities committed to organizing an online meeting with FAD and AFW counterparts to discuss a reform roadmap and a logical framework, paving the way for the resumption of CD.

In the field of **public financial management** (PFM) the project seeks to help the authorities fulfil their commitment under the RSF (adopt and pilot methodologies for climate-sensitive maintenance of public investment assets), thereby increasing efficiency of spending and resilience against climate shocks. The project was initially oriented toward supporting implementation of PFM reform measures under the Benin RSF approved by the IMF Board in December 2023. Its logframe was prepared accordingly, targeting support for reform measures both on climate-sensitive maintenance and climate budget tagging. However, the authorities did not request any support on fiscal reporting (climate budget tagging). Therefore, support remains focused on public investment management. The objective to "improve fiscal transparency and reporting" and associated outcome of "strengthened accounting and audit processes" under the project is, therefore, no longer relevant.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: No activity delivered in FY25 as the authorities did not request a follow-up yet.

Previous Progress: No activity delivered prior to FY25.

Next Steps: A Medium-Term Revenue Strategy has been published in October 2023 for 2024-2028. The proposed tax policy measures included in the strategy aim to continue to improve the taxation of the informal sector, simplify property taxation, strengthen excise duties by increasing rates on specific goods, improve the taxation of companies operating in the digital economy, assess and rationalize tax expenditures, and adapt tax treaties signed with foreign countries. With the end of the Fund programs (and the current presidential mandate) approaching, it is time for the authorities to take stock of the success of revenue mobilization efforts and consider deepening the analysis in specific areas (e.g. excise and environmental taxes, property taxation, tax expenditures, formalization of the economy) to design and implement new reform measures aimed at further broadening the tax base and increasing revenues. In this context, the MTRS review mission is now envisaged for FY26.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: Activities for this project have not yet started. As per the Ministry of Finance's letter of November 2024 and confirmed during the FAD Staff Visit in December 2024, the authorities have adopted a strictly demand-driven approach to CD. Under this approach, no CD activity may proceed without a formal request from the authorities concerned specifying the scope, revenue objectives, expected impact, milestones, and indicators.

Previous Progress: This being the first year of activities, there is no previous work to build upon.

Next Steps: As to tax administration, the authorities promised to send a CD request about two key reform priorities: (1) the development of a risk-based desk audit framework; and (2) modernizing the taxpayer registration process to fight the pervasive informal sector.

Regarding the customs component of the project, the authorities committed to organizing an online meeting with FAD and AFW counterparts to discuss a reform roadmap and a logical framework, paving the way for the resumption of CD.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY25: A field mission helped the authorities in finalizing a manual on climate-sensitive maintenance of public investment.

Previous Progress: The manual on climate-sensitive maintenance methodologies built upon work done during a previous (AFW-financed) mission in March 2024. It leveraged extensive exchanges with donor partners during the two missions, notably to ensure adequate capacity-building support for line ministries.

Next Steps: The upcoming (July 2025) short-term expert mission will help the authorities pilot the new climate-sensitive maintenance methodology as part of preparation of the 2026 Budget (three pilot ministries plus agency in charge of road maintenance).

III. LOGICAL FRAMEWORK

Country – Benin		
RM I: Objective - Improved Tax Policy Design - TPD		Rating - 0
Outcome	Rating	Narrative
Increased/decreased revenue quantity	1 Not Achieved	No activities have yet taken place and the planned MTRS review has been postponed to FY26.
Improved distributional fairness across taxpayers due to amended tax rates or base.	1 Not Achieved	No activities have yet taken place and the planned MTRS review has been postponed to FY26.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	No activities have yet taken place and the planned MTRS review has been postponed to FY26.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	Preliminary reports suggest that the integrity of the taxpayer base is improving
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	The on-time filing ratio is improving
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Preliminary information suggest some advancements.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Audit and verification programs have improved in terms of organization and results
RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 1
Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	Activities under this project have not yet commenced. The authorities have adopted a demand-driven approach to CD, which requires detailed requests from their side before any activity can be initiated.
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	Planned activities to support this outcome have been delayed, as the authorities are currently reassessing and refining their priorities for CD delivery.

SM II: Objective – Improve Fiscal Transparency and Reporting - FTR		Rating – 0
Outcome	Rating	Narrative
Strengthened accounting and audit processes	1 Not Achieved	No longer relevant – no activity in this field. See Section I on PFM for detailed explanation.
SM II: Objective – Frameworks to Build Sustainable Fiscal Institutions and Frameworks - FIF		Rating - 2
Outcome	Rating	Narrative
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender and SDGs	2 Partially Achieved	The work on climate-sensitive maintenance methodologies has started with the adoption of a roadmap in March 2024. The November 2024 HQ short-term expert mission (the first under the GPFP project) assisted in the implementation of this roadmap. A mission planned in July 2025 will help the authorities finalize the work in the run-up to the 2026 initial budget, with the piloting of this new methodology for select ministries.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II, SM II: Resurgence of pandemic hinders CD delivery and changes CD priorities	Medium	Build on progress achieved with remote delivery of CD.
Political Support		
RM I: Reform proposals to reduce tax expenditures may trigger opposition from beneficiaries.	Low	Consultation with relevant internal and external stakeholders to help ensure reflect broad consensus across government.
RM II, SM II: Political instability may slow down and even stop implementation of reforms	Low	Focus on strategic advice and hands-on capacity building to have a more permanent impact. Close consultation with the IMF's African Department team and the authorities.
Management and Technical Staff Support and Commitment		
RM I: Close coordination across senior level staff in relevant counterpart agencies (MoF, Economy, tax administration, investment promotion) is critical for delivery.	Low	Using the MTRS process to organize consultations across government agencies to ensure close coordination.
RM II: Continuous rotation of managers and staff undermine the absorptive capacity and provoke permanent discontinuity.	Low	Encourage authorities to implement administrative reforms and closely monitor projects.

Description	Rating	Mitigation Measures
SM II: Staff within MoF and line ministries prioritize other tasks linked to ongoing budget work.	Low	Leverage the link with RSF commitments to ensure momentum for the work on climate-related PFM.
Resource Adequacy		
RM II: Resources are misused, nor properly accounted for, do not achieve value for money.	Low	Project resources will be employed in accordance with IMF policies and procedures, including in particular its Travel Policy.
SM II: Capacity on climate-related PFM issues within the MoF and line ministries is too limited to successfully introduce climate-smart PFM.	Low	FAD and AFW as well as other partners are supporting capacity-building also beyond the scope of this project.
Other Risks		
RM II: The reform momentum is highly based on the availability of a modern IT system that can support reform management and implementation	Low	Maintain close coordination and collaboration with other technical assistance providers, especially the World Bank to deliver forcefully a modern IT system.
RM II: Since 2025, country authorities have adopted a strictly demand-driven approach to CD under which TA must be requested by authorities with clear scope, objectives, impact, milestones, and indicators. This reliance on formal requests may lead to delays or incomplete submissions, slowing TA delivery and affecting project outcomes.	High	Engage regularly with authorities to identify and shape emerging TA needs. Offer scoping missions to help define requests where needed.

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I. COUNTRY REFORM PROGRESS

On revenue administration side, the project supports the Bolivian tax administration (*Servicio de Impuestos Nacionales*, SIN) in enhancing compliance risk management (CRM) by adopting a system-based approach to assess and prioritize key compliance risks. It also emphasizes the formulation of key performance indicators (KPIs) to monitor and evaluate the effectiveness of risk mitigation activities. Additionally, the project ensures that the IT system aligns with best practices and assists in developing a roadmap to strengthen data governance. Furthermore, it provides guidance for modernizing the audit function and improving the value-added tax (VAT) refund process.

The project was approved in January 2025. Prior to this approval, a workshop was conducted to enhance the understanding of SIN staff regarding the objectives, processes, and methodologies of CRM while sharing international best practices. It was recommended that governance arrangements be strengthened to effectively implement CRM. Moreover, a short-term expert (STX) assignment was conducted to continue identifying ways to enhance the management of tax arrears based on recommendations from the previous IMF Revenue Mobilization Thematic Fund (RMTF) project.

Under GPFP, an STX assignment was carried out that focused on designing a set of indicators to monitor and evaluate the impact of risk mitigation activities at both strategic and operational levels. Although there is a need for improved data availability for compliance risk assessments within the mining sector, the Bolivian tax administration, with support from the IMF's Fiscal Affairs Department (FAD), has made significant strides in applying tax risk assessments to the mining export income of Bolivian companies, developing a risk matrix that will be further enriched by incorporating specific sectoral tax risks.

Capacity development (CD) activities aimed at improving the agile VAT refund process for regular exporters using a compliance risk-based model have been developed. In collaboration with tax officials, the administrative procedures for processing VAT refund claims were reviewed. Together with Bolivian tax officials, risk criteria were established to develop a risk-based model to enhance the VAT refund process, which will be implemented as part of the new IT system (SIAT).

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: The project was approved in January 2025, so the first activities will begin to be carried out in fiscal year 2026. Based on findings and recommendations from the previous RMTF project, SIN has successfully overcome significant challenges to improve voluntary compliance. Tax arrears management has shown important advances in debt segmentation based on criteria such as amount, age, and risk profile of the debtors. The development of the new IT system (SIAT) has progressed significantly. Concerning the GPFP project approved in January 2025, knowledge of the SIN staff related to the objectives, processes, and methodologies of CRM has been strengthened. The SIN has designed both tactical and strategic KPIs aligned with CRM practices. Additionally, SIN officials were able to prepare a tax risk assessment for mining companies that reported exports during the years 2022 and 2023, based on the data available. The administrative procedures for processing VAT refund claims were reviewed, and a scoring system based on risk criteria was developed to assess VAT refund claims, enhancing noncompliance detection within a standardized framework.

Next Steps: Upcoming presidential elections in August 2026 could slow down activities until 3Q:FY26. Regarding the VAT refund process, the risk-based model should be integrated into a comprehensive framework that includes guidelines to enhance the tasks of tax officials within the process. Previous

activities related to KPIs must be supported by an institutional platform. To this end, SIN should continue working on developing a Data Lake that supports data analytical tools. An audit pilot program related to mining sector compliance risks should be proposed to review and update the tax risk indicators previously designed. The authorities have requested to conduct a repeat Tax Administration Diagnostics Assessment Tool (TADAT) evaluation in July 2025 (the previous TADAT was conducted in September 2018). A Revenue Analysis-Gap Analysis Program (RA-GAP) mission would be planned upon formal request.

III. LOGICAL FRAMEWORK

Country – Bolivia		
Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 1
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	Authorities have been working on designing strategic and operational indicators based on TADAT best practices. After CD activity in February 2025, they agree on establish a set of indicators for strategic and operational level built jointly with the STX. Once the main modules of the new IT system will be fully operational by June 2025, they are planning to produce the IT applications to implement this Key Performance Indicators
Corporate priorities are better managed through effective risk management	2 Partially Achieved	The project was approved in January 2025. The upcoming presidential elections in August 2026 could slow down activities until the third quarter of fiscal year 2026. Additionally, the authorities are beginning to assess and evaluate risk compliance in the mining sector, with support from FAD to develop a workshop for this purpose. Through a workshop delivered early January 2025 the knowledge on CRM among tax administration managers and officials was strengthened.
Digital technologies are better aligned with strategic objectives	1 Not Achieved	The project was approved in January 2025. The upcoming presidential elections in August 2026 could slow down activities until the third quarter of fiscal year 2026. Activities to design a data governance framework and to define IT applications for tax arrears management, audit function and VAT refund process will start after the implementation of

		the main modules of the new IT System, SIAT planned by June 2025.
Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
A larger proportion of taxpayers meet their payment obligations as required by law	3 Largely Achieved	With FAD support, the VAT refund process has been reviewed. Authorities agreed with findings and recommendations to introduce an e-form for these claims and minimize the information required to complete these claims improving the use of internal data (e-invoices information) for this purpose. A set of criteria and rules were defined to build a risk-based model for the refunds process, specifically for exporters. IT specific applications will be established after the implementation of the new IT system modules planned by June 2025. However, the political context makes the adoption of a clear legal framework to enhance the tax administration powers to manage and control the VAT refund tax process challenging.
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	The project was approved in January 2025, so the first activities will begin to be carried out in fiscal year 2026. However, upcoming presidential elections in August 2026 could slow down activities until 3QFY26.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Risks that external events create a more challenging environment to implement reforms.	Medium	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events.
Political Support		
Political instability can slow the implementation of reforms. With that said, the authorities have remained firmly committed to reforms and the main direction of government is not expected to change until new elections in 2025.	Medium	Bolivia has prioritized this project based on its needs assessment. Focus on strategic advice and hands on capacity building to have a more permanent impact.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
Lack of trained managers and staff's rotation undermine the absorptive capacity.	Low	The missions will work with stable staff and officials encouraging authorities to implement administrative reforms that contribute to a more stable staff. Continual/regular high-level engagement and monitoring.
Resource Adequacy		
Deterioration of fiscal situation may impact availability of resources to finance reforms.	Medium	Careful alignment of reforms with the main priorities of the government. Reforms at SIN and AN and Ministry of Finance are underpinned by comprehensive strategic plans, and the project results from the respective governments' strategic decision to reduce non-compliance and modernize its risk management capabilities.
Other Risks		
Lack of coordination among capacity building partners duplicate efforts and deliver contradictory advice.	Low	Take an active role in engaging with other donors to ensure support is well coordinated, especially with the Inter-American Development Bank and <i>Centro Interamericano de Administraciones Tributarias</i> .

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I. COUNTRY REFORM PROGRESS

As a result of ongoing reforms, Cabo Verde's fiscal balance has improved over time, and exceeded the IMF program targets in 2024, driven by strong tax revenue growth, which boosted the tax-to-GDP ratio to 20 percent, a 0.8 percentage point increase over 2023, with tax collection increasing 14 percent year-over-year.

The Global Public Finance Partnership (GPFP) project for Cabo Verde has components from revenue administration, spending and public finance management. Regarding the tax administration, Cabo Verde's tax administration has benefited from capacity development (CD) projects since 2013 (Tax Policy and Administration Topical Trust Fund (TPA-TTF), Revenue Mobilization Thematic Fund (RMTF), and GPFP). Over these three projects, the country advanced a comprehensive digital transformation. Starting with electronic filing of all core taxes, the tax administration (*Direção Nacional de Receitas do Estado* – DNRE) implemented electronic filing, signatures, mailboxes, and notifications, which enabled the tax administration to notify more taxpayers in the first six months of the rollout than in the previous 40 years. The DNRE also developed an in-house electronic invoicing IT system, started collecting electronic taxpayers' accounting data, and developed an automated value-added tax (VAT) audit system and an IT solution to replace internal paper flows with electronic documents. GPFP also supported modernizing administrative procedures in the corporate income tax and the value-added tax acts.

The GPFP spending module has delivered a comprehensive diagnosis of the financial status of the water and electricity sectors, identifying the primary factors contributing to the gap between service costs and the tariffs applied. The report also presents reform options designed to address this gap while mitigating the impact of public utility tariffs on vulnerable households. The sectoral knowledge shared with the Ministry of Finance and Business Promotion (MFFE) plays a vital role in bridging a prevalent sector specific knowledge gap commonly found in ministries of finance. The insights provided by the activities foster a more informed dialogue between the MFFE and sectoral line ministries and entities, ultimately leading to better decision-making. Such collaboration enhances MFFE's leadership in advancing the reforms committed to under the IMF's Resilience and Sustainability Facility (RSF) program.

The GPFP public financial management (PFM) module has contributed to strengthening Cabo Verde's climate resilience and supporting the government in achieving key reform measures under the RSF program. Cabo Verde's public investments are particularly vulnerable to the impacts of climate change due to the country's socio-economic and geographical characteristics. To support fiscal consolidation, the authorities are committed to improving the efficiency of public investment management (PIM) and to climate-proofing infrastructure. The PFM module supported the authorities in amending the legal framework for public-private partnerships (PPPs) and in integrating climate-related analysis into PPP project appraisal, selection, procurement, and contract management processes. Additionally, support was provided to develop the first version of a PPP Manual. Assistance was also provided to enhance the fiscal risk statement (FRS), which now includes a comprehensive assessment and quantification of fiscal risks posed by natural disasters. The technical assistance provided—covering the amendment of the PPP legal framework, development of the manual, and quantification of climate-related fiscal risks—represents key reform measures to which the authorities have committed under the RSF program.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: As part of the modernization agenda, the DNRE has increased the revenue-to-GDP ratio to 20.1 percent, surpassing pre-COVID levels. The DNRE is undergoing a robust digital transformation, encompassing both service and enforcement IT solutions. It has embraced compliance risk management (CRM), approved a compliance improvement plan, and is now aligning its structure with the CRM Strategy. In FY25, a new VAT GAP analysis helped identify new risks with offsetting VAT. A review of the VAT Law, conducted jointly by the IMF's Fiscal Affairs Department (FAD) and Legal Department (LEG) in FY25, is being discussed within the government, focusing on reducing tax expenditures and modernizing and simplifying VAT administration.

Next Steps: A recent CD discussed the alignment of the audit function with the CRM Strategy, and additional CD support is anticipated. Establishing a center of excellence in data analysis to fully leverage the substantial amount of data and enable a truly datacentric approach will require further CD. CD support will also continue to follow up on the CRM strategy and assist the Semi-Autonomous Revenue Authority (SARA) once Parliament approves the bill.

SM I: Spending Module I – Spending Policy

Key Progress in FY25: The spending module began activities in FY25 with two activities to support authorities in the implementation of reform measures in the RSF. The activities provided authorities with a clear reform path to eliminate subsidies in the water and electricity sector and to improve the targeting and adequacy of measures to protect vulnerable households from the high costs services, typical of island countries.

Next Steps: Encouraged by the insights provided by these activities, the authorities have expressed interest in receiving additional CD to conduct a broader spending review to support their spending rationalization efforts and inform the upcoming budget process. This broader review will help determine potential areas for further in-depth spending analysis, including health, pension, and wage bill.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY25: In 2025, with the support of the FAD, the authorities applied a tool/model to assess and quantify fiscal risks posed by natural disasters. The results have been published in the FRS. Cabo Verde was the first African country to pilot this model, enabling the authorities to successfully achieve one of the reform measures of the RSF program.

Next Steps: The authorities are committed to continuing the application of the model and incorporating additional climate-related risks into next year's FRS. This initiative will enhance the comprehensive assessment of fiscal risks associated with climate change. During FY26, support will be provided to integrate climate considerations into project appraisal and to define a climate-resilient and green capital investment plan. Support to climate budget tagging will also be provided in FY26.

III. LOGICAL FRAMEWORK

Country – Cabo Verde		
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome(s)	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	DNRE is adopting KPIs aligned to the Tax Administration Diagnostics Assessment Tool (TADAT) criteria. The IMF's second Regional Technical Assistance Center in West Africa (AFW2) will support a strategic project structure for implementation (April 2025).
Corporate priorities are better managed through effective risk management	2 Partially Achieved	DNRE implemented a CRM policy, which is maturing in its first year of use by the institution (November 2024). An HQ mission supported the alignment of the audit function to the main risks adopting a comprehensive set of responses (April 2025).
Organizational arrangements enable more effective delivery of strategy and reforms	1 Not Achieved	The DNRE is still drafting the bill, which should be completed in 2025 (November 2024 and April 2025).
Support functions enable more effective delivery of strategy and reforms	1 Not Achieved	This outcome is part of the SARA implementation framework (expected by December 2025).
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	The CD to support the achievement of this outcome will be delivered in December 2024. (November 2024). Both systems are under development. A center of excellence in data analysis is under discussion (April 2025).
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome(s)	Rating	Narrative
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	A review of core functions was delivered in FY25, but the recommended measures need to be implemented (November 2024). A new assessment will be made in an early 2026 TADAT assessment (April 2025).
A larger proportion of taxpayers meet their filing obligations as required by law	1 Not Achieved	A review of core functions was delivered in FY25, but this outcome requires a set of measures to be implemented up to 2027 (November 2024). A new assessment will be made in an early 2026 TADAT assessment (April 2025).
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	This activity will start in the next fiscal year (November 2024). Following FAD guidance, the DNRE is advancing a modernization of the Annual Audit Plan (April 2025).

Taxpayer services initiatives to support voluntary compliance are strengthened	1 Not Achieved	The DNRE still has limited IT developers in place to modernize the IT system as needed (November 2024).
SM I: Objective - Strengthen Expenditure Policy Formulation and Design		Rating - 2
Outcome(s)	Rating	Narrative
Reduce subsidies while mitigating impact on vulnerable households	2 Partially Achieved	Electricity subsidies are declining, driven mainly by external factors like fuel prices. A new tariff methodology for cost recovery has been approved, with utilities receiving assistance to generate the necessary financial data for its implementation. While water tariffs have been updated, subsidies persist due to significant losses in the main utility. A plan to reduce these losses is underway. Although a robust social safety net exists, the current social tariff fails to adequately support vulnerable households, with authorities committed to their redesign.
SM II: Objective - Frameworks to Build Sustainable Fiscal Institutions and Frameworks - FIF		Rating - 2
Outcome(s)	Rating	Narrative
Strengthened fiscal policies, frameworks, institutions, and laws	4 Fully Achieved	The PPP Law and associated manual has been approved. The law and manual include climate considerations.
Strengthened capacity to plan, implement and sustain infrastructure governance	1 Not Achieved	The investment plan including green and climate resilient projects has not been developed yet.
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	1 Not Achieved	The investment plan including green and climate resilient capital projects has not been developed.
SM II: Objective - Improve Fiscal Transparency and Reporting - FTR		Rating - 1
Outcome(s)	Rating	Narrative
Comprehensive, timely, and high-quality fiscal reports	1 Not Achieved	The technical assistance of fiscal reporting has not been done yet.
SM II: Objective - Strengthened Budget Management - PBM		Rating - 2
Outcome(s)	Rating	Narrative
Strengthened medium-term frameworks	1 Not Achieved	CD to enhance capacities and models to forecast key macroeconomics variables and strengthen their links with the debt sustainability analysis and medium-term fiscal framework has not been provided yet.
Strengthened asset and liability management processes	1 Not Achieved	The work with the IMF's Cash Flow Forecasting and Analysis Tool (CFAT) has not started yet.

Strengthened identification, monitoring, and management of fiscal risks	Largely Achieved	The FRS includes an assessment and quantification of the fiscal risks associated to natural disasters.
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IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II - External shocks (social, political, economic, etc.) impact government revenue and expenditures.	High	Work with the IMF country teams and other IMF departments to analyze emerging fiscal risks and propose potential fiscal policies to minimize fiscal risks.
RM II - Government revenue measures adversely impact the tax ratio.	Medium	Work with country team and authorities to monitor revenue measures and their impact on the tax ratio and propose reforms to boost the tax ratio.
SM II - External shocks (social, political, economic, etc.) impact government revenue and expenditures	High	Work with the IMF country teams and other IMF departments to analyze emerging fiscal risks and propose potential fiscal policies to minimize fiscal risks.
Political Support		
RM II - Lack of political support to ensure the autonomy needed to mobilize revenue collection.	Low	Focus on strategic advice to enhance government's awareness about the need for autonomy at DNRE. Keep close coordination with the IMF's African Department to facilitate this view.
SM I - The issue of subsidies removal is usually politically sensitive and could trigger some resistance.	Very High	Highlight the pressing needs in terms of infrastructure and social spending. Reiterate the case that subsidies are an inefficient type of spending.
Management and Technical Staff Support and Commitment		
RM II - Two different career paths can undermine synergies and challenge some reforms	High	Encourage authorities to implement the unification of the two career paths and closely monitor projects.
SM I - Reform commitment of senior officials is high but weak technical skills among the staff could create obstacles to the implementation of the recommendations	High	Evaluate capacities during CD delivery and propose follow up engagement to train and strengthen it, if needed.
Resource Adequacy		
RM II - Limited resources to implement reforms.	Medium	Improve governmental awareness of the need to ensure resources to achieve the expected results. Technical capacity is not an issue at DNRE, and the staff is very professional and committed. Even though, especially in IT, there are limited resources impacting results.
Other Risks		
RM II, SM I - Slow implementation of reforms	Medium	Aligning reforms timeline with conditions in the field - low capacity and lack of resources. Close monitoring and readiness to adopt necessary changes.

Description	Rating	Mitigation Measures
SM II - Other pressures on the ministry of finance can impact capacity for PFM reform	Medium	Work with the IMF country team and other IMF departments to assess emerging pressures and propose an action plan to phase in PFM reforms.

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I. COUNTRY REFORM PROGRESS

Significant improvements have been made since the last Tax Administration Diagnostics Assessment Tool (TADAT) evaluation in April 2021. They include the development of plans to promote tax culture, the generalization of e-procedures, the large-scale automated cross-checking of internal and external data; a multi-year compliance improvement plan, risk mitigation plan 2023-25 implemented and regularly monitored; and multiple initiatives encouraging taxpayers to file accurate declarations.

To improve transparency in budget execution the ministry of Finance should apply some of the legal, or management measures recommended by a diagnostic mission held in December 2024. The authorities are also working towards greening public financial management. In April 2025, as planned, the authorities completed the development and adoption of a draft disaster risk financing strategy and National Climate Plan with GPFP support. They have requested a Climate Public Investment Management Assessment (C-PIMA) for the coming months.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: The repeat TADAT assessment conducted in April 2025 showed significant progress since the first evaluation in 2017. The number of A grades rose from 2 to 11 and B grades from 3 to 6. The authorities plan to use the main findings of the TADAT assessment to update their strategic reform plan.

Next Steps: Following a formal request from the authorities expressed during the 2025 Spring Meetings, support will be provided for the development of the tax administration strategic reform plan and the compliance improvement plan.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY25: The diagnostic assessment of budget execution conducted in December 2024 provided authorities with a comprehensive work plan to modernize public financial management (PFM). Implementing this plan will facilitate improvements in the budget cycle, enhance multi-year capital budgeting, and enable effective monitoring and piloting of in-year budget.

Next Steps: Next fiscal year's primary activity will be the C-PIMA. This diagnostic will assist authorities in identifying the necessary measures to fully integrate considerations for climate change adaptation and mitigation into their capital investment decisions and infrastructure policy.

III. LOGICAL FRAMEWORK

Country – Cameroon		
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 1
Outcome	Rating	Narrative
Authorities have a baseline understanding of the current state of the government's revenue administration, management, and governance arrangements and core revenue administration operations	1 Not Achieved	The TADAT assessment was conducted in April 2025. The authorities will use the main findings to design the new strategic reform plan.
Corporate priorities are better managed through effective risk management	1 Not Achieved	Reforms in this area will be launched based on the main findings of the April 2025 TADAT assessment.
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	1 Not Achieved	Reforms in this area will be launched based on the main findings of the April 2025 TADAT assessment.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their payment obligations as required by law	1 Not Achieved	Reforms in this area will be launched based on the main findings of the April 2025 TADAT assessment.
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	Reforms in this area will be launched based on the main findings of the April 2025 TADAT assessment.
SM II: Objective – Frameworks to Build Sustainable Fiscal Institutions and Frameworks - FIF		Rating - 1
Outcome	Rating	Narrative
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	1 Not Achieved	No action has been taken on this topic so far.
SM II: Objective – Strengthened Budget Management - PBM		Rating - 2
Outcome	Rating	Narrative
Strengthened identification, monitoring, and management of fiscal risks	1 Not Achieved	No action has been taken on this topic so far.
Strengthened annual budget process, and effective allocation	1 Not Achieved	No action has been taken on this topic so far.

Strengthened budget execution and control processes	2 Partially Achieved	A diagnostic of budget execution processes was realized in December 2024 and provided a series of recommendations to improve budget efficiency and transparency.
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IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
Political Support		
RM II: Political support is critical to help the tax administration implement the main recommendations of the last Governance Diagnostic Assessment mission (May 2023)	Low	Remind the authorities to implement the main recommendations with the support of the Country Team
SM II: Lack of political support for reforms, inhibits, requires actions or reforms that are needed for public financial management reform	Medium	Ensure fiscal risk CD is focused on priority areas by engaging regularly with ministers and senior management to ensure government ownership of reforms.
Management and Technical Staff Support and Commitment		
RM II: Commitment to tax administration reforms has remained solid since the last FAD tax administration mission organized in March 2021.	Low	N/A
SM II: Complex in-depth technical reforms require full engagement of management and technical staff to implement changes of processes.	Low	Engage with senior management and technical staff pro-actively and explain the importance of improving fiscal transparency.
Resource Adequacy		
RM II: Resources are available and secured	Low	N/A
SM II: Insufficient technical capacity and human resources necessary to implement reforms are limited	Medium	Ensure CD plans include sufficient capacity building and training elements and direct CD to priority or highest risk areas.
Other Risks		
SM II: Multiple donors are providing technical assistance on same topics and gaps, or overlaps may arise as a result.	Medium	Take an active role in engaging with other donors to ensure support is well coordinated.

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I. COUNTRY REFORM PROGRESS

To kick-start this capacity development (CD) project that aims to strengthen Compliance Risk Management (CRM) in the Caribbean, a three-day workshop introduced participants to good CRM practices in February 2025. This inaugural workshop discussed how (1) CRM aligns with, and supports, strategic tax authority goals; (2) CRM links to and supports domestic revenue mobilization; and (3) effective planning, monitoring and reporting processes, underpinned by sound CRM governance, support successful CRM programs. Performance information gathered from countries in this workshop was used to develop and finetune the CD program over the next years. Priorities agreed include (1) identifying and prioritizing risks; (2) how data and analytics support CRM; and (3) risk treatment design.

In April 2025, a second virtual workshop focused on critical actions to successfully implement CRM. Structured around the IMF's CRM framework, good practice from the TADAT Field Guide, and experiences in implementing and operating CRM in other countries, the workshop canvassed nine areas: (1) compliance strategy; (2) CRM governance; (3) CRM policy/framework; (4) data, intelligence and analysis; (5) institutional arrangements; (6) organizational CRM planning; (7) compliance reporting; (8) change management strategies; and (9) implementation planning and control.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration
Key Progress in FY25: The project commenced in February 2025 with a three-day webinar titled "Supporting CRM in the Caribbean Region," providing a general overview of CRM and the project to all Caribbean countries. The event attracted over 110 participants. Subsequently, another webinar titled "CRM Getting Started" was held in late April to discuss the essential fundamentals for implementing CRM with 72 participants from 17 countries. Next Steps: Countries at a similar stage of CRM implementation will participate in joint events to advance CRM projects. These events will facilitate joint learning and peer-to-peer engagements, aiming to establish a community of practice within the region.

III. LOGICAL FRAMEWORK

Country – Caribbean Countries		
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	The project was rolled out with two webinars: (1) an inauguration event, to provide an overview of Compliance Risk Management (CRM), which had more than 110 participants; and (2) CRM getting started, to discuss the foundations to effective CRM implementation. Both events were open to all Caribbean countries. The country participants in next phases are still being discussed.
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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.
Political Support		
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.
Management and Technical Staff Support and Commitment		
Slow implementation of reforms	Medium	Aligning reforms timeline with conditions in the field - low capacity and lack of resources. Close monitoring and readiness to adopt necessary changes.
Resource Adequacy		
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. - 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.

Description	Rating	Mitigation Measures
Other Risks		
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.

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I. COUNTRY REFORM PROGRESS

The recent adoption of the Community Tax Procedures Code (CTPC) Directive was a significant step forward, despite initial strong resistance from some members. The next step will be to disseminate the CTPC within each member country in order to train agents, adapt national regulations, and raise taxpayer awareness. Furthermore, the outlines of the future domestic regional revenue mobilization strategy were defined during a regional workshop attended by five of the six director generals. However, the Central African Economic and Monetary Community (CEMAC) continues to suffer from understaffing of the Common Market Department and the absence of a director in charge of customs matters since July 2023.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration

Key Progress in FY25: The regional workshop (March 2025) helped define the strategic pillars of the future regional domestic revenue mobilization (DRM) strategy in Central Africa. Under the leadership of the CEMAC Commission, participants decided to create the governance framework of the regional DRM strategy. Customs' activities related have slowed down in the absence of the director in charge of the customs.

Previous Progress: The Directive of the CTPC was adopted, and the first draft of the teaching guide is currently under revision. It remains to define the CTPC's implementation and transposition action plans in all the six member countries.

Next Steps: The next regional workshop will aim to begin drafting the first draft of the regional DRM strategy. As adopted by all member countries, the outlines of the future regional tax identification number will be discussed. In collaboration with CEMAC, awareness-raising missions will be organized in at least two member countries. A workshop will also be organized to assess the status of implementation of customs reforms at the regional level and to discuss the revival of the activities of the regional customs school.

III. LOGICAL FRAMEWORK

Country – CEMAC		
Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 3
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	The broad outlines of the regional tax administration reform strategic plan have been identified by CEMAC member countries under the leadership of the CEMAC Commission. The structures for developing and disseminating this regional DRM strategy are in place.

Transparency and accountability are more effectively supported by independent external oversight and internal controls	2 Partially Achieved	Activity postponed upon CEMAC Commission request.
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	3 Largely Achieved	The Directive of the CTPC was adopted in October 11, 2024 and the first draft of the teaching guide is currently being revised by the CEMAC Commission.
Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	1 Not Achieved	Activity postponed pending the appointment of the CEMAC customs union director and its staff.
Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 1
Outcome	Rating	Narrative
Foreign trade operators better comply with their reporting and payment obligations	1 Not Achieved	Activity postponed pending the appointment of the CEMAC customs union director and its staff.
Trade facilitation and service initiatives better support voluntary compliance	1 Not Achieved	Activity postponed pending the appointment of the CEMAC customs union director and its staff.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	Activity postponed pending the appointment of the CEMAC customs union director and its staff.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
CEMAC country member commitment to reform tax and customs administration.	Low	Develop and adopt a regional revenue mobilization reforms roadmap.
Political Support		
The CEMAC authorities' commitment to reform is strong. This level of commitment should last and, importantly, it should be associated with full commitment of the heads of the national tax and customs departments.	Medium	Engage regularly with the Commissaire in charge of the Common Market to ensure ownership of reforms and commitment.
Management and Technical Staff Support and Commitment		
Management commitment is strong. However, there is a critical need to enhance reform management capacity.	Low	Provide ongoing training to build the skills of CEMAC Commission's staff and define the profiles of new technical officers to be recruited.

Description	Rating	Mitigation Measures
Resource Adequacy		
Insufficient technical capacity and human resources necessary to help implement and monitor reforms in the member country are limited. Limited resources and working conditions not adapted.	Very High	Ensure CD plans include sufficient training and prioritize CD to risks in areas where resources are limited.
Other Risks		
N/A	N/A	N/A

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I. COUNTRY REFORM PROGRESS

The Central African Republic (CAR) is benefiting from two long-term experts: a peripatetic tax advisor funded by the Global Public Finance Partnership serving three countries, including CAR; and the new IMF Regional Technical Assistance Center in Central Africa (AFC) tax resident advisor dedicated to fragile and conflict-affected states (FCS). In addition, as part of an innovative IMF's Fiscal Affairs Department (FAD) engagement with FCS in partnership with AFC, CAR has been participating in a regional dialogue that enhances peer-to-peer learning and supports targeted capacity development (CD) activities that are tailored to absorption capacity (in line with the IMF's overall FCS Strategy). The overall CD strategy has helped the country meet the domestic resource mobilization performance criteria of its IMF-supported economic program, with domestic revenues surpassing the target.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY25: An intensive and coordinated CD from HQ staff and three regional advisors have led to substantial results in the digitalization front. Four IT modules have been initiated including e-registration, e-filing, e-payment and data cross-checking. Previous Progress: These achievements stemmed from FAD-supported digitalization plans aiming to improve the way the tax administration interacts with taxpayers and help foster change in staff and taxpayers' practices and behaviors. Next Steps: FAD will continue to support the operationalization of the IT system (access to internet and energy, organization of training sessions, establishment of a tax teleservices center) to substantially improve the level of taxpayers' compliance.

III. LOGICAL FRAMEWORK

Country – Central African Republic		
Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	The integrity of the taxpayer base is improving. Progress, including the increase of the number of large taxpayers up to 3 percent, is still below expectations.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	On-time filing ratios are improving. Progress, including the increase of on-time filing ratios by large taxpayers up to 80 percent, is still below expectations.

A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	On-time payment ratios are improving over time. Progress including the increase of on-time payment ratios by large taxpayers up to 60 percent are still below expectations.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	The design and implementation of audit and verification programs are not completely effective but some initiatives such as introducing manual selectivity are encouraging.
Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Several IT modules are now available (registration, e-filing, e-payment) to improve revenue collection, but the use of the IT system is slow.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Resurgence of pandemic hinders CD delivery and changes CD priorities.	Very High	Build on progress achieved with remote delivery of CD.
Political Support		
Political instability may slow down and even stop implementation of reforms.	Very High	Focus on strategic advice and hands-on capacity building to have a more permanent impact. Close consultation with the IMF's African Department country team and the authorities.
Management and Technical Staff Support and Commitment		
Continuous rotation of managers and staff undermine the absorptive capacity and provoke permanent discontinuity.	Very High	Encourage authorities to implement administrative reforms and closely monitor projects.
Resource Adequacy		
Resources are misused, nor properly accounted for, do not achieve value for money.	Low	Project resources will be employed in accordance with IMF policies and procedures.
Other Risks		
The reform momentum is highly based on the availability of a modern IT system that is able to support reform management and implementation	Very High	Maintain close coordination and collaboration with other technical assistance providers, especially the World Bank to deliver a modern IT system.

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I. COUNTRY REFORM PROGRESS

Chad is benefiting from two long-term experts: a peripatetic tax advisor funded by the Global Public Finance Partnership serving three countries, including Chad; and the new IMF Regional Technical Assistance Center in Central Africa (AFC) tax resident advisor dedicated to fragile and conflict-affected states (FCS). In addition, as part of an innovative IMF Fiscal Affairs Department (FAD) engagement with FCS in partnership with AFC, Chad has been participating in a regional dialogue that enhances peer-to-peer learning and supports targeted capacity development (CD) activities that are tailored to absorption capacity (in line with the IMF's overall FCS strategy). Despite some structural challenges (constrained work conditions, weak management capacity, pervasive customs exemptions), the CD program has helped the country narrow the gap to the Central African Economic and Monetary Community's multilateral surveillance criterion of 12 percent by 0.5 percent of GDP in 2024.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY25: The CD project is being implemented successfully. There are more positive signs: the number of large and medium taxpayers increased to 10 percent (from approximately 2000 to 2230); the on-time filing ratio improved from 60 percent to 71 percent; 62 percent of large and medium taxpayers make their payment on time against 45 percent one year ago; and 63 percent of nil and credit returns were audited against 50 percent one year ago. Previous Progress: These encouraging indicators stemmed from actions initiated by the authorities with FAD support to enhance the reliability of the taxpayer registry, address arrears and tax disputes, and strengthen tax audits for large enterprises in key sectors. Next Steps: FAD will continue to support key priority reforms including actions to improve voluntary compliance and strengthen coercive measures to tackle non-compliant behaviors.

III. LOGICAL FRAMEWORK

Country – Chad		
Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	The taxpayer base is strengthening (see key progress). The milestone due April 2025 is met. However, more efforts are needed to complete the overall objective of the outcome by April 2027.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	On-time filing ratios are improving over time (see key progress). The milestone due April 2025 is met. However, more efforts are

		needed to complete the overall objective of the outcome by April 2027.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	On-time payment ratios are improving over time (see key progress). The milestone due April 2025 is met. However, more efforts are needed to complete the overall objective of the outcome by April 2027.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Audit and other verification programs are more effective (see key progress). The milestone due April 2025 is met. However, more efforts are needed to complete the overall objective of the outcome by April 2027.
Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Initiatives including expanding e-procedures to small enterprises and individuals are taken to foster e-procedures but there is still more to better align the IT system to strategic objectives.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Resurgence of pandemic hinders CD delivery and changes CD priorities	Very High	Build on progress achieved with remote delivery of CD.
Political Support		
Political instability may slow down and even stop implementation of reforms	Very High	Focus on both strategic advice and hands-on capacity building to have a more permanent impact. Close consultation with the IM African Department team and the authorities.
Management and Technical Staff Support and Commitment		
Continuous rotation of managers and staff undermine the absorptive capacity and provoke permanent discontinuity.	Very High	Encourage authorities to implement administrative reforms and closely monitor projects.
Resource Adequacy		
Resources are misused, not properly accounted for, do not achieve value for money.	Low	Project resources will be employed in accordance with IMF policies and procedures.

Description	Rating	Mitigation Measures
Other Risks		
The reform momentum is highly based on the availability of a modern IT system that is able to support reform management and implementation	High	Maintain close coordination and collaboration with other technical assistance providers, especially the World Bank to ensure delivery of a modern IT system.

V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The tax policy module was approved during the January 2025 Global Public Finance Partnership (GPF) Steering Committee meeting. To date, one capacity development (CD) activity has been delivered, focusing specifically on tax expenditures. This CD has helped authorities build foundational knowledge on tax expenditures and supported authorities in initiating an assessment of indirect tax expenditures, consistent with the structural benchmark of completing this work by end-October 2025.

On revenue administration, continued efforts are being made to broaden the tax base and modernize the tax payment system. The use of data from the interconnection of tax and customs IT systems helps identify new taxpayers and several cases of potential fraud and combat the use of fraudulent tax identification numbers (TIN). Customs administration has updated its IT system, strengthened risk analysis and improved audit performance to offset expected losses related to the gradual elimination of certain border taxes following the accession to the World Trade Organization.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: Initial CD focusing on tax expenditures was provided in April 2025 and it is too early to expect progress at this time. Support under this project is expected to assist Comoros in publishing a first tax expenditures report alongside its 2026 Budget Law.

Previous Progress: N/A

Next Steps: Next steps will be dictated by the outcomes of the ongoing mission, as well as dialogue with authorities during the recent Spring Meetings. Two engagements are planned for FY26.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: The tax administration continues to make efforts to expand the large and medium taxpayers' office portfolio by cross-referencing data with customs and ad hoc censuses' results. Customs administration aligned its IT system with tariff rules and established a task force to recover customs duties arrears. However, the implementation of recommendations to align procedures related to special and suspensive regimes with international standards remains weak.

Previous Progress: The interconnection of SIGIT and SYDONIA and good collaboration between tax and customs administrations have made it possible to initiate the first actions to secure the TIN use, identify new taxpayers and select tax issue-oriented audits.

Next Steps: The assignment of the long-term expert, which will begin in June 2025, will ensure greater sustainability of initiatives to broaden the tax base and improve the tax compliance of large and medium-sized companies. The work will be supported through a joint mission with the IMF's Regional Technical Assistance Center for Southern Africa (AFS) in the coming months, to help customs strengthen its analytical capacities for strategic and operational needs.

III. LOGICAL FRAMEWORK

Country – Comoros		
RM I: Objective - Improve Tax Policy Design - TPD		Rating - 1
Outcome	Rating	Narrative
Increased/decreased revenue quantity	1 Not Achieved	Initial CD provided in April 2025, and is too early to expect progress on this outcome at this time.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	Initial CD provided in April 2025, and it is too early to expect progress on this outcome at this time.
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	Initial CD provided in April 2025, and it is too early to expect progress on this outcome at this time.
RM I: Objective - Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 1
Outcome	Rating	Narrative
Improved transparency and outreach	1 Not Achieved	Initial CD provided in April 2025, and it is too early to expect progress on this outcome at this time.
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) – RAM		Rating - 1
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	In view of the very limited capacity of the tax administration, priority has been given for the time being to strengthening essential functions, including broadening the tax base.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	A compliance improvement plan targeting large and medium-sized taxpayers is in place.
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	1 Not Achieved	In view of the very limited capacity of the tax administration, priority has been given for the time being to strengthening essential functions, including broadening the tax base.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) – TAD		Rating - 1
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	As a result of census work in the field and the cross-referencing of information and data with customs, new taxpayers have been taxed and registered in the tax authorities' database. The number of active large or medium taxpayers has increased by 5 percent at the end of June 2024. The new long-term expert will assist in continuing to broaden the tax base, notably by enlarging the data external sources.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	Large and medium taxpayer's TCA and PAYE withholding returns submitted at due date increased during 2024.

A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	The number of large and medium taxpayers paying TCA and PAYE withholding increased in 2024.
RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 1
Outcome	Rating	Narrative
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	Implementation of the tariff in the IT customs system is in progress.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	A task force has been set up and trained, jointly with AFS, to collect arrears due to special regimes, before the end of 2024, as part of achieving the IMF's Extended Credit Facility (ECF) program structural benchmark.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: World economy, security, weather, etc.	Medium	Factor authorities' priorities into our work program and remain flexible in delivering the workplan.
RM II: The tax administration is located on three islands with little means of communication. It poses problems in terms of information sharing, work supervision and financial reporting.	High	Engage with the staff of the local branch of tax administration located in Ndzuwani and Mwali. Ensure CD plans include sufficient training for the two islands' staff.
Political Support		
RM I: Obtain needed leadership from the Minister and sufficient buy-in from the whole government to enact meaningful legislative reforms.	Very High	Engage constructively with high-level officials to ensure that they appropriate themselves of proposed reform options and that their views are considered and reflected in our analysis and recommendations. Work closely with the country team.
RM II: Lack of political support for reforms inhibits resources being allocated that are needed to enhance the performance and restore the credibility of the tax administration.	High	Engage regularly with the Minister to ensure ownership of reforms. Ensure CD on revenue is focused on the ECF program and engage with the IMF's African Department team to align structural benchmarks with the CD recommendations.
Management and Technical Staff Support and Commitment		
RM I: Buy-in and commitment by our direct counterparts at the Budget Ministry.	High	Engage constructively with counterparts to ensure that they appropriate themselves of reform options and that their views are considered in the analysis and recommendations. Remain agile and build the CD program based on their needs and preferences. Ensure frequent communication, including regular in-person missions.
RM II: Commitment by the DG has been gained but that of his staff is still weak. Several regional appointments, and reform's ownership by managers on the two of three islands is still low.	Medium	Engage proactively with management and technical staff, including in Ndzuwani and Mwali, and explain the importance of the tax administration reform plan and strengthening tax risk management.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM I: Resource adequacy in Budget ministry, including number of staff and skillset.	Medium	Sequence CD and reform proposals to align with country capacity. Offer complementary CD in the form of follow-up engagements or support in legal drafting. Coordinate closely with the revenue administration division.
RM II: Insufficient technical capacity and human resources necessary to implement reforms are limited.	Very High	Ensure CD plans include sufficient training and prioritize CD to risk areas where resources are limited.
Other Risks		
RM II: Multiple donors are providing intense technical assistance on tax area and contradictory recommendations, or overlaps may arise as a result.	Medium	Take an active role, with the support of the IMF local office, in engaging with other donors to ensure support is well coordinated or organize joint missions.
RM II: Supervision of work on the other two islands is inadequate, due to the lack of interconnection of the IT systems and the influence of local authorities.	Very High	Ensure that the IT system (SIGIT) is interconnected, develop a clear job description, and engage regularly with the local authority during CD missions.

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I. COUNTRY REFORM PROGRESS

The project is supporting the improvement of the tax system and improved domestic revenue through a combined approach to strengthen tax policy and revenue administration in a fragile conflicted-affected environment.

Regarding **Tax Policy**, this capacity development (CD) program has continued to evolve opportunistically in each of its five main themes (tax expenditures, excise taxes, non-tax revenue collected by line ministries, parafiscal charges collected by administrative bodies, and provincial taxation), depending on context and circumstances. Excise taxes were increased on cigarettes and beer as per IMF recommendations. An update of the central government's tax expenditures assessment was finalized and published online as an appendix to the budget and three analytical projects were launched to be included in the next publication (December 2025) on: (1) the impact of the Investment Code, (2) VAT exemptions rationalization and (3) beneficiaries on VAT exemptions—this is part of a strategy to bring the local working group to the next level, from data description to data analyses. The Members of the Provincial Assembly of Kinshasa were met to support the inclusion of their tax expenditures analysis in their provincial budget, as planned by the law. Drafting of non-tax revenue (revenue of line ministries) was completed regarding environment, mines, and hydrocarbons (urbanism and urban habitats should be completed in May 2025). A local "*Commission permanente*" was set up to steer the reform of parafiscal charges (revenue of administrative bodies), as recommended by an October 2024 mission. A draft text on provincial taxes on property was prepared in coordination with provinces.

With regards to **Revenue Administration**, the Democratic Republic of the Congo (DRC) is benefiting from two long-term experts (LTX): a GPFP-funded peripatetic tax advisor serving three countries, including the Central African Republic, and the new tax resident advisor at the IMF Regional Technical Assistance Center for Central Africa (AFC) dedicated to fragile and conflict-affected states (FCS). In addition, as part of an innovative engagement of the IMF's Fiscal Affairs Department (FAD) with FCS in partnership with AFC, DRC has been participating in a regional dialogue that enhances peer-to-peer learning and supports targeted CD activities that are tailored to absorption capacity (in line with the IMF's overall FCS Strategy). This important CD has helped the country achieve slow progress in addressing non-compliant behaviors in a very challenging environment dominated by conflicts and instability. However, preliminary estimates project a loss of revenue up to 0.7 percent of GDP, reflecting the closure of revenue administration offices in North and South Kivu provinces and the wider impact of the conflict, including taxes from Kinshasa-based firms and financial institutions operating in the East.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: (1) A update of the tax expenditures assessment covering an 8th consecutive year; (2) higher excise taxes; (3) A more advanced draft of the non-tax revenue of the central government (completion for end-2026); (4) A new local committee ("*Commission permanente*") to drive the reform of parafiscal charges; (5) a first draft of a harmonized provincial tax on property.

Previous Progress: Work on tax expenditures and non-tax revenue have progressed smoothly over the past two years. Major stumbling blocks on excise (resistance to change), parafiscal charges (lack of a local

group in charge of reforms) and provincial taxation (complex multi-stakeholder environment) were overcome in 2025.

Next Steps: (1) Expand the tax expenditures work into policy analysis; (2) support a simplification of the excise schedule and raise them further (e.g., cars); (3) Keep advancing the non-tax revenue drafting work; (4) Finalize the inventory of administrative charges and related reform plan with the new "*Commission permanente*" in order to prepare a rationalization plan; (5) Finalize provincial tax laws.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: The escalation of the conflict in the eastern regions has delayed the implementation of the CD program. With FAD support, the authorities are focusing on measures aimed at increasing revenue including recovering outstanding tax payments, adopting the standardized VAT billing system and operationalizing the Commission to litigate unpaid customs claims.

Previous Progress: On revenue administration side, several remote CD activities helped identify measures to safeguard revenue in the short and medium term by improving compliance.

Next Steps: FAD is taking advantage of the current lull to field an HQ mission (April 7–18, 2025) with the objective to propose a detailed action plan to strengthen core business tax administration function. FAD and AFC will support the implementation of the mission's recommendations.

III. LOGICAL FRAMEWORK

Country – Democratic Republic of the Congo		
RM I: Objective - Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	Work is progressing opportunistically in each of the five fields covered by this CD program. Tax expenditures work has reached most of its objectives and is now moving in new territories with more emphasis on analytical work; excises rates have increased in the 2025 budget, but too many products remain subjects to excise taxes; drafting of non-tax revenue progresses steadily; draft texts were prepared on provincial taxation (property taxes, rental income, cars, excises); the rationalization of parafiscal charges is finally benefitting from a new dedicated " <i>Commission permanente</i> " with a clear mandate to advance the work along lines recommended by FAD; furthermore, the " <i>décret de reclassement</i> " should be adopted by end-December 2025 (World Bank trigger)

		and hence removing a major obstacle to the reform of parafiscal charges.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) – TAD		Rating - 2
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	The integrity of the taxpayer database is improving
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	On-time filing ratios are improving over time
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	On-time payment ratios are improving over time
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Audit and other verification programs are more effective

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Pandemic / Coups	Medium	Build on progress achieved with remote delivery of CD, use data shared by the authorities. However, the events in the East of the country have had no negative impact on the program, nor have recent floods.
RM II: Resurgence of pandemic hinders CD delivery and changes CD priorities	Very High	Build on progress achieved with remote delivery of CD.
Political Support		
RM I: Political instability may slow down and even stop implementation of reforms	High	The new Minister is a previous technical partner and links with his two tax advisers are strong. The difficulties in the East of the country have increased pressure for more revenue, and hence additional pressure to increase excise taxes. There is strong buy-in from provinces as well on provincial tax reforms (close contacts with provincial ministers). Overall, the political buy-in has significantly improved over the past 6 months, but overall, the political landscape remains risky.
RM II: Political instability may slow down and even stop implementation of reforms	Very High	Focus on strategic advice and hands-on capacity building to have a more permanent impact. Close consultation with the IMF's African Department team and the authorities.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
RM I: Staff instability in the local working groups and significant bureaucratic interference	Medium	Given the length of the project, local staff turnover of the local working group was always a potential problem and hence the need to use consultants as a fallback option and to get as much data as possible to continue the work. However, local counterparts (CTR, COREF, the Minister himself) have managed that risk well and the quality of staff on the local groups has improved. Data (even with tax identifiers) is also shared on a regular basis. Furthermore, a local " <i>Commission Permanente</i> " was set up to work on parafiscal charges, and this should minimize this risk on that topic as well. Yet, political interferences at the technical level remain a possibility.
RM II: Continuous rotation of managers and staff undermine the absorptive capacity and provoke permanent discontinuity.	Very High	Encourage authorities to implement administrative reforms with a stable internal environment and closely monitor projects.
Resource Adequacy		
RM I: Consultants supporting the working group may be overbooked	Low	The same drafter is used for provincial taxes and non-tax revenue, which proved easier than expected.
RM II: Resources are misused, not properly accounted for, do not achieve value for money.	Low	Project resources will be employed in accordance with IMF policies and procedures, including in particular its Travel Policy.
Other Risks		
RM I: Bureaucratic and industry resistance to reforms (notably on health excise taxes).	Medium	Mobilize other donors (World Health Organization, World Bank). Use structural benchmark, if possible. The 2025 budget excise increase, though, seems to signal a change of tack from the authorities, and hence the lower risk.
RM II: The reform momentum is highly based on the availability of a modern IT system that is able to support reform management and implementation	Very High	Maintain close coordination and collaboration with other CD providers, especially the World Bank to deliver a modern IT system.

V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Capacity development(CD) through this project is improving the fiscal space through the combination of improved tax compliance to mobilize revenue and improved spending frameworks to provide spending efficiencies.

Revenue Administration: The authorities were provided with a reform framework for value-added tax (VAT) management based on a compliance risk approach. This project is in line with the CD approach for fragile and conflict-affected states (FCS) adopted by the heads of tax administrations at the IMF's Regional Technical Assistance Center for Central Africa (AFC) in July 2024. It also takes advantage of the World Bank's support for the digitalization of the Congolese tax administration. An HQ mission is planned for FY26 to discuss with the authorities the next steps in our CD, in line with the country centered approach. Progress on customs has been limited, largely due to communication challenges between the ministry of finance and the customs administration. The AFC has undertaken two key actions: (1) conducting a diagnostic and developing a priority action plan to improve customs valuation; and (2) evaluating regulations to establish an ICT Directorate within Customs, clarifying the roles of the Ministry's ICT Department and the Customs ICT Directorate. Despite these efforts, progress has been minimal.

Spending Policy: In June 2024, CD support was provided to support the authorities' reform efforts, focusing on fuel pricing structures, transparency, and efficiency in the fuel supply chain. Integration with the Fund program facilitated timely implementation of these recommendations. By February 2025, several key recommendations were implemented, including (1) liberalizing international aviation fuel prices; (2) increasing national aviation fuel prices by 30 percent; (3) initiating a review of proposed pricing structures; and (4) improving the efficiency of fuel procurement processes. These reforms are projected to free up 0.1 percent of GDP in fiscal resources in 2025. Future support will focus on the ongoing fuel subsidy reform, particularly on rationalizing pricing structures and developing a communication strategy. In addition, a thorough review of social assistance programs is needed to evaluate their capacity to assess their capacity to support further subsidy reductions.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration

Key Progress in FY25: (1) Authorities received a VAT management reform framework based on compliance risk; (2) the framework aligns with the CD approach for the FCS from a July 2024 workshop; (3) the reform benefits from World Bank support for digitalization in tax administration; and (4) AFC has conducted a diagnostic to improve customs valuation and evaluated ICT regulations. (Despite these efforts, progress on reforms remains limited.)

Previous Progress: (1) Reforms have seen limited traction in recent years, and the last tax administration mission occurred in 2019 before technical assistance resumed; (2) recent activities include the FAD HQ mission in March 2024 and the AFC mission in December 2024 – these missions aimed to rejuvenate IMF support for tax administration; (3) in customs, the AFC improved monitoring and control of customs duties and tax exemptions, and the AFC also assessed compliance with Central African Economic and Monetary Community (CEMAC) legislation (however, most recommended actions are still pending implementation).

Next Steps: (1) With the appointment of a new minister of finance on January 11, 2025, authorities will reassess the public finance strategy and communicate decisions on tax administration – a joint HQ/AFC mission will take place during FY26; (2) the customs administration requests a mission to evaluate reform progress, and upcoming AFC activities will address this request and assess customs risk management (FY26).

Spending Module I – Spending Policy

Key Progress in FY25: In support of the authorities' ongoing reform efforts, CD support was provided in June 2024 and included detailed recommendations aimed at reforming fuel price structures, enhancing transparency, and increasing efficiency throughout the fuel supply chain. The close integration with the Fund program ensured that the recommendations received traction and started being implemented in a timely manner.

Previous Progress: By February 2025, less than a year after CD provision, the authorities implemented several key recommendations, which included liberalizing international aviation fuel prices and increasing by 30 percent the price of national aviation fuels, starting the revision of price structures as proposed, and enhancing efficiency in fuel procurement processes. These reforms are expected to free up, in 2025, fiscal resources amounting to approximately 0.1 percent of GDP, or around US\$16 million, which will be available for development spending. Lastly, the CD report has been published by the ministry of finance on its website.

Next Steps: Further support will be provided on ongoing fuel subsidy reform, in particular on price structure rationalization and communications strategy. An in-depth review of social assistance programs and the public pension system is needed, and CD support should be provided in these two areas.

III. LOGICAL FRAMEWORK

Country – Republic of Congo		
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	2 Partially Achieved	<i>Direction générale des impôts et des domaines</i> (DGID) released a strategic plan for 2024-26. The operational plan is yet to be completed. To be re-assessed in FY26.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	The March 2024 HQ mission advised on priority actions to fix the current IT loopholes, address IT management challenges, and implement full functionalities. The action plan is yet to be implemented. To be re-assessed in FY26.

RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	Fixing the current IT challenges would help achieve the target. To be re-assessed in FY26.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Current ratios are reported at 63 percent of large taxpayers and 60 percent of medium-sized taxpayers.
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	The E-Tax system has a better structure of the taxpayers' database. However, the verification of taxpayers' information accuracy by the third parties has yet to be implemented.
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	The DGID has launched initiatives to inform taxpayers. However, this information is generally not available to taxpayers. For example, little information is available on the DGID website (impots.gouv.cg).
SM I: Objective – Strengthen Expenditure Policy Formulation and Design - EPD		Rating - 2
Outcome	Rating	Narrative
Reduce subsidies while mitigating impact on vulnerable households	2 Partially achieved	By February 2025, the authorities implemented several key recommendations, which included liberalizing international aviation fuel prices and increasing by 30 percent the price of national aviation fuels, starting the revision of price structures as proposed, and enhancing efficiency in fuel procurement processes. These reforms are expected to free up, in 2025, fiscal resources amounting to approximately 0.1 percent of GDP. Lastly, the CD report has been published by the ministry of finance on its website. Further support will be provided on ongoing fuel subsidy reform, in particular on price structure rationalization and communications strategy. An in-depth review of social assistance programs is still needed to assess its ability to support further subsidy reduction.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II, SM I: Resurgence of pandemic hinders CD delivery and changes CD priorities.	Low	Build on progress achieved with remote delivery of CD.
Political Support		
RM II, SM I: Political instability may slow down and even stop implementation of reforms.	High	Combine/focus on strategic advice and hands-on capacity building to have a more permanent impact. Close consultation with the IMF's African Department team and the authorities.
Management and Technical Staff Support and Commitment		
RM II: Continuous rotation of managers and staff undermines the absorptive capacity and provokes permanent discontinuity.	High	Encourage authorities to implement administrative reforms with a medium-term view and closely monitor projects.
SM I: Staff instability in the local working groups and significant bureaucratic interference	High	Ensure that IMF consultants work with maximum flexibility in case of local blockages (i.e., share maximum information with the consultant). Use structural benchmarks to enforce commitments, if possible.
Resource Adequacy		
RM II, SM I: Resources are misused, nor properly accounted for, do not achieve value for money.	Low	Project resources will be employed in accordance with IMF policies and procedures.
Other Risks		
RM II: N/A	N/A	N/A
SM I: Political interference on specific policies (e.g., excises)	Medium	Mobilize other donors (World Health Organization, World Bank). Use structural benchmark, if possible

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I. COUNTRY REFORM PROGRESS

In May 2024, Côte d'Ivoire adopted its medium-term revenue strategy (MTRS), with the key goal to increase tax revenue by 0.5 percent of GDP per year over the 2024-28 period. The MTRS was adopted in the context of a [40-month IMF lending program](#) approved in May 2023, with sustained domestic revenue mobilization over the medium term remaining a clear priority. Tax revenue is expected to reach 14.4 percent of GDP in 2024, a 0.8 percentage point increase relative to 2023. FAD support under the GPFP-funded project is focused on MTRS execution, with emphasis on corporate income tax (CIT), including CIT-related tax expenditure (TE) reporting and property tax.

Since 2022, Côte d'Ivoire has made significant progress in modernizing its customs administration, with a strong focus on digitalization and AI. Recent efforts include establishing a data governance framework and prioritizing AI applications in areas such as pre-arrival processing and automated risk screening, which supported the development and integration of AI models to classify import declarations by risk level and detect valuation fraud. GPFP CD will continue to support these efforts, in particular. A plan to restructure and strengthen customs data governance has also been proposed and is currently under review.

Authorities are committed to enhancing public financial management (PFM) and maintaining essential social programs. Progress has been made in Treasury Single Account reforms, but further efforts are needed to address inactive balances, customs payments, and improve cash management. Climate change reforms focused on mitigation and adaptation are also progressing. With the support of the Fund's Resilience and Sustainability Facility (RSF), these reforms aim to integrate climate considerations into PFM, strengthen climate policy governance, establish green financing frameworks, build resilience to climate hazards, and reduce greenhouse gas emissions. The RSF has promoted donor collaboration for climate-related reforms and financing, demonstrated by a climate-financing roundtable under a joint Fund-World Bank initiative, during COP29.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: The MTRS was adopted in May 2024, outlining key tax policy reforms in property tax and CIT, as well as setting goals in improving TE costing and reporting. Market value has been adopted as the tax base for property tax on both built and unbuilt property, in line with FAD recommendations. Follow-up assistance was provided on a phased introduction of the reform. In addition, the authorities confirmed their interest in implementing FAD recommendations on CIT (see Next Steps).

Previous Progress: The GPFP-funded project started in FY25.

Next Steps: CD in FY26 will focus on implementing the MTRS, with particular emphasis on: (1) implementing CIT reform, including the adoption of a standard CIT, as opposed to the current schedular system, and aspects related to the domestic application of Pillar 2 (Global Minimum Tax); and (2) enhancing tax expenditure reporting, especially regarding CIT expenditures arising from the investment code.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY25: The development of a quantitative model aimed at assessing fiscal risks associated with natural disasters has been initiated. This supports the authorities in achieving the RSF reform measure (RM) on climate-related fiscal risks. Activities benefit from coordination with the World Bank on disaster risk management and financing and with the UN Office for Disaster Risk Reduction on disaster risk profile.

Previous Progress: Ongoing training of staff of the Ministry of Finance and Budget and various other ministries and institutions involved on the methodology of assessing fiscal risks related to natural disasters benefited from a previous mission by the IMF's Regional Technical Assistance Center in West Africa (AFW) on fiscal risk identification, management and reporting.

Next Steps: CD will continue during FY26 to develop the discussion of climate-related fiscal risks in the Fiscal Risk Statement Annex to the 2026 Budget Law and strengthen the tool developed for analyzing disaster-related fiscal risks in the short and medium term.

III. LOGICAL FRAMEWORK

Country – Côte d'Ivoire		
RM I: Objective - Improve Tax Policy Design - TPD		Rating - 3
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	3 Largely Achieved	The MTRS was adopted in May 2024. Property tax reform initiated following FY24 CD, with implementation follow-up delivered in FY25.
SM II: Objective - Frameworks to Build Sustainable Fiscal Institutions and Frameworks - FIF		Rating - 2
Outcome	Rating	Narrative
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	2 Partially Achieved	A C-PIMA / green PFM diagnostic has been conducted in September 2023 and CIV has entered into an RSF agreement, whereby it committed itself to several reform measures aiming at improving climate-smart PFM / PIM. In FY25, activities on fiscal risk related to climate change (February 3-28, 2025 and April 23-30, 2025) were organized. These missions supported the second and the third RM under the RSF, which has a deadline in November 2025 (RM2).

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
Political Support		
RM I: Political instability may slow down and even stop implementation of reforms.	Low	Focus on strategic advice and hands-on capacity building to have a more permanent impact. Close consultation with the IMF's African Department country team and the authorities.
RM I: Reform proposals to reduce TE under the MTRS may trigger opposition from beneficiaries.	Low	Consultation with relevant internal and external stakeholders to help ensure reflect broad consensus across government.
RM I: This is in support of a large lending program, under a MTRS. Political support is expected.	Low	Work with MoF on analytics and preparation of reforms.
Management and Technical Staff Support and Commitment		
RM I: Lack of coordination across senior level staff in relevant counterpart agencies (MoF, Economy, tax administration, investment promotion), which is critical for delivery	Low	Using the MTRS process to organize consultations across government agencies to ensure close coordination.
SM II: Due to lack of designated focal point, early confirmation of the request and of the best slots for the missions, activities planned are being postponed	Medium	- Organization of remote meeting with authorities in charge of receiving the missions - Organization of remote discussion with the help of the AFW long-term advisor
Resource Adequacy		
RM I: This is GPFP funded.	Medium	Alternatives sources of funding would be explored.
SM II: The PFM reform agenda in CIV is already far-reaching, with significant reforms on program budgeting or accrual accounting still underway. There is a risk that resources will be insufficient to carry out all these reforms at the same time. New request has been raised during the annual meeting.	Medium	Careful sequencing and prioritization as part of technical assistance actions and in advice given to the authorities.

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I. COUNTRY REFORM PROGRESS

This project was approved during the June 2024 Steering Committee meeting. To date, two capacity development (CD) activities have been delivered, focusing on establishing a new tax policy unit and supporting preparations for the upcoming national public consultations on tax reform (*Assises Nationales sur la Fiscalité*). The GPFP program complements ongoing support provided by the IMF's Middle East Regional Technical Assistance Center (METAC).

CD under this project has helped raise awareness on the need to create a specialized unit for analyzing and advising on tax policy reforms. Moreover, authorities now have a better understanding of the key policy reforms which could form the basis for discussions during upcoming public consultations and have also received advice on how to strategically engage with stakeholders to foster constructive dialogue and achieve tangible reforms.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy
Key Progress in FY25: The project—building on previous engagement—has achieved great traction with Djiboutian authorities. Our counterparts have already introduced some measures consistent with our advice, including the taxation of dividends, and remain engaged and committed to working alongside us in exploring further areas of reform including on the VAT, wage tax, and property taxation. Moreover, our analysis and recommendations are being shared with, and considered by, officials at the highest level including the Ministers and Secretary Generals of Budget and Finance, suggesting that additional reforms may be forthcoming. Previous Progress: Authorities are reconsidering the new draft investment code, given the extent and nature of our concerns over the tax incentives proposed therein. Next Steps: Four activities planned in FY26: two strategic ones under GPFP and two by METAC that allow follow-ups through the regional resident advisor. GPFP-funded activities will: (1) continue the support to the creation of a tax policy unit and the holding of national public consultations on tax reform; and (2) focus on real property taxation. METAC activities will provide additional support on tax expenditures.

III. LOGICAL FRAMEWORK

Country – Djibouti		
Objective - Improve Tax Policy Design - TPD		Rating - 3
Outcome	Rating	Narrative
Increased/decreased revenue quantity	2 Partially Achieved	Some reforms have been implemented, and several others are being considered. Some positive effect on revenues, but external factors (e.g., conflict in Yemen) have had a negative effect on revenues.

Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	3 Largely Achieved	Some improvements in the taxation of capital income (e.g., dividends vs capital gains), with room for further improvement.
Improved distributional fairness across taxpayers due to amended tax rates or base	3 Largely Achieved	Some improvements in the taxation of capital income (e.g., dividends), with room for further improvement.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
World economy, security in the region, etc.	Medium	Factor authorities' priorities into our work program and remain flexible in delivering the workplan.
Political Support		
Obtain needed leadership from Budget and/or Finance Ministers and sufficient buy-in from the whole government to enact meaningful reforms in the National Assembly.	Very High	Engage constructively with high-level officials to ensure that they appropriate themselves of options and that their views are considered and factored into the analysis. Work closely with country team.
Management and Technical Staff Support and Commitment		
Buy-in and commitment by our direct counterparts at the Budget Ministry.	Medium	Engage constructively with high-level officials to ensure that they appropriate themselves of reform options and that their views are considered in the analysis.
Resource Adequacy		
Resource adequacy in Budget ministry, including number of staff and skillset.	High	Sequence CD and reform proposals to align with country capacity. Offer complementary CD in the form of follow-up engagements or support in legal drafting. Coordinate closely with the revenue administration division.

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I. COUNTRY REFORM PROGRESS

The GPFP project has supported advancing fiscal reforms in the East African Community (EAC), achieving key outcomes in the areas of tax policy and revenue administration. IMF fiscal CD priorities align well with the strategic objectives of the EAC's Treaty for Establishment of the East African Community (in which Article 83(2)(e) provides that partner states shall harmonize their tax policies with a view to removing tax distortions for a more efficient allocation of resources within the Community); Article 32 of the Common Market Protocol which provides that partner states shall progressively harmonize their tax policies and laws to remove tax distortions to facilitate free movement of goods, services and capital and to promote investment within the community; Article 8 of the East African Monetary Union Protocol that provides for harmonization and coordination of fiscal policies and avoidance of harmful tax competition; and the EAC's Domestic Tax Harmonization Policy (approved in May 2019), which calls for tax harmonization through Council directives.

Increased economic integration and domestic resource mobilization (DRM) is being promoted among EAC partner states through GPFP-supported work. This includes advancing or completing projects that have already been underway, such as directives on excise taxation and administrative procedures, and preparation of a model tax treaty (for use by partner states in negotiations with non-Partner States) and a multilateral tax treaty that would apply among partner states. The directives will improve the efficiency of the tax systems and administrations in the partner states, removing barriers to intra-community trade and investment. The tax treaty products will facilitate intra-community economic relations and better protect the tax bases of partner states in their dealings with non-EAC countries while providing a healthy environment for foreign direct investment.

The current work under the GPFP is further benefiting partner states in these respects. The tax harmonization work is now focusing on a VAT directive, and the IMF has provided training in tax treaty negotiation skills. Additional effort by partners state is needed to finalize approval of the draft council directive for the harmonization of legislation on tax procedures and administration developed with IMF support. EAC Partner States have created a Community of Practice (CoP) that is enhancing their capabilities to manage international tax risks, building capabilities in international compliance risk management (CRM). Future work will continue the progress in this area, such as the development of a handbook on international CRM. The continued partnership of the EAC and the IMF, supported by GPFP funding, will be critical in advancing these workstreams and increasing economic integration and DRM.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy

Key Progress in FY25: EAC excise directive is drafted and will be considered for approval at a meeting of the EAC Ministerial Council by July 2025. Two tax policy workshops have been held so far under the project. A first workshop (with Revenue Administration and LEG) was held in August 2024 on an EAC directive on VAT harmonization. The workshop made good progress in outlining the issues to be covered in the directive and the approach to take. In October 2024, a workshop was held to train EAC Partner State authorities on tax treaty negotiation skills. This workshop was valuable because of the shortage of skilled treaty negotiators in the region's governments. Overall, the work should contribute to economic integration and DRM in the EAC.

Previous Progress: Work on the VAT directive follows the IMF's assistance in developing a draft excise directive, both of which are key objectives for the EAC's tax harmonization work. They will contribute to better resource mobilization and more efficient and effective taxation. The treaty negotiation skills training follows the development of tax treaty products with FAD support that will help promote trade and investment while protecting tax bases in the region.

Next Steps: FAD and LEG are preparing a first draft of the VAT directive and a study of the impacts of the directive, to be considered at a June 2025 workshop. The objective is to complete the VAT directive work by the end of FY26.

Revenue Module II – Revenue Administration

Key Progress in FY25: EAC Partner States have enhanced their capabilities to manage international tax risks under the guidance of the IMF. They first developed a roadmap based on FITAS self-assessments and then created a CoP (led by the Kenya Revenue Authority) to establish a forum where tax officers can engage in continuous knowledge exchange and share experiences with peers and experts, exploring emerging trends and approaches in international tax administration. In this context, EAC Partner States built capabilities in international CRM and bridged the gap between international tax theory and the practical application of international tax toolkits (such as transfer pricing guidelines) through hands-on clinics. This capacity-building effort adds to previous achievements in harmonizing tax policies and administration.

Previous Progress: In previous years, guided by the IMF, partner states completed a draft council directive for the harmonization of legislation on tax procedures and administration. Although partner states are still reviewing and approving the draft council directive, they have taken tangible steps toward agreeing on the terms of such harmonization process.

Next Steps: Looking ahead, guided by the IMF, partner states will begin developing a Handbook on International CRM for EAC countries. During the recent IMF-WB Spring Meetings, the EAC Secretariat expressed its satisfaction with the work the IMF is conducting on international tax administration.

III. LOGICAL FRAMEWORK

Country – East African Community		
RM I: Objective - Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased/decreased revenue quantity	2 Partially Achieved	Excise directive drafted and will be considered for approval in May 2025. The first workshop on VAT directive was held in Aug 2024. EAC model treaty approved May 2024. EAC multilateral treaty awaiting approval at Council level. Workshop on treaty negotiation skills held October 2024.

RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 3
Outcome	Rating	Narrative
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	2 Partially Achieved	The draft council directive for the harmonization of legislation on tax procedures and administration was completed with FAD and LEG support. EAC Partner States are still reviewing the draft council directive.
Corporate priorities are better managed through effective risk management	3 Largely Achieved	The project developed a roadmap to enhance EAC Partner States' capabilities on international tax administration based on FITAS self-assessments. In addition, EAC Partner States agreed to create a CoP (led by Kenya Revenue Authority) to establish a forum where tax officers can engage in continuous exchange of knowledge and experiences with peers and experts and explore emerging trends and approaches on international tax administration. Hands-on clinics bridged the gap between international tax theory and the practical application of international tax toolkits (such as transfer pricing guidelines).

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Impact of Ukraine war and conflict in Gaza.	Medium	Time the implementation appropriately.
RM II: Impact of Trade Policies Uncertainties	High	Time the implementation appropriately.
Political Support		
RM I, RM II: All member states must agree to the harmonized framework. Political instability at the member states' level may slow down and even stop implementation of reforms.	Very High	Close consultation with the IMF's African Department (AFR) and government authorities. Hold workshops to increase buy-in at officials' level.
Management and Technical Staff Support and Commitment		
N/A	N/A	N/A
Resource Adequacy		

Description	Rating	Mitigation Measures
RM I, RM II: Although the current EAC Secretariat leadership is strongly in favor of this project, there are no policy experts at the Secretariat.	Low	Hold workshops to ensure a minimum level of policy expertise.
Other Risks		
RM I, RM II: Timeliness: The team fails to achieve the milestones and deliver the expected outcomes on time and project fails.	Medium	Timeliness: The project will be delivered and monitored by IMF staff and experienced HQ experts. The Steering Committee will be kept informed and consulted on possible changes.
RM I, RM II: Sustainability: Reform fatigue may weaken commitment.	Medium	Sustainability: Regular high-level engagement.
RM I, RM II: Security: Certain EAC states are fragile or conflicted states. This may prevent normal technical assistance activities.	Medium	Security: Use of alternative modes of CD delivery, such as remote assistance, and delivery of workshops in more secure member countries or outside the region.

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I. COUNTRY REFORM PROGRESS

During 2024, total gross tax revenue reached 16.6 percent of GDP, representing a 23 percent increase compared to 2023. The improvement was primarily driven by the increase in the VAT rate (13 to 15), and transitory measures. Fiscal consolidation efforts need to continue on both revenue and expenditures sides. These efforts will be supported by reforms to strengthen public financial management (PFM) and tax policy with support from the IMF's Fiscal Affairs Department (FAD).

Ecuador continues to make progress on PFM and tax policy reforms in the areas related to this project. Budget execution processes are gradually improving using methodologies in Excel for cash planning and preparing an arrears prevention and clearance strategy requested by the IMF supported program.

Elections in February-April 2025 led to the postponement of a planned HQ capacity development (CD) mission on budget and treasury processes to next fiscal year.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: Although CD activities have not yet commenced, the team has actively contributed to the policy dialogue on tax reform. This has included supporting the IMF's Western Hemisphere Department (WHD) in reviewing government-proposed policy measures and providing recommendations within the context of the IMF program.

Previous Progress: The team has supported the government in enhancing tax policy design by providing feedback on reform proposals through WHD. However, planned support to strengthen the government's capacity to identify tax base-broadening measures—specifically through cost-benefit analysis of tax expenditures—did not materialize.

Next Steps: During the April 2025 Spring Meetings, the authorities identified a review of the mining sector's taxation as their top CD priority.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY25: Two missions (August-September 2024) provided CD on improving investment budget execution processes, cash planning methodology and arrears strategy. The missions helped prepare an Excel-based cash plan with an improved methodology, and a methodology for reducing earmarking of financing sources that create budget rigidities. Also, they helped prepare an arrears prevention and clearance strategy. Work has continued in these areas supported by the IMF self-funding in the next months of FY25. Its recommendations will seek implementation from this GPFP project.

Next Steps: A HQ mission is planned for early FY26 on improving the link between budget and treasury processes, such as commitment control, and an action plan on arrears. Support to implement the program benchmarks on budget, treasury and fiscal risks will be provided through STX missions under this project and another HQ mission may be delivered in FY26 or phased out to FY27, according to the needs of the authorities.

III. LOGICAL FRAMEWORK

Country – Ecuador		
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.	1 Not Achieved	CD activities have not started yet. The team has been supporting WHD on reviewing the policy measures proposed by the government in the context of the IMF program. During the 2025 IMF-World Bank Spring Meetings, the authorities have requested a review of the taxation of the mining sector, activity that will be delivered in FY26
SM II: Objective - Strengthened Budget Management - PBM		Rating - 2
Outcome	Rating	Narrative
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	Discussions with the newly created Fiscal Risks unit have started, and the project will deliver on fiscal risks mainly in FY26-27.
Strengthened asset and liability management processes	2 Partially Achieved	A mission delivered a methodology for revenue and expenditure forecast on cash basis and helped coordination among departments to prepare the treasury financial plan. In the remainder of the fiscal year, other assistance is planned on the financial plan and better linkage to budget preparation and execution.
Strengthened budget execution and control processes	2 Partially Achieved	The project started with a mission on improving budget execution processes by eliminating rigidities on the financing source alignment that may improve investment spending execution. It also assisted on the arrears' strategy. Next steps will include implementation of the PFM Law on budget quotas and enhanced budget preparation, execution and treasury operations.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
N/A	N/A	N/A
Political Support		
RM I: Increased political instability and security concerns could make passing critical legislation more uncertain	Medium	Closely work with the IMF's Resident Representative to monitor the political environment and timely identify risks. Maintain regular high-level meetings in parallel to the engagement with senior management and technical staff to keep momentum for reforms. Support the government with stakeholders' consultations.
RM I: Elections in February 2025 may prompt delays in politically sensitive reforms	Low	Consult with IMF country team to assist authorities in recognizing the relevance of reforms and preparing policy options before the elections. Renew contact with the new authorities after elections and prepare a visit.
SM II: Elections in February 2025 may prompt delays in politically sensitive reforms.	Medium	Consult with IMF country team to assist authorities in recognizing the relevance of reforms and preparing policy options before the elections. Renew contact with the new authorities after elections and prepare a visit.
Management and Technical Staff Support and Commitment		
SM II: Competing demands for key staff's attention might result in low engagement on tax policy measures	Low	Discuss with authorities to establish clear priorities and coordinate with the IMF's area department and resident representative.
Resource Adequacy		
N/A	N/A	N/A
Other Risks		
N/A	N/A	N/A

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I. COUNTRY REFORM PROGRESS

The project with Ethiopia, funded by the Global Public Finance Partnership (GPFP), fills a critical need for the country which has seen significant declines in the tax-to-GDP ratio in recent years. It will be instrumental in implementing Ethiopia's National Medium-Term Revenue Strategy (NMTRS) which was finalized in 2024. Significant steps in reversing this trend began in 2024 with the promulgation of a revised value-added tax (VAT) proclamation, developed with IMF assistance. The authorities are now planning on implementing the income tax recommendations from the NMTRS; this is being facilitated through activities funded by the GPFP to finalize the technical design and legislative provisions for the needed amendments. A Tax Administration Diagnostics Assessment Tool (TADAT) evaluation has also been completed using GPFP funding; this assessment will be followed by identification of priority areas for improving the effectiveness of the tax administration. The authorities have established a task team to develop a plan to address the identified gaps. The overall impact of these initiatives will be to have a more efficient and effective tax system, increasing government revenues and strengthening the capacity of the authorities to generate domestic resources.

In parallel, a regional tax advisor (funded by a separate GPFP project) supports improvements to the tax policy capacity within the Ministry of Finance (MoF) of Ethiopia, such as the ability to estimate tax expenditures. Increased tax policy capacity will improve the fiscal planning and monitoring within the MoF, supporting domestic resource mobilization (DRM).

The GPFP-funded work fits into the broader picture of donor-supported technical assistance and capacity building. FAD staff maintain contact with counterparts in other technical assistance partners such as the World Bank and the UK's Foreign, Commonwealth & Development Office (FCDO) who are also working with the Ethiopian authorities on tax policy and revenue administration.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: The regional tax policy advisor visited Addis Ababa in January 2025 to take stock of existing tax policy capacity, identify gaps, and develop a work program. Initial work will focus on VAT tax expenditure modeling. The first activity is expected to take place in July/August 2025. This will benefit the authorities by increasing their understanding of impacts of existing measures and ability to assess revenue impacts of possible future changes. In March 2025, a joint mission by the IMF's Fiscal Affairs (FAD) and Legal (LEG) departments provided advice and drafting assistance to the authorities on revisions to the income tax proclamation, to implement recommendations in the MTRS. Amendments are expected to be passed in summer 2025, improving the efficiency of the income tax system and increasing revenues.

Previous Progress: Previous CD identified areas for improvement to Ethiopia's tax policy and suggested a roadmap, which was reflected in the MTRS developed with FAD help and published in 2024. Thus, there is political commitment to move forward with legislative changes that fit within FAD's recommendations for a more efficient, effective, and fair tax system. Also notable is the implementation of a new VAT law in 2024 that was originally drafted by the IMF, is reflected in the MTRS, and has already been followed by increased VAT revenue collections.

Next Steps: The GPFP project is continuing. In the short term, the IMF is working with the authorities on the drafting of the legislative amendments for income tax. FAD is awaiting further communication from the authorities on their next priorities for tax policy CD. Possible areas that have been floated by the authorities are agricultural taxation, capital markets taxation, tax treaty negotiation skills training, and the regulations for the VAT and income tax proclamations. The regional advisor's focus in the coming months will be on VAT modeling, which is dependent on the authorities making available the necessary data.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: The authorities requested a TADAT re-assessment to gauge the state of revenue administration in the country and its contribution to the deteriorating tax to GDP ratio. The assessment was carried out in August 2024. The authorities have established a task team led by a senior officer in the Prime Minister's office to review the report and develop an implementation plan.

Previous Progress: Support was given to develop the NMTRS. This was finalized and published in October 2024.

Next Steps: A post-TADAT mission is planned to do a deeper diagnostic and formulate recommendations to address the areas identified as weak in the TADAT re-assessment. Following this activity, we will firm up a CD plan, which will also be supported by IMF's Regional Technical Assistance Center for East Africa (AFE). Compliance risk management has already been identified as one area that needs urgent attention, and discussions are underway to field a mission to do a deep dive into it.

III. LOGICAL FRAMEWORK

Country – Ethiopia		
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	October 2024 - CD delivery has not yet started. Initial visit by regional tax policy advisor to assess tax policy capacity and develop a work program in January 2025. March 2025 - CD mission to assist with implementation of income tax reforms contained in MTRS.
RM I: Objective - Improve Tax Policy Design – TPD		Rating - 1
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	October 2024 - CD delivery has not yet started. March 2025 - CD mission to assist with implementation of income tax reforms contained in MTRS.

RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	Authorities prioritized a TADAT assessment to inform reforms.
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 1
Outcome	Rating	Narrative
Corporate priorities are better managed through effective risk management	1 Not Achieved	Yet to agree mission dates with authorities.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	1 Not Achieved	MTRS draft approved in September 2024. Still engaging authorities on next move, which should include developing an implementation plan

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: The security situation and effects of the world economic and security conditions pose a risk to DRM efforts.	Medium	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events.
Political Support		
RM I, RM II: Coordination between MoF and Ministry of Revenues (MoR) on MTRS has improved.	High	Seek support from the country team to coordinate meetings between MoR and MoF and engage staff in both Ministries to ensure government ownership of reforms with the big picture in mind.
Management and Technical Staff Support and Commitment		
RM I: Low commitment of management and staff in finance ministry to adopt and implement tax reform measures.	Very High	Engage with senior management and technical staff proactively to strengthen their capacity to manage reforms for achievement of desired strategic outcomes.
RM II: Minister of Finance showed commitment to supporting implementation of ITAS.	Medium	Continue providing CD support and engaging authorities in a coordinated way.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM I: Insufficient technical capacity; human resources necessary to make use of new tools.	Very High	Ensure CD plans include sufficient capacity building and training elements (including train-the-trainers approach) and prioritize CD to priority or highest risk areas where resources are limited.
RM II: Minister of Finance showed commitment to supporting implementation of ITAS.	Medium	Continue providing CD support and engaging authorities in a coordinated way.
Other Risks		
RM I, RM II: Delays in putting in place active and effective governance structures for NMTRS between the MoF and MoRS are a threat to the country's DRM efforts.	Very High	Engage the IMF Resident Representative and other development partners to assist in coordinating between the MoF and MoRs to ensure timely implementation of the NMTRS.
RM I, RM II: Overlaps may arise as multiple donors are providing technical assistance on fiscal risk topics and gaps.	Medium	Take an active role in engaging with other donors, especially the World Bank, to ensure support is well coordinated.

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I. COUNTRY REFORM PROGRESS

This project was approved during the January 2025 Steering Committee meeting. To date, one capacity development (CD) activity has been delivered, focusing specifically on tax treaties.

CD under this project has helped build foundational knowledge in tax treaty negotiations, facilitated internal collaboration and dialogue (e.g., between Ministry of Foreign Affairs and Ministry of Economy), and resulted in the development of a draft model tax treaty for Gabon. These developments are expected to greatly assist Gabon in its future tax treaty negotiations.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy
Key Progress in FY25: CD delivery under this project was initiated only recently with a first mission delivered in March 2025. There appears to be good traction with country authorities, which should facilitate enactment of reforms in the coming years Previous Progress: N/A Next Steps: A mission is planned for May 2025 to assist authorities with micro-simulation modeling to support income tax reforms. Another activity is also planned for FY26, with the subject to be determined at a later date (tentatively modeling of mining fiscal regime).

III. LOGICAL FRAMEWORK

Country – Gabon		
Objective – Improve Tax Policy Design - TPD		Rating - 1
Outcome	Rating	Narrative
Increased/decreased revenue quantity	1 Not Achieved	CD was initiated in March 2025, such that it is too early within the program to expect achievement of this outcome.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	CD was initiated in March 2025, such that it is too early within the program to expect achievement of this outcome.
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	CD was initiated in March 2025, such that it is too early within the program to expect achievement of this outcome.

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.	1 Not Achieved	CD was initiated in March 2025, such that it is too early within the program to expect achievement of this outcome.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
World economy, regional and national security, etc.	Medium	Factor authorities' priorities into our work program and remain flexible in delivering the workplan.
Political Support		
Obtain needed leadership from Ministry of Economy and sufficient buy-in from the whole government to enact meaningful reforms in the National Assembly.	Very High	Engage constructively with high-level officials to ensure that they appropriate themselves of proposed reform options and that their views or concerns are considered and reflected into our analysis and recommendations. Work closely with country team.
Management and Technical Staff Support and Commitment		
Buy-in and commitment by our direct counterparts at the Ministry of Economy.	High	Engage constructively with counterparts to ensure that they appropriate themselves of reform options and that their views are considered in the analysis and recommendations. Remain agile and build the CD program based on their needs and preferences.
Resource Adequacy <i>[risk]</i>		
Resource adequacy in Ministry of Economy, including in terms of number of staff and skillset required to effectively support CD missions and absorb analysis and recommendations.	Medium	Sequence CD and reform proposals to align with country capacity. Offer complementary CD in the form of follow-up engagements or support in legal drafting. Coordinate closely with the revenue administration division.

V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The Gambia's tax system is characterized by large economic distortions and a low revenue yield and requires significant reform. The GPFP-funded project on tax policy has helped advance these needed reforms in several ways in FY25. Leveraging the IMF's Fiscal Affairs Department's (FAD) analysis and advice, the authorities drafted a revised Gambia Investment & Export Promotion Agency (GIEPA) Act, which streamlines investment tax incentives and is ready to be submitted to parliament. The authorities have developed a Domestic Revenue Mobilization Strategy (DRMS), which FAD recommended and provided support on, with the tax policy unit (TPU) heavily engaged in this endeavor. The DRMS provides a framework for tax policy reform over the medium-term and is a structural benchmark (SB) under the IMF program. Finally, on the back of FAD recommendations, the authorities have commenced efforts to begin tax expenditure reporting in 2025 (another SB), including developing a working group across the TPU and revenue authority. Encouragingly, tax revenues increased from 9.5 percent of GDP in 2023 to an estimated 10.3 percent in 2024.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: Progress was made on several fronts in FY25. At a strategic level, the authorities drafted a DRMS to provide an overarching vision for future DRM efforts, including through tax reforms that can increase revenues, efficiency and progressivity. FAD provided significant input in the development of the DRMS—remotely for an early draft and during a mission in February 2025 which provided more comprehensive recommendations. Specific reform areas also saw progress. A FAD mission in May/June 2024 provided recommendations on tax incentives, digital supplies, and tourism taxation. A revised GIEPA Act drafted by the authorities and the draft DRMS incorporate many of these recommendations, including phasing out costly tax holidays. The February 2025 mission identified the need for comprehensive VAT review and reform, which the authorities are now committed to, and made recommendations on tax expenditure reporting that the authorities are already acting upon.

Next Steps: The near-term priority is to support the authorities in the implementation of recent tax policy recommendations and structural benchmarks under their IMF program. Remote support to review the final draft of the DRMS in June 2025 will ensure the document provides a strong foundation for increased quantity and quality of DRM in subsequent years. Support to review the authorities' first tax expenditure estimates (tentatively October 2025) will help develop institutional analytical capacity and identify opportunities to raise revenues and reduce economic distortions. A HQ mission to comprehensively review the Gambian VAT system will provide recommendations for reform options needed to achieve the objectives set out in the DRMS.

III. LOGICAL FRAMEWORK

Country – The Gambia		
RM I: Objective - Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased/decreased revenue quantity	2 Partially Achieved	Tax revenues increased in 2024, mostly driven by higher corporate income tax revenues. The DRMS has been advanced further and following a Feb 2025 mission the authorities recognize the need to review and reform VAT to achieve their DRM objectives. Legislation to streamline investment tax incentives is drafted and the February 2025 mission provided a clear pathway to begin tax expenditure reporting, which may help identify other policy options for raising revenue in future.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	A February 2025 mission provided advice on further strengthening the focus on economic efficiency in the DRMS. Drafted amendments to the GIEPA Act will reduce the generosity of tax incentives and thus distortions between taxpayers and sectors, while the recommendations on tax expenditure reporting provided in the February 2025 mission will help identify further opportunities to reduce distortions in future. The draft DRMS places a strong emphasis on reducing economic distortions and addressing externalities--through an enhanced investment tax incentives, better use of excise taxation, modernized VAT and a suite of other tax measures expected to be adopted in the medium term. While no concrete legislative action has been yet undertaken, the authorities have advanced their work on revising the GIEPA Act and plan to work on rationalization of other tax expenditure.
RM II Objective - Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 2
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 TPU is heavily engaged with the drafting of the DRMS and amendments to the GIEPA Act. Recommendations provided in a February 2025 mission provide a framework for developing capacity on tax expenditure analysis in 2025 and beyond. The authorities place a strong emphasis in their draft DRMS on increasing these efforts. The draft DRMS is a clear manifestation of an improved approach to tax reform formulation.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Risk of external events creating a more challenging environment to implement reforms.	Medium	Ensure sufficient flexibility in project execution and allow for ability to adjust activities in the case of adverse events.
Political Support		
RM I: Lack of political support for reforms inhibiting required actions or resources being allocated away from the reforms, stalling progress in formulating, and implementing reforms.	Medium	A Fund coordinated approach with the country team to help track progress, get political support for reforms, and resolve key obstacles to sustained revenue performance.
Management and Technical Staff Support and Commitment		
RM I: Low commitment of management and staff in finance and other ministries to adopt and implement recommended reforms.	Medium	Engage with senior management and technical staff proactively and explain their role in driving reforms. Ensure frequent engagement to maintain momentum and rekindle commitment where needed.
Resource Adequacy		
RM I: Insufficient technical capacity and human resources necessary to implement reforms are limited.	Low	Ensure capacity development (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.
Other Risks		
RM I: Multiple donors providing technical assistance, leading to overlaps and/or conflicting advice.	Low	Under the leadership of the country team, take an active role in engaging with other donors to ensure support is well coordinated.

V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Growth was strong in 2024, reaching 9.4 percent, and fiscal buffers remain healthy. The fiscal deficit stood at 2.4 percent of GDP, in line with the fiscal rule. The tax-to-GDP ratio rose to 25.2 percent in 2024, up from 24.4 percent in 2023, reflecting gains from tax administration reforms. A medium-term revenue strategy (MTRS) was adopted and published in December 2024. However, the Law on Economic Freedom—which mandates a referendum for any increase in tax rates or the introduction of new taxes—continues to constrain the scope for further tax reform including in the mining sector.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: The exemption for non-residents on interest income from listed companies was renewed for an additional three years, based on advice from the IMF's Fiscal Affairs Department (FAD). A review of capital income taxation for residents, in the interim period, has been recommended by FAD.

Previous Progress: In FY24, FAD led a review of fiscal regimes in the mining sector, recommending a shift to (1) an ad valorem royalty (as opposed to the current volume-based royalty system); (2) an additional progressive royalty based on operating profits. The transition to ad valorem royalties will make the sector's revenues more responsive to fluctuations in international mineral prices. The royalty on operating profits will secure a higher government share of rents generated from higher international prices and/or the discovery of high-grade minerals. Also, the newly adopted MTRS is a direct outcome of capacity development (CD) provided by FAD in FY24.

Next Steps: FAD will continue engaging authorities on tax policy in the mining sector and on capital income. The recommended review of capital income taxation would address both personal income tax progressivity concerns and would provide clarity on financial asset taxation, a prerequisite for capital markets development. Also, FAD will remain available for support to strengthen the next iteration of the MTRS.

III. LOGICAL FRAMEWORK

Country – Georgia		
Objective - Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased/decreased revenue quantity	2 Partially Achieved	(1) <i>Mining taxation</i> : changes recommended by the FY24 mission (switch to ad valorem royalties; introduce a profit-based progressive royalty). (2) <i>Capital markets taxation</i> : in FY25 follow-up TA was provided to address a specific exemption (on portfolio interest income paid to non-residents).

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Risk that external events create a more challenging environment to implement reforms.	Medium	Program execution allows for sufficient flexibility ability to adjust activities in the case of adverse events
Political Support		
Lack of political support for reforms.	Medium	The IMF Stand-by Arrangement and the related MTRS are strong signs of political support.
Management and Technical Staff Support and Commitment		
Low commitment of management and staff in finance and other ministries to adopt and implement fiscal risk management practices	Medium	Both the MTRS and past CD projects have evidenced the availability and engagement of qualified staff.
Resource Adequacy		
N/A	N/A	N/A
Other Risks		
N/A	N/A	N/A

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I. REFORM PROGRESS

Background to the Revenue Administration Governance and Integrity Assessment (RAGIA)

This tool provides a standardized approach to governance and integrity assessments in revenue administration. It covers tax and customs administration as well as matters arising in administering natural resource taxes (NRT) and for revenue administration in special economic zones (SEZ). It provides a basis for review of the administrations and is not a policy assessment tool.

The RAGIA builds upon an approach developed by the IMF's Fiscal Affairs Department (FAD) at Online Annex 2.3 of the April 2019 *Fiscal Monitor* (Annex 2.3). This described key features of a governance framework for revenue administration.¹ Annex 2.3 adopted a wide concept of governance. Assessments of governance vulnerabilities would include but are not limited to those arising from corruption, which are difficult to demonstrate due to their hidden nature. Governance reforms would not be restricted to legal or regulatory areas but are also reflected in processes, systems and procedures implemented by strong and effective institutions. Examining broader governance weaknesses across laws, business processes and systems, and institutional matters, can support an assessment of the severity of potential integrity breaches and the approach for addressing these weaknesses.

The RAGIA tool maintains this broader view of governance vulnerabilities. The assessment is intended to highlight legal, organizational, policy and operational matters in tax and customs administration and in their human resources, financial management and oversight functions, that are risks to good governance and integrity in the administrations. Importantly, an assessment of these governance and integrity weaknesses does not establish a conclusion of improper or corrupt conduct in the administration of taxes and customs. Rather, a systematic assessment using the RAGIA framework is intended to highlight the governance and integrity-related risks that need to be mitigated. They inform a dialogue for the design of measures to reduce vulnerabilities and the likelihood of integrity failures.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module IV – Fiscal and Macroeconomic Tools, Research, and Analytical Work

Key Progress in FY25: Further revisions to the framework (Excel spreadsheet) were carried out and the tool was cross-checked against the WCO's framework for customs to ensure adequate coverage for customs administration. The comprehensive guidance note has now been completed, and it includes references for each measure to governance and integrity vulnerabilities, mostly in the public domain. Further work to identify public sources for the few remaining measures where references are not in the public domain is to take place. Additionally, the framework has been summarized for incorporation into an IMF book entitled, *"A Risk-Focused Approach to Addressing Fiscal Governance Vulnerabilities: A Practical Guide."*

¹ IMF: Fiscal Monitor, *Curbing Corruption*, April 2019 and Online Annex 2.3, *Key Features of a Good Governance Framework in Revenue Administration*.

Previous Progress: Previously, the RAGIA framework was close to pre-testing finalization. Six Governance and Integrity Measurement Areas (GIMAs) have been developed. Within each GIMA there are multiple Governance Features (GFs – 42 in total) and within each GF there is at least one measure but as many as four (60 evidence-based measures). The RAGIA framework had been transferred to an Excel spreadsheet for ease of scoring – the scores of which are driven by “yes/no” answers to each of the elements identified for each evidence-based measure. Additionally, a guidance note was being developed to explain the usage of RAGIA, and it includes references to governance and integrity vulnerabilities reported publicly with respect to revenue administration.

Next Steps: The tool, once minor modifications have been made, will be formally tested on a Governance Diagnostic Assessment Mission to Liberia in June 2025. Once the mission has been completed, any feedback will determine the extent of any refinements required. A further one of two pilots to test the tool will also be required.

III. RISK ASSESSMENT

Description	Rating	Mitigation Measures
Political Support		
Lack of political support for assessing governance and integrity inhibits required actions or resources being allocated that are needed for enhancements to fiscal risk management institutions and practices.	Very High	Ensure fiscal risk capacity development (CD) is focused on priority areas and engage regularly with ministers and senior management to ensure government ownership of reforms.
Management and Technical Staff Support and Commitment		
Low commitment of management and staff in finance and other ministries to adopt and implement governance and integrity good practices.	Medium	Engage with senior management and technical staff proactively and explain the importance of strengthening governance and integrity within revenue administration.
Resource Adequacy		
Insufficient technical capacity and human resources necessary to implement governance and integrity reforms are limited.	Low	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or high-risk areas where resources are limited.

IV. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

In tax administration, FAD implemented a Minimum Viable Product (MVP) website for electronic filing and payment in Guinea-Bissau during the COVID-19 pandemic. Named Kontaktu, it became the backbone of a digital transformation in the country's tax administration. For the first time in Guinea-Bissau's history, domestic revenue collection surpassed customs revenue for four consecutive years. The tax-to-GDP ratio for taxes collected by the Directorate-General of Taxes and Contributions (*Direcção-Geral de Contribuições e Impostos* (DGCI)) increased from an average of 4.3 percent before Kontaktu to 6 percent in 2023.

As GPFP took over the Revenue Mobilization Thematic Fund (RMTF) project, it continued to support this digitalization journey. In FY25, the focus included: (i) value-added tax (VAT) implementation; (ii) electronic monitoring of filing and payment obligations; and (iii) the hiring of IT developers by the DGCI to manage the Kontaktu platform and develop new modules. The IMF's Fiscal Affairs Department (FAD) is currently assisting with the training and handover of Kontaktu to the newly hired IT team.

Guinea-Bissau's customs administration is making important strides through a capacity development (CD) project focused on modernization and transparency. With the upcoming launch of an electronic training platform and the redesign of the customs website, the administration is better positioned to meet its Trade Facilitation Agreement commitments. For the first time, customs procedures and legislation will be systematically published, improving communication with stakeholders. The project has also supported the redesign of import and export processes and the introduction of electronic manuals, which will help to reduce paper use, enhance traceability, and simplify clearance. These advances lay a solid foundation for more efficient operations and stronger compliance.

On tax policy, an October 2024 mission conducted a diagnosis of the mining fiscal regime using the FARI methodology, suggested reform options, and built capacity of staff from the ministry of finance and ministry of natural resources to analyze mining tax policy. This work on mining tax policy also helps inform the income tax reform work that will be the focus of tax policy technical assistance over the next year.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: An October 2024 mission conducted a diagnosis of the current mining fiscal regime, recommended reform options, and built capacity of staff from the ministries of finance and natural resources to analyze and design mining tax policy. There is a high risk that lack of capacity will hamper implementation of the mission's recommendations, and that ongoing renegotiations of the phosphate project will not be favorable to government. The mission recommendations included the repeal of all fiscal provisions from the Mining Code and the development of Mining Code regulations for royalty rates, mineral valuation procedures, and state participation.

Previous Progress: No legislative progress on a repeal and replace income tax reform has been possible, as President Umaro Sissoco Embaló issued a decree in December 2023 closing parliament. The minister of finance, however, did finally issue a Ministerial Order on October 31, 2024 that VAT legislation approved by

the National Assembly in 2022—and developed with RMTF support—would be implemented as of January 1, 2025.

Next Steps: The step forward on implementing a modernized VAT allows the focus to turn in mid-2025 to the income tax reform initiative being supported by the GPFP, as the DGCI lacks the capacity to consider income tax reforms concurrently with VAT implementation.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: *Tax administration.* Relying on the FAD-developed tool for tax administration in fragile states (Kontaktu), which is the backbone of tax administration reforms in Guinea-Bissau, the tax administration has been making consistent progress (electronic filing and payment, third-party data gathering, data-matching of information, among others). Ongoing actions are the design of modules for payment in instalments and tax arrears collections. In January 2025, the country launched the VAT implementation, which was expected to be completed within three years. A new module for corporate income (CIT) tax administration on transportation services was developed by the IT professionals, trained by FAD. Regarding the customs component of the project, the main benefit for the customs authorities was the creation of a clear foundation to improve transparency and communication with stakeholders through a redesigned, more informative website. Although the platform is still under development, the progress made sets the stage for meeting key WTO Trade Facilitation Agreement commitments, strengthening compliance, and enhancing the business environment. With continued implementation, the new website has strong potential to support more efficient customs operations and revenue mobilization.

Previous Progress: Regarding the customs component of the project, this being the first year of activities, there is no previous work to build upon.

Next Steps: *Tax administration.* Support on VAT and CIT on transportation services implementation. The conclusion of the payment in instalment modules and tax arrears collections will require additional CD. CD to modernize the registration system is planned. Regarding the customs component, the project will pursue two workstreams: strengthening post-clearance controls—especially for exemptions and suspension regimes—and advancing the digital training platform, including content development. These efforts aim to enhance reform delivery and improve core customs functions.

III. LOGICAL FRAMEWORK

Country – Guinea Bissau		
RM I: Objective – Improve tax policy design - TPD		Rating - 1
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures.	2 Partially Achieved	Income tax policy direction and natural resource scoping activities in January 2024 resulted in: an improved understanding of tax competitiveness in relation to supernormal profits in the mining sector, and productive discussions on the framework for a modernized income tax statute.

		A requirement to not renew tax incentives provided to CIMAF (Guinea-Bissau plant of Moroccan cement producer) was included in conditionality related to the IMF's Extended Credit Facility. These negotiated incentives were inconsistent with the Investment Code and their expiry in July 2025 is a welcome contribution to the denormalization of negotiated incentive packages; revenue losses from tax exemptions provided to CIMAF are estimated at 1.4 percent of GDP since 2017. An October 2024 mission conducted a diagnosis of the current mining fiscal regime, recommended reform options, and built capacity of staff from the Ministries of Finance and Natural Resources to analyze and design mining tax policy. There is a high risk that lack of capacity will hamper implementation of the mission's recommendations, and that ongoing renegotiations of the phosphate project will not be favorable to government.
Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	The focus for tax policy technical assistance is on a repeal and replace income tax reform and the fiscal framework for mining and petroleum. Fundamental reform related to the highly distortive expansive use of Stamp Duties, fees and charges is dependent on the mobilization of revenue from the more efficient income and consumption tax bases. General policy direction for income tax reform was obtained in a January 2024 series of mission presentations and discussions; with concurrent scoping on the fiscal framework for mining and petroleum.
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	2 Partially Achieved	November 2024: Support was delayed due to the elections. It is anticipated that there will be a change in the senior management team. April 2025: The elections were postponed to late 2025. The new planning cycle will start with the new government.
Corporate priorities are better managed through effective risk management	1 Not Achieved	November 2024: Digitalization has supported increased CRM in the small taxpayer segment and in arrears collection and payment in instalments. April 2025: With the implementation of VAT in January 2025, the limited resources were prioritized to that task.
Effective implementation of a new tax or modernized legislation	2 Partially Achieved	November 2024: The authorities have not made a decision on the start date for the VAT implementation.

		April 2025: VAT was launched in January 2025. Other changes will require Parliament being reinstated again—it has been closed for more than a year.
Support functions enable more effective delivery of strategy and reforms	1 Not Achieved	November 2024 and April 2025: The Parliament has been closed since the beginning of 2024, and legal measures are key to achieve this outcome.
The participants value this training	3 Largely Achieved	A prototype of the platform has been developed and made available to customs for testing. Three training modules have already been developed, including one on customs clearance. New modules under development and platform entry into production scheduled for May 2025.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	November 2024: DGCI has benefited from intense modernization using Kontaktu, which allowed domestic collection surpass customs collections for three years in a role, for the first time in history. April 2025: VAT is implemented and CIT in professional transportation services.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their filing obligations as required by law	1 Not Achieved	November 2024 and April 2025: Despite an automated tool to enforce timely filing is in place, DGCI still needs to monitor it.
A larger proportion of taxpayers meet their payment obligations as required by law	1 Not Achieved	November 2024: The design of a new module to enforce tax arrears collections started to be designed in October 2024, intending to automate as far as possible the current manual process of tax arrears collection. April 2025: The design of the module is complete and under review.
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	Not started yet.
Taxpayer services initiatives to support voluntary compliance are strengthened	1 Not Achieved	November 2024: The high turnover of senior staff, with poorly qualified senior managers, has hindered the achievement of this outcome. April 2025: The proximity of the elections has reduced the level of activities in the tax administration.
RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 1

Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	First controls on the end use of exempt goods were initiated. Post clearance audit is yet to be implemented. A June 2025 FAD Mission will advise on the control of exemptions and suspensions.
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	To be implemented.
Foreign trade operators better comply with their reporting and payment obligations	2 Partially Achieved	An FAD mission in October 2024 provided advice on this issue and worked together with customs staff to draft SOPs and new regulations on customs clearance and cargo control procedures for imports and exports.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: External shocks (social, political, economic, etc.) impact government revenue and expenditures.	High	Work with the IMF country teams and other IMF departments to analyze emerging fiscal risks and propose potential fiscal policies to minimize fiscal risks.
RM II: Government revenue measures adversely impact the tax ratio.	Very High	Work with country team and authorities to monitor revenue measures and their impact on the tax ratio and propose reforms to boost the tax ratio.
Political Support		
RM I, RM II: Political instability and/or lack of political support may slow down and even stop reforms.	Very High	Close consultation with the country team to assist authorities in recognizing the relevance of reforms.
RM II: DGA and DGCI's control being negotiated by political parties.	Very High	Strategic advice and hands-on capacity building to have a more permanent impact.
Management and Technical Staff Support and Commitment		
RM I, RM II: Patronage and cronyism in senior staff appointments.	Very High	Establish a merit-based selection process to hire senior staff.
RM II: High turnover of senior staff (11 DGs in six years) induces a lack of ownership and slows down the reforms.	Very High	Encourage authorities to implement reforms and closely monitor and discuss with them the status of reforms implementation. Investing in digitalization can minimize the risks once the upcoming authorities can review policies but are not able to change what is implemented in IT systems in the short term.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM II: Deficient transparency and accountability in the tax administration.	High	Development of reform projects approved by higher-level authorities, with clear objectives, outcomes, and milestones monitored by these authorities.
RM II: Cronyism and nepotism in hiring low-capacity and unskilled staff.	Very High	Establish a merit-based selection process to hire staff and ban the appointment of interns. Training of unskilled staff and displacement of low-capacity staff.
Other Risks		
RM II: Overlap of reforms with other development partners	Low	Coordinate reforms with major development partners
RM I, RM II: Slow implementation of reforms	Low	Aligning reforms timeline with conditions in the field - low capacity and lack of resources. Close monitoring and readiness to adopt necessary changes.

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I. COUNTRY REFORM PROGRESS

Haiti is still facing exceptional humanitarian, economic, social, and political challenges while the security situation remains dire, and has further deteriorated. Revenue has struggled to recover because of ongoing security problems, weak digitalization, and the September-November 2024 strike within the tax administration. The initial date (October 1st, 2024) of entry into force of the new tax code, which continues to receive broad support from the project, has been postponed to October 1, 2025. Close collaboration with the country team has enabled certain reforms that have been retained as structural benchmarks and supported by CD hybrid delivery modality.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration
Key Progress in FY25: All the main documents (decree, forms, instructions, etc.) implementing the new tax code have been finalized during the off-site mission in Panama (July 2024) and remotely (December 2024). Previous Progress: No CD activities to Haiti on customs administration took place under GPFP during FY25. Next Steps: Currently, the key area of intervention remains tax administration. During the Spring meetings 2025, the authorities requested support to help design sound tax and customs strategic reforms and operational action plans. Support will also be provided to assist in implementing the mobile tax payment.

III. LOGICAL FRAMEWORK

Country – Haiti		
Objective - Improved customs administration functions (SDG 17.1) – CAD		Rating - 1
Outcome	Rating	Narrative
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	This activity was rescheduled at the request of the authorities.
Trade facilitation and service initiatives better support voluntary compliance	1 Not Achieved	This activity was rescheduled at the request of the authorities.

Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 1
Outcome	Rating	Narrative
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	1 Not Achieved	This activity was rescheduled at the request of the authorities.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	1 Not Achieved	This activity was rescheduled at the request of the authorities.
Effective implementation of a new tax or modernized legislation	2 Partially Achieved	Although the entry into force of the new tax code has been postponed from October 1, 2024, to October 1, 2025, the main texts implementing the new tax code have been drafted. There are still a few texts to be finalized.
Objective - Strengthened core tax administration functions (SDG 17.1) – TAD		Rating - 1
Outcome	Rating	Narrative
Taxpayer services initiatives to support voluntary compliance are strengthened	1 Not Achieved	This activity was rescheduled at the request of the authorities.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Security and/or political instability can slow down and even stop implementation of reforms.	Very High	Focus on strategic advice and hands on capacity building to have a more permanent impact. Develop telework and speeding-up the digital transformation of the tax and customs administration (mobile tax, e-filing, e-payment, etc.)
Political Support		
Lack of political support for reforms inhibits resources being allocated that are needed to enhance the performance and restore the credibility of the tax and customs administration.	Medium	Engage regularly with the Minister to ensure ownership of reforms. Ensure CD on revenue is focused on the IMF Staff Monitored Program and engage with the IMF country team to align structural benchmarks with the CD recommendations.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
Weak leadership and lack of capacities combined with low absorptive capacity. Lack of reliable management information system may prevent the evaluation of tax and customs administration performance outcomes.	High	Encourage authorities to implement HR policy reforms and a sound training plan. Continual/regular high-level engagement and monitoring. Encourage authorities to ensure the respect of the timetable and to speed-up the implementation of the new IT system.
Resource Adequacy		
Insufficient technical capacity and human resources necessary to implement reforms are limited. Limited operating resources and working conditions not adapted.	High	Ensure CD plans include sufficient training and prioritize CD to risks areas where resources are limited. Engage regularly with the minister to ensure ownership of reforms.
Other Risks		
Commitment by the Director General has been gained but that of his staff is still weak. Several regional appointments, and reform's ownership by managers on the two of three islands is still low. The difficult security situation in Haiti means that we will not be able to carry out on-site missions in the medium term. Remote missions are an option, but in the absence of face-to-face meetings from time to time, there is a risk of losing authorities' attention.	High	Engage proactively with management and technical staff, and explain the importance of the tax administration reform plan and strengthening tax risk management One solution would be to organize off-site HQ missions at least once a year, as in the past, to a country with a direct flight from Haiti that would be willing to host Haitian officials.

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I. COUNTRY REFORM PROGRESS

On the revenue administration side, this three-year Global Public Finance Partnership (GPFP) project commenced in January 2025. It aims to consolidate the gains achieved through prior tax administration reforms to enhance tax compliance and further mobilize revenue. At the request of the authorities, the project also supports the strengthening of customs administration as part of efforts to facilitate international trade, aiming to reduce tax evasion and customs fraud in a manner that contributes to long-term and inclusive growth.

To strengthen Compliance Risk Management, a practical three-day workshop focused on developing a compliance improvement plan (CIP) was conducted. The Honduran tax administration (*Servicio de Administración de Rentas* - SAR) demonstrates robust analytical capacities for the identification and valuation of compliance risks. It is recommended to enhance the governance of compliance risks involving operational areas in the process and to reinforce the role of the Tax Compliance Risk Committee.

A staff visit was undertaken to update the assessment of SAR's performance, which, since 2023, has centered around the implementation of the new IT system (SIISAR), with its main modules operational since June 2024. Next steps for capacity development (CD) activities under the GPFP project and CAPTAC-DR were agreed upon with the SAR General Director, focusing on the continued support for tax incentives management and control, as well as improving the VAT refund process.

The authorities are promoting a significant tax reform bill—*Ley de Justicia Tributaria* (LJT)—which aims to reduce widespread exemptions. Due to the political environment, the approval of the LJT remains uncertain. CD activities aim to develop a CIP for managing risks associated with tax incentives and formulating recommendations and an action plan for the audit program concerning beneficiaries of tax incentives.

The project also provides guidance on improving the tax refund process for value-added tax by employing a risk-based model in accordance with international best practices. The administrative procedure was reviewed, identifying areas for improvement. Next steps were agreed upon during the short-term expert (STX) assignment to continue designing and implementing a risk-based model that summarizes the risk factors associated with the tax refund process, thereby streamlining the decision-making process of tax officials.

To address initial budgetary constraints, customs-related activities were initiated with IMF-01 funding and coordinated with CAPTAC-DR. This led to a workshop focused on developing a risk-based CIP, starting the construction of a tool to segment the total trader population, and establishing guidelines for a Risk Committee to ensure effective governance. Additionally, support was provided to identify key requirements for a new risk analysis system and to design a new cargo traceability and clearance model. A mission was conducted to review the draft of a new Customs Law, proposing concrete measures to align it with international best practices, ultimately ensuring it addresses current trade challenges and help improve compliance.

On the spending side, in the public financial management (PFM) module, this project aims to strengthen budget formulation and execution for improving the delivery of public spending and help mainstream climate change considerations into them. This will be done notably through advising on (1) how to strengthen budget preparation to formulate comprehensive and credible budgets, (2) how to lift bottlenecks to improve budget execution, and (3) how to identify and track strategic budget allocations that will benefit the fight against climate change.

A four-day virtual workshop, delivered in April 2025, provided a solid platform for further collaboration with the authorities to strengthen budget preparation in Honduras. Positioned as a launch-pad for a HQ mission planned later this calendar year, the virtual workshop showcased good practices and techniques on a range of budget formulation issues. These presentations facilitated active participation and engagement with officials in Honduras to establish a common perspective on the current situation, challenges and bottlenecks.

The mission was able to reach consensus with the authorities on the issues and challenges associated with budget preparation in the country. Primary among these is the frequent and constant budget adjustments that undermine the credibility of the budget ceilings and occupy a significant share of the Ministry of Finance staff time. These continuous adjustments seem to be driven by unresolved issues in the budget negotiation process between the ministry of finance and line ministries, the latter viewing the budget formulation process as a compliance exercise, rather than a strategic one, and a lack of consequences for not adhering to budget ceilings.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: Related tax compliance, it was recommended to strengthen the governance of tax compliance risks by reinforcing the role of the Tax Compliance Risk Committee and involving operational areas in compliance risk management. Additionally, the Honduran tax administration plans to implement an auditing framework for tax incentives, following previous recommendations and capacity development (CD) activities. The administrative procedure for VAT refunds was reviewed, identifying areas for improvement and beginning to develop a risk-based model in accordance with international best practices.

Regarding the strengthening of customs administration, recommendations were provided to enhance the regulatory framework. Furthermore, officials were trained to implement a risk-based compliance improvement plan. Collectively, these measures will serve as a foundation for better targeting of control and facilitation actions.

Next Steps: In tax administration, upcoming activities will focus on implementing a risk-based model for the VAT refund process. An HQ-led mission will be conducted to update tax authorities' priorities after the upcoming presidential elections in November 2025.

Upcoming customs activities will concentrate on establishing the groundwork for adopting an integrated risk management approach. This will support the objectives of the IDB-financed customs modernization project.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY25: A four-day virtual workshop, delivered in April 2025, provided a solid platform to discuss issues and challenges associated with budget preparation that undermine the credibility of the budget ceilings and occupy a significant share of the Ministry of Finance staff time:

- The President and Executive, including the Finance Minister, are not sufficiently involved in priority setting process and priority initiatives for the budget are not clearly communicated to line ministries to aid effective reallocation of resources.
- Budget rigidities are significant and restrict resource allocations.

- The link between planning and the budget is weak and even though there are several planning documents (national and sectoral plans), plans are not costed nor policies prioritized through the budget process.
- While there is a medium-term orientation to the budget, the estimates for the forward years are not connected to the economic parameters or program demand variables and the program baselines are opaque and do not reflect the true cost of a program, despite previous efforts at a zero-based budgeting exercise

Next Steps: a full HQ mission will be delivered later this calendar year to set a reform plan to address these vulnerabilities and support strengthening the budget formulation process in the country. Follow-up STX visits will provide hands-on continue support to implement the milestones comprised in the reform plan.

III. LOGICAL FRAMEWORK

Country – Honduras		
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	1 – Not Achieved	The tax reform bill promoted by the authorities which aims to rationalize tax incentives, eliminates banking secrecy and introduce a registry of beneficial ownership is still under General Assembly discussion with limited chance to be approved before the upcoming presidential elections in November 2026.
Corporate priorities are better managed through effective risk management	2 - Partially Achieved	The project was approved in January 2025, so the first activities related to customs will begin in FY26. However, using resources from IMF01, a workshop was held on how to develop a risk-based compliance improvement plan, and practical guidance was provided to develop an analytical tool to segment the total population of traders. In tax administration, authorities have decided to resume the activities of the compliance risk committee. No further actions have been taken
Support functions enable more effective delivery of strategy and reforms	2 – Partially Achieved	Based on previous CD activities, tax authorities have continue working on human risks management making progress in the training program and improvements in remuneration. However, other activities to identify workloads have been delayed. The political environment, particularly the upcoming presidential elections, could slow down activities related to human resources management.

Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	2 – Partially Achieved	The project was approved in January 2025, and the first activity was conducted in April 2025. The initial activity focused on reviewing the draft of a new customs law, providing several recommendations to ensure its alignment with international best practices and readiness to tackle current international trade challenges
Digital technologies are better aligned with strategic objectives	2 – Partially Achieved	The project was approved in January 2025, so the first activities will begin to be carried out in FY26. However, some activities were carried out through IMF01 resources and CAPTAC-DR. While progress is being made, it is still too early to achieve more concrete results.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating – 0
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their payment obligations as required by law	2 – Partially Achieved	The general characteristics of a risk-based model for improving the VAT refunds process have been defined. The administrative process was reviewed. The implementation of the new IT system SIISAR offers an opportunity to improve the refunds process. Further actions will be taken during FY26 to implement the model.
RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 2
Outcome	Rating	Narrative
Foreign trade operators better comply with their reporting and payment obligations	2 – Partially Achieved	The project was approved in January 2025, so the first activities will begin to be carried out in fiscal year 2026. Using resources from IMF01 and CAPTAC, progress has been made in defining a new traceability and customs clearance model, as well as establishing a new national intelligence center.
SM II: Objective - Strengthened Budget Management - PBM		Rating - 2
Outcome	Rating	Narrative
Strengthened budget execution and control processes	2 Partially Achieved	CD supported the development of a methodological and practical manual for budget execution programming that will be expected to contribute to the institutionalization of budget execution programming and improve budget execution processes.
Strengthened annual budget process, and effective allocation	2 Partially Achieved	The April 2025 virtual workshop showcased good practices and techniques on a range of budget formulation issues. The focus of the planned HQ

		mission will be targeted to a selected number of issues and identifying practical solutions to address the challenges. A comprehensive assessment to be made after the HQ mission takes place later in 2025.
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IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II: Risks that external events create a more challenging environment to implement reforms.	Low	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events.
SM II: Natural disasters and other external shocks could hinder CD delivery in the field.	Low	Remote CD when necessary.
Political Support		
RM II: Political instability due presidential elections in November 2025 can slow the implementation of reforms	Medium	HND has prioritized strengthening tax and customs administration based on its needs assessment. Focus on strategic advice and hands on capacity building to have a more permanent impact.
Management and Technical Staff Support and Commitment		
RM II, SM II: Continuous rotation and lack of preparation of managers undermine the absorptive capacity.	Medium	The missions will work with stable staff and officials encouraging authorities to implement administrative reforms that contribute to a more stable staff. Continual/regular high-level engagement and monitoring.
Resource Adequacy		
RM II: Deterioration of fiscal situation may impact availability of resources to finance reforms.	Low	Careful alignment of reforms with the main priorities of the government. Reforms at SAR, Customs and ministry of finance are underpinned by comprehensive strategic plans, and the projected results from the respective government's strategic decision to strengthen tax and customs administrations and to reduce noncompliance.
SM II: Availability of funding and staff for CD.	High	Plan CD well in advance to secure resources.
Other Risks		
RM II: Lack of coordination among capacity building partners duplicate efforts and deliver contradictory advice.	Low	Take an active role in engaging with other donors to ensure support is well coordinated specially with IADB

V. PROJECT MANAGERS CONTACT INFORMATION

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I. REFORM PROGRESS

Officials from the IMF's Regional Technical Assistance Center in Central America, Panama and the Dominican-Republic (CAPTAC-DR) countries (i.e., Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and the Dominican Republic) stated that their skillset of analytical tools and policy advice has been significantly augmented thanks to the material covered in the course. This was emphasized by their learning gain of 14.9 percent. They felt more effective in supporting their country's reform efforts, especially in boosting revenues to finance needed social security and infrastructure investments.

II. PROJECT DELIVERY HIGHLIGHTS

Spending Module III – Training and Peer Learning

Officials from the seven CAPTAC-DR countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and the Dominican Republic) and three regional organizations - the Council of Finance Ministers, the Central American Bank for Economic Integration, and the *Consejo Monetario Centroamericano* - participated in this one-week offering of the Inclusive Growth course that took place in Antigua, Guatemala during January 13-17, 2025. The fast-paced program covered the essential concepts and tools to understand, analyze, and address the obstacles to inclusive and sustained growth. Lectures and hands-on workshops provided a series of indicators that, in their comments, participants stated they will use to enhance their analysis and policy advice. In particular, officials found the diagnostic tools to identify growth constraints very powerful and essential to measure the impact of growth on poverty and inequality.

The course average value score from the end-of-course survey was 4.8 (out of 5). Two thirds of the participants scored over 60 percent in the post-course test. Both results are a clear indication of the positive impact of this delivery.

Looking forward, countries like Guatemala, Honduras, Nicaragua and El Salvador, in particular, need to boost revenues to increase spending in social sectors and infrastructure to attain inclusive growth with lower inequality. The training provided tools that help the countries design policies aimed at achieving these goals in the context of limited private sector credit, high debt, and climate challenges.

III. LOGICAL FRAMEWORK

Country – CAPTAC-DR Inclusive Growth Framework		
Objective - Participants effectively acquire knowledge and skills taught in the Inclusive Growth (IG) course and use them subsequently on the job or in their interaction with the Fund. - IGR		Rating - 3
Outcome	Rating	Narrative
The participants value this training.	4 Fully Achieved	Participant valued training as evidenced by the high score of 4.8 out of 5 - average rate given by participants in the Inclusive Growth course delivered in CAPTAC-DR in January 2025.
Participants demonstrate that they have effectively acquired knowledge and skills at the Absolute Learning level as measured by pre- and post-course test	3 Largely Achieved	Two-thirds of the participants scored above 60 percent on post-course tests in the Inclusive Growth course delivered in CAPTAC-DR in January 2025 OT25.11
Participants demonstrate that they have effectively acquired knowledge and skills at the Learning Gain level as measured by pre- and post-course test	2 Partially Achieved	For the Inclusive Growth course OT25.11, delivered in CAPTAC-DR, the average score obtained by participants in the post-course test increased by 14.9 percentage points with respect to the same pre-course test: this is the Learning Gain.

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I. COUNTRY REFORM PROGRESS

The Macroeconomic Frameworks technical assistance (TA) project by the IMF's Institute for Capacity Development (ICD) has played a catalytic role in Colombia's institutional strengthening. Delivered between 2023 and 2025, the TA project supported the Autonomous Committee for the Fiscal Rule (CARF) in enhancing its macroeconomic forecasting and fiscal oversight capabilities. This effort coincided with Colombia's broader fiscal reform agenda, including the government's commitment to debt sustainability and macroeconomic stability. The project's centerpiece—the *Plataforma de Análisis Económico* (PAM)—is a macroeconomic projection tool (MPT) tailored to Colombia's economic structure and data environment, enabling CARF to independently assess the realism of Ministry of Finance (MoF) projections and quantify macroeconomic risks. The PAM's integration into CARF's operations has strengthened the institution's role as a credible fiscal watchdog, contributing to more prudent and transparent fiscal planning. The project also contributed to institutionalize forecasting processes, improved stakeholder engagement, and promoted a culture of evidence-based policymaking. By aligning with national priorities and leveraging local ownership, the ICD-supported initiative has helped embed analytical rigor into Colombia's macroeconomic policy framework, reinforcing the country's resilience amid a challenging global environment.

II. PROJECT DELIVERY HIGHLIGHTS

Spending Module IV – Fiscal and Macroeconomic Tools, Research, and Analytical Work

Key Progress in FY25: During the second half of FY2025, the CARF staff made significant strides in enhancing their macroeconomic analysis and forecasting capabilities. This period saw the development of a baseline macroeconomic projection, complemented by alternative risk scenarios. The MPT underwent substantial improvements, now featuring an extensive macroeconomic database and the integration of the fiscal rule, with enhanced monetary and external sectors.

Previous Progress: A dedicated team for macroeconomic projections has been established, featuring a clear delineation of responsibilities and well-defined procedures to guide the projection process and support CARF analysis. Additionally, a user-friendly macroeconomic database has been developed to efficiently integrate into the macroeconomic framework. The procedures for managing the database and generating forecasts have been streamlined and thoroughly documented, ensuring ease of use and accessibility.

Next Steps: Works for the last mission, planned for June 2025, relate with integration of the macroframeworks outputs into CARF analysis, perform additional simulation exercises and finalize tool documentation.

III. LOGICAL FRAMEWORK

Country – Colombia		
Objective - Develop capacity in macroeconomic forecasting and policy analysis to support policy decision making and communications - MFR		Rating - 3
Outcome	Rating	Narrative
Authorities have a baseline understanding of their existing forecasting and analytical capabilities and opportunities for improvement	4 Fully Achieved	The results from scoping were transmitted to authorities in the form of a TA report which was eventually published in the IMF website. Authorities agreed on an action plan to develop analytical and forecasting capacity, including developing a MPT.
Improved analytical skills, and better macroeconomic forecasting and policy analysis capacity	3 Largely Achieved	The core team has been established, and responsibilities have been effectively allocated. The team has deepened its understanding of key macroeconomic relationships among the four sectors and the economic impact of various policies. They have also developed expertise in producing macroeconomic forecasts using a macroframework, generating both baseline and alternative scenarios, which they have presented to senior management along with a coherent narrative. In response to staffing challenges at CARF, the Action Plan has been revised and streamlined to accommodate the new staffing limitations. The project is scheduled for completion by the end of June 2025, by which time project objectives are expected to be achieved.
Analytical models and forecasting tools are developed and operational	3 Largely Achieved	An initial version of the MPT has been setup (based on the CAEM canonical template), including a macroeconomic database sourced with locally-obtained data. The core team can update and operate the tool. During the last mission (April 2025) the CARF team integrated the fiscal rule and enhanced the external and monetary sectors. The initial version of the user manual has also been drafted.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Covid restrictions or climate conditions.	Low	Virtual and hybrid delivery.

Description	Rating	Mitigation Measures
Political Support		
Possibility of the MoF's high hierarchy blocking the TA project delivery or the publication of its TA reports.	Medium	Authorities from the MoF have expressed continuous support to the project and facilitated the publication of the scoping TA report. No further mitigation measures are envisaged.
Management and Technical Staff Support and Commitment		
Possibility of losing senior management commitment to allocate sufficient staff's time to the project.	Medium	Regular check-ins with CARF Technical Director. Delivery of a Reverse TA mission in HQ.
All core team members have a 11-month contract with MoF. They are not formally employed by CARF as the institution has no legal capacity.	High	- Continuous documentations. - Gradual delivery - Recording of virtual sessions.
Resource Adequacy		
Staff have not enough time to work on TA-related activities.	Medium	-TA delivery modality mainly relying on virtual, weekly sessions through the year. Delivery focus on flexibility and asynchronous tasks.
Other Risks		
N/A	N/A	N/A

V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

This project has finalized successfully. The analytical capabilities at the Ministry of Finance and the Central Bank of Ecuador improved significantly along the process of building the Macroeconomic Projection Tool (MPT). The MPT is fully developed and operative and the team of officials know very well how to use it for forecasting and policy analysis.

II. PROJECT DELIVERY HIGHLIGHTS

Spending Module IV – Fiscal and Macroeconomic Tools, Research, and Analytical Work
Key Progress in FY25: The model was adjusted and is fully operative. Several features were adjusted so the shocks generate economic responses that are in line with economic theory and with the experience of country officials. The model generates forecasts and can be used to create alternative scenarios and risk analysis. We also introduced a section in the monetary sector that forecasts the banking system and computes a set of Financial Soundness indicators. By introducing shocks to GDP growth and the interest rate those indicators are affected. Previous Progress: The model was built jointly with the country officials' guaranteed ownership. Next Steps: The officials have to use the model as much as possible, establish a calendar for the next round of forecasts with dates and deliverables, and assign a person responsible for those deliverables. They have to update the manual. No more meetings with the IMF will be held; a closing session of the project already took place with the authorities.

III. LOGICAL FRAMEWORK

Country – Ecuador		
Objective - Develop capacity in macroeconomic forecasting and policy analysis to support policy decision making and communications - MFR		Rating - 3
Outcome	Outcome	Outcome
Authorities have a baseline understanding of their existing forecasting and analytical capabilities and opportunities for improvement	4 Fully Achieved	Authorities completed the project. The MPT is operative in good shape and the authorities know how to operate it and have a thorough understanding of macroeconomics and the linkages among sectors.
Improved analytical skills, and better macroeconomic forecasting and policy analysis capacity	4 Fully Achieved	Authorities improved the analytical capabilities along the process of building the MPT.
Analytical models and forecasting tools are developed and operational	3 Largely Achieved	The MPT is fully developed and operational and authorities know how to use it.

IV. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

A menu of tax policy reform options, and an assessment of regional revenue potential, was presented to the authorities. Recommendations on how to achieve the government's ambitious revenue target were provided. The authorities have not requested technical assistance in FY25. The project may be closed in January if progress continues to stall.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy
Key Progress in FY25: A follow-up mission on selected tax reform issues was planned during the FY24 engagement, but the authorities seem to focus on tax administration reforms at this point. Previous Progress: A mission in FY24 provided a broad overview of potential tax system reforms, which can be used to tailor future engagement. Next Steps: The IMF's Fiscal Affairs Department (FAD) remains committed to supporting the authorities in achieving their ambitious revenue target and will remain in close contact with the IMF's Asia & Pacific Department to reengage.

III. LOGICAL FRAMEWORK

Country - Indonesia		
Objective - Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased/decreased revenue quantity	2 Partially Achieved	A mission provided reform options to increase revenues. It is uncertain whether the reform options will be implemented.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	No engagement since last mission in FY24.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Risk that external events create a more challenging environment to implement reforms.	Medium	Ensure sufficient flexibility in program execution across countries and allow for ability to adjust activities in the case of adverse events.
Political Support		
Lack of political support for reforms inhibits required actions or resources being allocated that are needed to enhancements to fiscal risk management institutions and practices.	High	Engage with senior management and technical staff proactively and explain their role in driving reforms. Ensure frequent engagement to maintain momentum and rekindle commitment where needed.
Management and Technical Staff Support and Commitment		
Low commitment of management and staff in finance and other ministries to adopt and implement fiscal risk management practices.	Medium	A Fund coordinated approach with the country team to help track progress, get political support for reforms, and resolve key obstacles to sustained revenue performance.
Resource Adequacy		
Insufficient technical capacity and human resources necessary to implement reforms are limited.	Low	Prioritize capacity development to priority or highest risk areas where resources are limited.
Other Risks		
Multiple donors providing technical assistance, leading to overlaps and/or conflicting advice.	Low	Take an active role in engaging with other donors to ensure support is well coordinated.

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I. REFORM PROGRESS

In line with the original aims of the International Survey on Revenue Administration (ISORA), engagement with tax administrations is shifting towards use of ISORA data in benchmarking and planning. A large database of comparative data on tax administration is publicly available, through collaborative efforts by the ISORA partners (ADB, CIAT, IMF, IOTA and OECD) spanning a decade. A workshop on the use of ISORA data, that was attended by eight members of the IMF's Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC), elicited peer-to-peer conversations about performance and the sharing of good practices by countries exhibiting relative strength in particular areas. The workshop also served to highlight to administrations the importance of contributing complete and accurate data to the ISORA database. A second workshop on the use of ISORA data and comparative analysis was attended by 14 members of the IMF's regional capacity development centers in West Africa (AFW and AFW2). In their wrap-up presentations, workshop participants emphasized learnings spanning an appreciation of the importance of data quality, as well as areas identified within their respective administrations where ISORA data had highlighted areas for improvement.

Work continues to update the published ISORA data products and add a tenth year's data to the database through the current survey. Data collected up to the 2023 survey are accessible through a variety of tools on the ISORA portal (<https://data.rafit.org>). Data collected in the extended 2023 survey have been analyzed to refine the Tax Administration Assessment and Yield Tool. Data collected for FY2023 are being reviewed and this new dataset will be published alongside the earlier time series in July 2025, in a variety of formats, on the IMF's new data dissemination platform (<https://data.imf.org>). This will bring a tenth year of ISORA data into the public domain. ISORA data are increasingly being used by ISORA partners, as well as researchers in academia.

The design of the International Customs Administration Survey (ICAS) has progressed, with customs administrations shaping the survey from the outset. A draft questionnaire was developed, informed by analysis of past and current exercises in gathering comparative information on Customs administration (including the International Survey on Customs Administration – ISOCA). A workshop brought together 27 customs officers, representing 13 Latin American countries and Spain, to engage in in-depth discussions about the structure, content, benefits, and applications of the new ICAS. It also provided an opportunity for workshop participants to propose refinements to better align the survey with the needs of their customs administrations, thereby fostering greater ownership and ensuring active participation in subsequent phases of the project.

II. PROJECT DELIVERY HIGHLIGHTS

RM III: Revenue Module III – Training/Peer Learning and Fiscal and Macroeconomic Tools - Revenue

Key Progress in FY25: The first two workshops on using ISORA data stimulated peer-to-peer engagement, the sharing of good practice in core tax administration areas by workshop participants, and an appreciation of how comparative data available in the ISORA database can be used. A first ICAS workshop facilitated in-depth discussions amongst customs officials about the structure, content, benefits, and applications of the ICAS. The IDB also provided resources to support the workshop.

Previous Progress: The ability to promote use of ISORA data by tax administrations rests on the development of the database and a variety of data products, as well as an improvement in the quality of ISORA data over time. This has required consistent work by the ISORA partners who have worked collaboratively for over a decade, to refine the survey, provide training to survey participants, and support their efforts to contribute data on their tax administrations to the ISORA database.

Next Steps: Two regional workshops (in the regions of Africa and the Western Hemisphere) on the use of ISORA data are planned in FY26 to advance the use of ISORA data by tax administrations. A second ICAS workshop for customs administrations in Africa will be held to create awareness and support for ICAS, and to shape the ICAS instrument to meet customs administrations' needs.

RM IV: Revenue Module IV – Fiscal and Macroeconomic Tools, Research, and Analytical Work

Key Progress in FY25: Data collected in 2023 on tax administration through the joint efforts of the ADB, CIAT, IMF, IOTA and the OECD was published (<https://data.rafit.org>). Indices were developed from the periodically collected datapoints on tax administration characteristics, structural foundations and practices and analysis undertaken of the relationship between tax administration practices and performance, including revenue collected (through the Tax Administration Assessment and Yield Tool). ISORA partners (ADB, CIAT, and OECD) have published findings based on ISORA 2023. Data collected for the 2024 ISORA round from over 160 tax administrations is undergoing data quality review, and the 2025 ISORA questionnaire has been agreed upon by the ISORA partners. The draft ICAS questionnaire has been developed on the back of a comprehensive analysis of existing customs administration databases, as well as a web application to streamline the review and refinement of the questionnaire by customs administrations.

Previous Progress: Learnings from each successive round of ISORA (and disparate surveys of tax administrations by the ISORA partners prior to ISORA) have been used to refine the survey and data collection approach each year. Participation levels have grown over time. The now established rhythm of annual data collection ensures that the data are available sooner after the reference period than previously, making the data more relevant for analytical work and incorporation into tools.

Next Steps: ISORA data covering a tenth consecutive year will be published in July 2025 on the IMF's new data dissemination platform (<https://data.imf.org>). The use of generative AI to draw relevant data and analyses from the ISORA database will be explored, to facilitate use of ISORA data by those less skilled in data manipulation. A memorandum of understanding between the five ISORA partners committing continued collaboration on the project for the next five years is to be finalized and signed by August 2025. The ICAS instrument will be further refined. Data will be collected from customs administrations using the new survey.

III. LOGICAL FRAMEWORK

Project – ISORA		
Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Authorities have a baseline understanding of the current state of the government's revenue administration, management, and governance arrangements and core revenue administration operations	2 Partially Achieved	October 2024: ISORA data accuracy and completeness improving over time. ICAS questionnaire design in progress.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	Increased awareness of use of comparative data to inform strategic plans and KPIs.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External climate/conditions		
Risk that external events create more challenges for countries to participate in contributing data and using data in planning.	High	Continue to run data collection annually and further develop tools that streamline data access and provide data in usable formats.
Political Support		
Lack of political support for transparency and accountability inhibits required actions or resources being allocated to data management and evidence-based decision-making and planning	Low	Engage regularly with ministers and senior management to emphasize the value of transparency, accountability, and evidence-based decision making.
Management and Technical Staff Support and Commitment		
Low commitment of senior management or technical staff to contribute data to comparative revenue administration databases through ISORA and ICAS.	Medium	Engage with senior management and technical staff proactively and explain the importance of participating in ISORA and ICAS.
Resource Adequacy		
Expectations of ISORA partners and participants have risen in respect of the capability of the ISORA data collection platform and portal, and current capability is	High	Training will be provided to tax administrations on changes to any tools necessitated by changes in IMF infrastructure. There is ongoing engagement with the IMF's IT Department. ISORA partners are

Description	Rating	Mitigation Measures
below the desirable level. The IMF is modernizing the IT infrastructure on which these platforms are built, but the new capability is not yet clear and support for the migration to new systems is not secure.		being kept informed of changes to IMF systems that impact on the data collection platform and portal.
Other Risks		
Multiple donors fund data collection exercises involving revenue administrations leading to survey fatigue that impacts the quality of data collected.	High	Take an active role in engaging with other donors and organizations to ensure support is well coordinated and data are shared.

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I. COUNTRY REFORM PROGRESS

Kenya's external position has strengthened over the past year, and inflationary pressures have eased. However, fiscal challenges persist due to continued revenue shortfalls and rising expenditure demands. The current complex political and social climate limits the scope for significant tax policy reforms in the near term. Following the withdrawal of the 2024 Finance Bill in July—prompted by widespread public unrest—a Supplementary Bill containing only non-controversial measures was passed in December. Despite these developments, revenue mobilization remains weak, with eroded public trust playing a significant role. At the technical level, efforts are ongoing to enhance the capacity of staff at the National Treasury and the Kenya Revenue Authority (KRA) to analyze and evaluate tax policy options.

On the revenue administration front the KRA, with support from the IMF's Fiscal Affairs Department (FAD), started implementation of the 9th corporate strategic plan, reviewed its risk management framework and is working on strengthening compliance risk management in both customs and domestic taxes. The authorities have extended the tax amnesty to June 2025 and have started the process of developing a comprehensive tax arrears management strategy to strengthen taxpayer on-time payment beyond the amnesty.

Implementation of the medium-term revenue strategy (MTRS) is continuing to improve under the oversight of the steering committee based in the National Treasury. Additionally, the Development Partner Group, under co-chairmanship of the IMF, continues to coordinate capacity development (CD) support, and regularly engages with the authorities to identify and collaborate on emerging priorities.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: During this period, the project contributed to strengthening the government's capacity to forecast tax revenues and policy analysis. FAD also reviewed the government's tax policy capacity resulting in a draft work program for the new regional tax policy advisor with Kenya. The development of a value-added tax (VAT) model is already in progress. Coordination with other development partners working on tax policy (World Bank and the UK's Foreign, Commonwealth & Development Office) took place virtually and in-person, including during the mission in October.

Previous Progress: A CD activity initially planned to review the FY24 Finance Bill was canceled at the request of the authorities. Nonetheless, the team continued supporting the IMF's African Department (AFR) country team in their policy discussions under the IMF program.

Next Steps: The project will continue supporting the authorities to strengthen their capacity to analyze tax policy options, including revenue and distributional impact. In addition to finalizing the VAT model, the development of personal income tax (PIT) and corporate income tax models has been identified as a priority.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: With support from the IMF’s Regional Technical Assistance Center for East Africa (AFE) and FAD, the KRA reviewed its compliance risk management (CRM) framework to develop a whole-of-KRA compliance improvement plan (CIP) and reviewed its tax arrears strategy to reduce the tax arrears stock from 110 percent to 20 percent of revenue in line with good practice.

Previous Progress: The KRA approved an MTRS in December 2023 and have formed a steering committee to monitor progress. The KRA has revised its 9th strategic plan and is developing a 5th ICT strategy to advance digitization and better support MTRS reforms.

Next Steps: FAD, in collaboration with AFE, shall focus support on improving tax arrears management, VAT refund processing, digitization, improving accuracy of reporting, and advancing CRM.

III. LOGICAL FRAMEWORK

Country – Kenya		
RM I: Objective - Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	Support is starting now under the new regional tax policy advisor work program, including by developing models for each tax heading.
Increased/decreased revenue quantity	2 Partially Achieved	In progress. Given the sensitive social and political situation, the government is trying to pass non-controversial measures that would allow some additional revenue.
RM I: Objective - Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 2
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	During this period, the project contributed to strengthening the government’s capacity to forecast tax revenues and introduced microsimulation models (PIT). The FAD team also reviewed the government’s tax policy capacity resulting in a draft work program for the new regional tax policy advisor with Kenya. Coordination with other development partners working on tax policy (World Bank and the UK’s Foreign, Commonwealth and Development Office) took place virtually and in-person, including during the mission in October. The project will continue supporting the authorities to strengthen their capacity to analyze tax policy options, including revenue and distributional impact. The development of VAT and PIT models has

		been identified as a priority and the VAT model is currently under development.
Improved transparency and outreach.	1 Not Achieved	Support is starting now under the new regional tax policy advisor work program. The models built for each tax heading will help improve the tax expenditures report.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 3
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Arrears continue to increase and are 110 percent of forecast revenue for FY25. Authorities have launched an amnesty running from September 2023 to an extended deadline of March 2025 from June 2024. And significant delays are still reported in paying refunds.
Audit and other verification programs more effectively ensure accuracy of reporting	3 Largely Achieved	A March 2024 mission noted weaknesses and recommended improvements to the current audit approach to make it more effective. A CRM mission took place in February and has recommended improvements to CRM to help better target audits.
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 3
Outcome	Rating	Narrative
Corporate priorities are better managed through effective risk management	2 Partially Achieved	Annual CIP developed for each KRA department but no whole-of-KRA CIP is yet in place. A FAD mission in March 2024 advised KRA on moving in this direction and joint FAD/AFE mission followed up to provide further guidance. A February 2025 STX assignment provided further guidance on development of the CIP for the whole of KRA.
Effective implementation of a new tax or modernized legislation	3 Largely Achieved	No structured process for legal reforms—this is still yet to be put in place to support MTRS reforms. Currently MTRS legislative changes are implemented through annual finance bills.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	MTRS approved and being implemented and monitored by National Treasury led Steering Committee. Deadly public protests against some tax reform measures stalled implementation. The MTRS plan needs adequate financing (as of 04/28/2025).
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Support work has not yet started. KRA will embark on work to develop its 5th ICT strategy to help guide improvements in tax and customs systems. As of 4/28/2025, ICT strategy development is ongoing.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: Abrupt global slowdown or recession could adversely impact growth, fiscal balances, and debt vulnerabilities.	High	Monitor conditions regularly and provide flexibility to adjust to changes in country priorities and needs. Accelerate domestic resource mobilization (DRM) reforms to address structural weakness.
Political Support		
RM I, RM II: Unrest could reemerge in connection with protests against higher cost of living, need to raise more taxes, and electoral process supported by the political opposition.	Very High	Continue working at both political and technical level with complementing instruments (program and CD) to reinforce country's commitments. Authorities will be supported to increase the tax-net to help with ultimate easing of the tax burden.
Management and Technical Staff Support and Commitment		
RM I, RM II: Low commitment of management and staff in finance, other ministries and KRA to adopt and implement tax reform measures.	Medium	Engage with senior management and technical staff proactively to support the development of an implementation plan (and monitoring) while CD support is provided on an on-going basis. Provide support for better management of reforms for achievement of desired strategic outcomes.
Resource Adequacy		
RM I, RM II: MTRS might not be fully resourced.	Very High	Ensure the MTRS actions are fully costed and that a business case is developed, approved and the government is committed to making the investment needed for a return in improved revenue performance.
RM I, 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.
Other Risks		
RM I, RM II: Multiple donors are providing technical assistance on DRM and gaps, or overlaps may arise as a result.	Medium	Continue to take an active role in coordinating with other development partners to ensure complementarities and active participation in the current country-level coordination framework.

V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

In February 2025, Lebanon formed a new government and secured a legal mandate to govern by winning a vote of confidence. This development follows two years of political stalemate. Indicative of the government's intent for reform, in April Lebanon passed a banking secrecy law and negotiations for IMF program support are underway. In the last months, senior officials have openly stated their intent to advance structural reforms in tax and customs administration based on prior project advice, and an eventual IMF program could include provisions also building from that advice. Supporting a program and reforms, new financing is understood to have become available from the World Bank to improve tax and customs administration IT systems and operations.

Risks to the project could be downgraded in the coming months. While the security situation may continue to be volatile, formation of the new government is a major development. If any significant legislation relating to tax or customs issues is passed, Political Support risk may be downgraded from Medium to Low. With the new World Bank financing support, Resource Adequacy risk has been downgraded from Very High to Medium, recognizing the urgency with which IT risks need to be dealt with and availability of new resources.

As the agenda of the government solidifies, the project will prioritize strategic engagements increasingly focused on advancing medium-term goals. In recent meetings, the ministry of finance (MoF) has conveyed priorities as (1) improving compliance; (2) expanding the tax base; (3) fraud on imports at customs; (4) digitalization; and (5) structural reforms. Among these, the need for improved digitalization has featured heavily. In support, the project will seek to organize and deliver a strategic headquarters mission in September on reform implementation and the development of a digitalization roadmap. That mission will provide an opportunity to update the project workplan to reflect current priorities and, potentially, support IMF program requirements.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: In FY25, the project supported several achievements. These included (1) the MoF developing implementing instructions for a single large taxpayer office (LTO); (2) the MoF formalizing a tax-customs cooperation mechanism; (3) the MoF completing a data diagnostic of direct and indirect tax databases; (4) advancing the MoF's risk analysis of large businesses; (5) implementing refined compliance strategies for large taxpayers; and (6) reviewing customs legislation for best practices to inform operational improvements.

Previous Progress: In FY24, the project was in its early start-up period, with limited progress to report. In February 2025, Lebanon formed a new government, which has communicated its intent to focus on structural reforms.

Next Steps: In FY26, the project expects to pivot toward delivering more support on strategic issues while continuing some engagement on "quick wins."

III. LOGICAL FRAMEWORK

Country – Lebanon		
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	Good progress was made toward improving the compliance improvement plans for large taxpayers and implementation has started. Implementing instructions for the integration of a single LTO, including compliance planning functions and operations were awaiting approval by the previous minister of finance. The topic has been raised with the new minister, who confirms that integration remains a priority. A comprehensive set of analytical programming scripts were developed for VAT, enhancing the MoF's ability to work with data.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	Some capacity development (CD) support to tax administration on reform strategy has been provided. Given the recent formation of a new government, work has been put on hold until priorities are confirmed. However, early indications suggest that the MoF will take up structural reforms and appoint a small reform program team in support of their development and implementation.
Organizational arrangements enable more effective delivery of strategy and reforms	2 Partially Achieved	Implementing instructions for integration of a single LTO have been prepared. However, the prior minister of finance did not sign the package. The newly appointed minister has voiced his support for structural reforms, including integration of the two tax directorates starting with the LTO, and then proceeding with the remaining offices.
Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	Staff presence and operational performance has improved. Several salary top-ups have reduced systemic absenteeism. However, a persistent lack of adequate IT staff remains problematic, and regular IT service outages are still occurring. Recent support to finance IT have emerged, including through the World Bank, and dialogue is underway to provide CD support to scope digital roadmaps for tax and customs administration.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	A plan and funding to cover immediate IT infrastructure and security needs are in place. Financing support to introduce major IT improvements has also emerged, including through

		the World Bank. This support will be critical to reforms and requests from the authorities for CD support to make the best use of funds are likely.
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	An audit training plan has been scoped, elements of which are to be achieved with CD support. A first activity in the training plan has been delivered (i.e., the use of Excel for risk-based audit techniques that involve the examination of accounting data).
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	Due to deterioration of security, little progress has been achieved in delivering CD support to improve the use of ASYCUDA World for clearance processes. However, a risk management unit has been created and accountability for the topic transferred from the HCC to the LCA. This is an important change that opens the door for significant improvements.
Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 2
Outcome	Rating	Narrative
Foreign trade operators better comply with their reporting and payment obligations	1 Not Achieved	Due to deterioration of security, no progress has been achieved in delivering CD support to improve the use of ASYCUDA World and electronic manifests
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	Little progress has been achieved. However, as part of reviewing customs legislation, recommendations for improving post-clearance audit have been prepared.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Lebanon is now well into its fifth year of an ongoing social and economic crisis, the effects of which could be magnified through the deterioration of regional security. The crisis has emerged from the joint effects of failures in the banking sector, the COVID-19 pandemic; the dangerous depletion of government resources; the Port of Beirut explosion; a very high inflation rate; the devaluation of the Lebanese Pound; and spillovers from the war in Ukraine. Adding to the	Very High	Missions will regularly discuss recommendations and prioritization of reform actions with the authorities. Configurations allowing for remote delivery of CD will be maintained should security deteriorate, and they be needed for continuity of the project.

Description	Rating	Mitigation Measures
unprecedented recession is the fact that the banking sector has ceased lending. Collectively the external situation is very fragile and has the potential to worsen dramatically from aggravation in any of the areas noted, particularly with security. Any further stresses have the potential to negatively impact revenue collection, reforms, and delay an eventual recovery.		
Political Support		
A complex political system exists in Lebanon. Between May 2022 and February 2025, a technocratic, “caretaker” government was in place, which had spillover effects in all areas of reform that require sustained commitment across the relevant stakeholder communities. Accordingly, the ability to obtain the legislation necessary to enable major fiscal reforms (e.g., integration of tax directorates, implementation of new customs organizational design) was limited and beyond the ability of MOF leadership to influence. A new government has recently formed and the priorities communicated suggest that political support may be available to advance structural reforms.	Medium	During high level and technical discussions, staff will encourage and support full transparency and extensive communication on reform benefits, including reform cost and impacts. The project will leverage the AD to maintain contact and provide progress briefings with Minister of Finance. Outputs will be selectively encouraged for publication to create momentum beneficial to policy action.
Management and Technical Staff Support and Commitment		
Administrative leadership is motivated to implement reforms and supportive of IMF engagement. However, basic functioning of the tax and customs workforces may be jeopardized by the current crisis with very low staff presence in offices. An immediate concern persists that an unchecked departure of senior IT staff could lead to loss of key systems and a failure of basic operations in both tax and customs administrations. Ensuring the protection of essential staff for mission critical functions is an extremely urgent priority.	Very High	Staff will continually prioritize the encouragement of senior management commitment to long-term reforms, while providing the CD support possible to help address immediate needs (e.g., guidance on addressing IT matters).
Resource Adequacy		
A perceived unwillingness to prioritize tax and customs administration expenditure in the existing budget could lead to further loss of staff, operational failures and a limited ability of counterparts to absorb IMF support. However, challenges with financing for IT infrastructure have receded somewhat as the budget has included	Medium	Staff will highlight and advocate for prioritization of revenue administration in the national budget, while encouraging that options for long-term structural financing arrangements are included in reform strategy (e.g., semi-autonomous configurations, redirection of customs service fees).

Description	Rating	Mitigation Measures
additional funding. Further development partners have offered loans to support the replacement of major IT systems in tax administration.		
Other Risks		
Sufficient donor and development partner support will be needed to implement major reforms, and its delivery could be delayed.	Medium	Staff will proactively and transparently engage with known donors and development partners to convey our understanding of priorities and requirements for support.

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I. COUNTRY REFORM PROGRESS

Lesotho is making slow and steady progress in improving public finance by improving tax policies and strengthening revenue and public financial management (PFM) functions. In 2023/24, the tax-to-GDP ratio excluding Southern African Customs Union (SACU) transfers was 29.3 percent with an estimated surplus of 6.1 percent of GDP. The 2025/26 budget speech (February 2025) outlined several tax reform measures including personal income tax (PIT) (schedule adjustments: increasing threshold and rates), value-added tax (VAT) (raising threshold), and new excises on alcohol and tobacco. Parliament was discussing a VAT increase (from 15 percent) to align with South Africa's recent changes (15.5 percent in FY25-26 and 16 percent in FY26-27). However, these changes may not materialize due to the withdrawal of the measure in South Africa. While the government's heavy reliance on SACU revenues (12.9 percent of GDP in FY23 and 24.5 in FY24) has diminished the urgency for revenue mobilization, improving efficiency and equity of the tax system continues to be a priority.

The establishment of a tax policy unit (TPU) in the Lesotho Ministry of Finance (MoF) is long overdue. However, the government continues to build capacity in tax policy in parallel. During a Revenue Forecasting and Analysis workshop, staff from the MoF, Revenue Services Lesotho (RSL), and the Bureau of Statistics developed working revenue forecasting models based on the latest tax collection data for Lesotho. Further improvements in data management are necessary to finalize these models and ensure their continuous refinement over time.

With the support of the IMF's Fiscal Affairs Department (FAD), RSL developed a plan to respond to weaknesses in core tax administration functions identified in the Tax Administration Diagnostics Assessment Tool (TADAT) evaluation undertaken prior to the GPFP-funded project (March 2023). Progress has been made in some areas such as compliance monitoring, debt management and dispute resolution. Staff are now better equipped to interpret revenue collection patterns.

The Ministry of Finance and Development Planning (MoFDP) has made progress in reporting fiscal risks from state-owned enterprises, improving internal controls, and introducing initiatives for gender budgeting. The focus of capacity development (CD) in the MoFDP is on strengthening internal controls to improve the quality of budget execution and fiscal reporting, which in turn will support the orderly preparation and execution of fiscal policy.

However, the lack of an adequate legal framework has constrained progress, including failure to pass the Tax Administration Bill, PFM Bill, and amendments to the Income Tax and Excise Act. Amendments to the Income Tax and Excise Acts have been pending Parliamentary approval for over three years. The progress of the Tax Administration Bill, and PFM Bill may provide impetus to further reforms.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: A joint tax policy and administration team has supported efforts to strengthen revenue forecasting capacity involving the MoF, RSL, and the Bureau of Statistics. Simple forecasting models have been developed for each major tax category.

Staff recruitment for the TPU is ongoing, with authorities anticipating completion before the end of the calendar year.

Next Steps: The authorities have identified the review of the current tax incentives framework as an urgent priority, in light of growing pressure to grant additional incentives, including those in Special Economic Zones. CD for the newly established TPU will commence once the recruitment process is complete and all staff are in place.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: An in-person mission led to the establishment of a cross-organization TADAT response team, which developed—with remote support—a plan to address TADAT weaknesses. The provision of high-level TADAT awareness training as part of a quarterly senior management meeting assisted in developing a shared understanding of good tax administration practice. The joint tax policy-revenue administration workshop provided foundational knowledge to RSL’s revenue forecasting, analysis, and monitoring team, and their analytical skills were enhanced through a follow-up interactive workshop. The team was able to provide reports to senior management with estimates of the revenue impact associated with tax policy proposals, such as raising the VAT registration threshold.

Previous Progress: The TADAT diagnostic conducted in March 2023 provided insights to the administration on the foundational aspects of tax administration that needed to be improved to become more effective.

Next Steps: FAD will continue to support RSL in areas where it has been identified that assistance would be welcome, such as compliance risk management (CRM), tax gap monitoring, and further building analytical skills.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY25: The MoFDP has improved the reporting of fiscal risks from state-owned enterprises (SOEs). The FAD gender budgeting mission in April 2025 conducted a technical workshop for 30 officers from government agencies on key concepts, practical tools of gender budgeting, and international experience in their implementation.

Previous Progress: The MoFDP made significant progress in improving internal controls and the reporting of fiscal risks from SOEs. The latest achievements in managing SOE fiscal risks are based on the enhanced capacity of the public sector development department to analyze financial statements of SOEs.

Next Steps: CD is planned to support the strengthening of internal controls in the Integrated Financial Management System (IFMIS) and provide further training on gender budgeting.

III. LOGICAL FRAMEWORK

Country – Lesotho		
RM I: Objective - Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 2
Outcome	Rating	Narrative
Improved structures (e.g., TPUs) or capacity (e.g., models and tools) related to tax policy advice and analysis.	2 Partially Achieved	The hiring of staff for the TPU is still in progress. An FAD mission to improve the revenue forecasting capacity of the government took place in December 2024, and simple models for each tax heading were developed with RSL and the macro team at the MoF.

		Better data management is needed in order to improve the models.
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	2 Partially Achieved	High-level plan to address weaknesses identified through TADAT developed, that will provide for easier tracking of progress.
Corporate priorities are better managed through effective risk management	1 Not Achieved	CRM is to be addressed through the TADAT response plan.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) – TAD		Rating - 1
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	1 Not Achieved	The TADAT response plan outlines actions to be taken to deregister economically inactive former taxpayers, and to register taxpayers who should be registered. April 2025: Support in this area may still be needed.
A larger proportion of taxpayers meet their payment obligations as required by law	1 Not Achieved	October 2024: Obtaining complete registration and filing statistics remains challenging. April 2025: Filing statistics available, but on-time payment statistics remain a challenge.
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	October 2024: Actions have been set out in the TADAT response plan to address weaknesses in audit but are yet to be implemented fully. April 2025: Audit coverage has been improved.
SM II: Objective - Strengthened Budget Management - PBM		Rating - 1
Outcome	Rating	Narrative
Strengthened annual budget process, and effective allocation	1 Not Achieved	The CD will be delivered as planned later this year.
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	In fiscal risk management, significant progress has been made in disclosing fiscal risks from the SOEs sector. The government's overall fiscal risk statement is under consideration by the MoF. The preparation of a comprehensive fiscal risk statement will require more work in future years. The MoF published the FY2022 Annual SOE Report in August 2024.
Strengthened medium-term frameworks	1 Not Achieved	No progress has been made on this front. The Fund has yet to start delivering CD in this area.
SM II: Objective - Frameworks to Build Sustainable Fiscal Institutions and Frameworks - FIF		Rating - 2

Outcome	Rating	Narrative
Strengthened fiscal policies, frameworks, institutions, and laws	2 Partially Achieved	Based on Fund CD, follow-up support is provided by the World Bank.
Strengthened capacity to plan, implement and sustain digitalization	2 Partially Achieved	There has been definite progress in the implementation of internal controls. However, progress is slow. Out of the 61 activities, 10 have been completed, and 27 are in progress. There have been improvements in securing IFMIS, its user access, and addressing some configuration gaps. The key initiative to implement digital signatures and eliminate paper usage is yet to be implemented. The Ministry of IT has decided to provide digital signature services to the Treasury. The Treasury has planned the implementation of digital signatures in processing fund transfer instructions to the Central Bank of Lesotho. Further improvements in hardware infrastructure are planned to support implementation.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
All: Risk that external events create a more challenging environment to implement reforms.	Medium	Monitor closely, ensure sufficient flexibility in program execution across countries and allow for ability to adjust activities in the case of adverse events.
Political Support		
RM I, RM II; SM II: Lack of political support for reforms inhibits required actions.	High	Ensure fiscal risk CD is focused on priority areas and engage regularly with Ministers and senior management to ensure government ownership of reforms.
RM I, RM II: Uneven political ownership of reforms – tax reforms need to be accompanied by governance reforms.	Medium	Regular engagement with ministers and senior management, to ensure full understanding of reforms required.
Management and Technical Staff Support and Commitment		
RM I, RM II: Low commitment of management and staff to adopt and implement changes needed to the legal framework.	Medium	Engage regularly with senior management and technical staff and explain the importance of strengthening domestic revenue mobilization.
RM I, SM II: Gaps in capacity of management and technical staff lead to changes in priorities and ability to absorb technical assistance.	Low	Maintain flexibility to adjust CD as needed, in alignment with skills and priorities.

Description	Rating	Mitigation Measures
RM II: Low commitment of management and staff to adopt and implement improvements to core tax administration processes.	Medium	Engage with senior management and technical staff proactively and explain the importance of strengthening core tax processes.
Resource Adequacy		
RM I, RM II: Insufficient technical capacity and human resources necessary to implement reforms are limited.	Very High	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas, where resources are limited. Regular remote follow-ups, to facilitate progress.
Other Risks		
All: Multiple donors are providing technical assistance on DRM and PFM, and gaps or overlaps may arise as a result.	Low	Engage with other donors to ensure support is well coordinated, through multilateral and bilateral meetings during missions, and maintaining regular contact with more active development partners.
SM II: A legal framework to support digital signature implementation and internal controls is missing	High	Apply internal controls in parallel.

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The IMF's Fiscal Affairs Department (FAD) conducted a capacity development (CD) mission in February 2025 to assess business taxation in Liberia to support tax policy design initiatives aimed at enhancing domestic revenue mobilization. The mission provided authorities with an aide-mémoire containing policy recommendations for improving mining taxation, rationalizing businesses tax incentives and enhancing tax revenue collection from multinational enterprises. Through enhanced assistance in revenue administration, the Liberia Revenue Authority (LRA) is continuing to strengthen the audit capacity of its staff. Additionally, a comprehensive assessment of the tax administration system has been conducted, which has established baselines for future reforms and fostered a shared understanding of the tax administration system among stakeholders, including development partners. In a similar vein, LRA is making progress in customs by improving data use, strengthening origin control, and applying risk-based practices, which help to boost enforcement and trade compliance.

I. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy

Key Progress in FY25: Under the Global Public Finance Partnership (GPFP) project, FAD conducted a capacity development (CD) mission in February 2025 to assess businesses taxation in Liberia. This initiative aims to help authorities increase tax revenue by 4 percentage points of GDP over the next four years. During that mission, the FAD team met with development partners including the World Bank, the European Union, and United States Agency for International Development (USAID) in Liberia to share information and discuss coordination on CD support for tax policy areas. Furthermore, the IMF was coordinating bilaterally with the USAID to prepare for the value-added tax (VAT) implementation

Previous Progress: The initial project implementation was slower than anticipated. In February 2025, FAD conducted a mission which was its first country-level activity to review tax expenditures (an IMF Extended Credit Facility (ECF) structural benchmark) and to support international taxation and the taxation of the mining sector. The mission provided authorities with an aide-mémoire containing policy recommendations for improving mining taxation, rationalizing businesses tax incentives and enhancing tax revenue collection from multinational enterprises in Liberia.

Next Steps: At the request of the authorities, FAD plans to conduct a mission on international taxation and tax policy analysis hopefully by the end of July 2025. This mission will build on the February 2025 mission's analysis to focus on tax policy analysis (including tax expenditure assessment and policy design), international taxation issues, and financial analysis of the mining fiscal regime.

Revenue Module II – Revenue Administration

Key Progress in FY25: Building upon previous achievements, the LRA has successfully completed and validated the development of the Domestic Revenue Mobilization Strategy (DRMS) and conducted a nationwide sensitization campaign that educated the public about key reforms. The implementation of the Liberia Integrated Tax Administration System (LITAS) modules for compliance risk management, protests and appeals and auditing has empowered staff within the authority to utilize the system effectively in these critical areas. Training sessions on indirect audit methods were delivered using a train-the-trainer model, thereby enhancing the staff's capabilities. Furthermore, a Tax Administration Diagnostic Assessment Tool evaluation (TADAT) with participation from the World Bank has been conducted, which identified key

strengths and weaknesses within the tax administration system, providing valuable insights to guide future reforms and an implementation team has been constituted at the LRA.

Regarding the customs component of the project, the main benefit to authorities was the development of practical skills and institutional procedures that enhance both the use of customs data and the control of goods' origin. Officers from key units strengthened their ability to collect, analyze, and act on data, while also gaining tools to identify and address origin-related risks through targeted verification and updated procedures. This dual focus supports a more data-driven and risk-based approach to enforcement, improving compliance and the integrity of preferential trade regimes.

Previous Progress: Progress includes the formulation of a new Corporate Strategic Plan for 2025-29 and the finalization of the DRMS. The successful implementation of Phase 1 of the LITAS covered essential modules, including registration and tax accounting. Additionally, comprehensive audit manuals for banks and insurance were updated to encompass a broader scope, incorporating credit unions and cryptocurrency. Furthermore, manuals for agricultural and timber audits were developed, along with dedicated chapters and guidance documents for institutional reviews and quality case assessments.

Regarding the customs component of the project, the latest achievement builds on earlier progress in both origin control and data analytics. It translated previous work on rules of origin—such as standard operating procedures and training materials—into applied practices using trade risk indicators. At the same time, it deepened earlier efforts to strengthen data use, enabling a more integrated, risk-based approach across key customs functions.

Next Steps: The project will focus on continuing the implementation of the audit plan and strategy, assisting the LRA to improve accuracy in reporting. Additional support will be provided to prioritize and sequence reforms and increase the capacity for reform implementation and to deal with results from the TADAT assessment. Regarding the customs component, the assistance will focus on developing the keys artifacts needed to operationalize the IT Master Plan, to align digital technologies with strategic objectives.

II. 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 project's implementation started slower than planned, with the first activity being the tax policy CD mission in February 2025, which provided recommendations to rationalize mining tax incentives, streamline business tax incentives, and boost tax revenue collection from multinational enterprises 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, but this occurred prior to the GPFP project. Preparations for VAT implementation are underway. Authorities plan to address tax incentive distortions and streamline the tax incentive regime based on a comprehensive tax expenditure review. Under this GPFP project, an FAD-led mission was conducted in February 2025 to assess businesses taxation, review tax expenditures (an ECF structural benchmark) and to support mining taxation.
RM I: Objective - Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 0
Outcome	Rating	Narrative
Improved transparency and outreach	1 Not Achieved	The initial project implementation was slower than expected, with only one country-level activity conducted in February 2025. A FAD-led mission conducted in February 2025 assessed businesses taxation and tax incentives for mining activities. Authorities show willingness to rationalize tax incentives based on a comprehensive tax expenditure assessment. There are ongoing initiatives aiming at transitioning from a contract-specific fragmented mining fiscal regime to build a comprehensive and transparent mining fiscal regime. The CD report for the February 2025 mission provides policy recommendations to support those initiatives. The project plans to support the capacity of the MEF to conduct a comprehensive tax expenditure assessment and publish this report on the public platforms of government bodies 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 DRMS has been developed and is being implemented. 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 rolled out.

Digital technologies are better aligned with strategic objectives	3 Largely Achieved	The LITAS Phase 1 system is implemented and operational in some of the tax offices. However, Phase 2 is still being rolled out. The August 2024 FAD mission guided LRA staff in preparing a draft IT master plan for validation. By November 2024, the plan was under development and would be submitted to the Commissioner General for approval upon completion.
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 are 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	February 2024 FAD Mission trained and advised on administration and control of goods, especially within the scope of the African Continental Free Trade Area (AfCFTA), and drafted relevant standard operating procedures together with LRA team. A FAD follow-up mission in October 2024 continues the assistance. The November 2024 FAD mission trained LRA officials in various techniques for analyzing and reporting customs data. They learned and practiced, with promising initial results.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	The November 2024 FAD mission trained LRA officials in various techniques for analyzing and reporting customs data. They learned and practiced, with promising initial results. A follow-up mission should assess progress and advise on the use of mirror data analysis.

III. 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 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 to enhancements to fiscal risk management institutions and practices	Very High	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 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 country engagement strategy.
Other Risks		
RM I, RM II: Multiple donors are providing CD 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	Very High	In addition to the recommendations on the reforms that need to be implemented, CD will also engage with senior leadership on how strategic change is successfully implemented.

IV. PROJECT MANAGERS CONTACT INFORMATION

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I. BACKGROUND

The IMF's Fiscal Affairs Department (FAD) expanded its tax policy and revenue administration work in the African region, with the support of regional long-term advisors (LTX) and policy advisors, on the following projects:

- Strategic Domestic Resource Mobilization (DRM) Design and Implementation
- Strengthening the Management of Tax Risks in Key Sectors in Central Africa
- Regional Digitalization
- Tax Administration in Comoros and Madagascar

II. PROJECT DELIVERY HIGHLIGHTS

Strategic DRM Design and Implementation
RM I: Revenue Module I – Tax Policy
The regional tax policy advisor (Mr. Benninger) visited all six countries covered by the position, conducted initial assessments of tax policy capacity and developed work programs for five out of the six countries.
Regional Workshop on Evaluating Tax Expenditures: With financial support from the IMF's Regional Technical Assistance Center for East Africa (AFE) and in collaboration with the resident tax administration advisor, the advisor organized a regional workshop on evaluating tax expenditure for the eight AFE member countries (March 2025). Participants shared their experience with tax expenditure costing, evaluation and reporting and were familiarized with microsimulation tools and methodologies to advance tax expenditure evaluation.
Ethiopia: The advisor visited Addis Ababa (January 2025) to take stock of existing tax policy capacity of the Tax Policy Directorate, identify gaps and develop a work program. He also delivered a one-day workshop on evaluating tax expenditures. The advisor also joined the regional conference on Medium-Term Revenue Strategies in Addis Ababa (March 2025) organized by AFE, delivered a presentation on tax policy in the region and chaired a panel.
Kenya: The advisor visited Nairobi (October 2024)—coinciding with a HQ mission on revenue forecasting—to take stock of the existing tax policy capacity, identify gaps and develop a work program.
Malawi: The advisor visited Lilongwe (December 2025) combining a short introductory visit with an HQ-led Mining Taxation Diagnostic. During a follow-up activity (April 2025), the advisor facilitated two workshops on: (1) the development of a tax expenditure framework covering governance, scope, sequencing of next steps and preparatory work, and development of a benchmark tax system and a repository of deviations from the benchmark and data availability; and (2) how to use the FARI model to support economic analysis of mining fiscal terms.
Uganda: The regional tax policy advisor visited Kampala (November 2024) to take stock of existing tax policy capacity, identify gaps and develop a work program. During a follow-up activity (February 2025) the advisor strengthened the capacity of the technical staff of the Ministry of Finance, Planning and Economic

Development and the Uganda Revenue Authority for (1) oil revenue forecasting and deepening the understanding for oil sector fiscal regimes; and (2) value-added tax (VAT) modelling to improve the tax expenditure estimates.
Rwanda: The advisor visited Kigali (September 2024)—coinciding with a HQ mission to identify revenue measures—to take stock of existing tax policy capacity, identify gaps and develop a work program.
Tanzania: The advisor joined a HQ-led Carbon Taxation mission (March 2025) to provide technical advice on a reform of the taxation of fossil fuel that would set excise duty rates in relation to the embedded emission. The reform is a reform commitment of the authorities under the IMF's Resilience and Sustainability Facility.
RM II: Revenue Module II – Revenue Administration
The LTX (Ms. Mazani) working from AFE provided support to four countries that have elected to implement the medium-term revenue strategy (MTRS) framework to drive reforms of their domestic revenue mobilization systems.
This project, covering Ethiopia, Kenya, Rwanda and Uganda ended in January 2025.
Ethiopia: Tax-to-GDP ratio dropped below 10 percent since COVID-19, but tax revenues for the first four months of FY2024/25 were strong. The National Medium-Term Revenue Strategy (NMTRS) was approved in August 2024, and the Ministry of Revenues was advised to align its 10-year strategic plan with NMTRS. The LTX participated in the Tax Administration Diagnostics Assessment Tool (TADAT) assignment for Ethiopia in 2024. The authorities also hosted the regional high-level MTRS conference, which the LTX played a crucial role in organizing. Future focus will help the authorities on implementation of MTRS measures.
Kenya: Revenue-to-GDP declined from 18.1 percent in 2013/14 to 14.1 percent in 2023/24 due to increased tax incentives, growth of the informal sector, and low tax compliance, compounded by COVID-19. To reverse this, the government approved the MTRS in November 2023. The Kenya Revenue Authority developed its 9th Strategic Plan, focusing on digital transformation and change management and has aligned this to the MTRS. Revenue administration measures began in January 2024, supported by development partners like the UK's Foreign, Commonwealth & Development Office (FCDO), IMF, and World Bank. Coordination among development partners is strong and is managed by a Development Partner Group (co-chaired by the IMF) which meets regularly with the authorities.
Rwanda: The first MTRS was approved in May 2022, and was extended to FY2025/26 to increase the tax-to-GDP ratio to 16.9 percent by FY2025/26 and 18.3 by FY2027/28 through tax policy reforms and improved administration. Major reforms include the operationalizing of the New Operating Model, digitalization of the tax system, and adoption of dynamic risk management. Development partners like the UK's HM Revenue & Customs, FCDO, and the World Bank support these efforts. The authorities carried out a formal evaluation of the first MTRS. Future support should focus on developing MTRS-2, enhancing coordination, and addressing emerging risks such as stakeholder pushback to reforms and limited funding for reforms.
Uganda: DRM Strategy was approved in October 2019 and aimed to increase the tax-to-GDP ratio by 2.6 percent from a baseline of 12.9 percent in 2018/19. Despite challenges from COVID-19 and the Russia-Ukraine war, the tax-to-GDP ratio grew to an average of 13.5 percent by 2022/23. The government extended the DRM Strategy to June 2027 to recover missed targets and aims for a 14.2 percent ratio by 2023/24. Key achievements include sustained revenue collection above the baseline and strong support from development partners. Future focus areas include improving tax administration core functions, managing compliance to exemptions regimes, and addressing emerging risks like political volatility and ITAS procurement delays.

Strengthening the Management of Tax Risks in Key Sectors in Central Africa
RM II: Revenue Module II – Revenue Administration
The LTX working on tax risk management in Central Africa (Mr. Ngneba) provided support to the Central African Republic (CAR), Chad (duty station) and the Democratic Republic of the Congo (DRC), primarily to improve tax compliance in key sectors of the three countries' economy.
Chad: In FY25, the LTX provided hands-on support on the implementation of the tax administration's priority revenue mobilization action plan. The LTX notably supported the drafting of a tax audit guidance note and a risk-oriented audit program for FY25, contributed to a training on tax audit techniques in the extractive industry (oil & mining) and helped draft a tax audit manual in the sector (January 2025).
CAR: The LTX provided hands-on support on the implementation of the tax administration's strategic plan. In this regard, he monitored the execution of the ongoing desk audits program in key sectors and provided advice to enhance revenue collection through quick-win action plans.
DRC: The LTX provided hands-on support to elaborate the tax administration's revenue mobilization action plan 2025-27 and started drafting capacity building tools and guidance notes on tax audits of extractive industries.
Chad, CAR, and DRC: The LTX contributed to two regional workshops for the IMF's Regional Technical Assistance Center for Central Africa (AFC) organized with the support of FAD. The first workshop presented the new IMF capacity building strategy for tax administrations in fragile and conflict-affected countries. The second workshop developed a roadmap to mobilize data and implement an efficient data crossing system in each AFC member country, with the support of FAD and AFC.
Regional Digitalization
RM II: Revenue Module II – Revenue Administration
The regional digitalization advisor (Mr. Mani, then Mr. Wandja Fondja) provided support to CAR, Chad, Rwanda and Senegal (duty station), primarily in the areas of core IT systems to strengthen tax functions, cross-checking of data, and data governance.
CAR: The LTX has contributed to the implementation of the CAR Tax Administration's strategy by providing hands-on support on (1) adopting the new IT system (E-Tax) by taxpayers and tax officials; (2) designing a project to set up a Tax Teleservices Centre to promote and facilitate the use of E-Tax; and (3) operationalizing the payment module.
Chad: The regional digitalization advisor, together with HQ and AFC staff and regional LTX, developed a plan to address tax compliance risks in Chad based on two pillars: (1) increasing the use of e-services and strengthening data management; and (2) implementing an automated tax audit system.
Rwanda: The LTX activities have been postponed to FY26 as the Rwanda Revenue Authority have been working on adopting the Microservice Architecture project in FY25 (budget, HR, etc.).
Senegal: The LTX has (1) contributed to the implementation of master and referential databases for the tax administration, for a better data management; (2) contributed to the design of the future integrated core tax administration system, SENTAX, to replace the outdated SIGTAS; and (3) coordinated the implementation plan to meet the requirements of the Global Forum on Transparency and Exchange of Information for Tax Purposes.
Regional: The LTX has contributed to an innovative joint initiative of FAD and AFC to address specific threats to revenue mobilization reforms in the context of fragility and instability. In this regard, alongside HQ staff, AFC and regional LTX, he contributed to two workshops in (1) Libreville (Gabon) to launch the initiative

and secure the tax administration leaders' commitment; and (2) Brazzaville (Congo) to develop a roadmap about an efficient use of data in tax administrations.

Tax Administration in Comoros and Madagascar

Revenue Module II – Revenue Administration

The regional advisor (Mr. De Santis), based in Mauritius, continued to provide hands-on (in-person and remotely) support to help advance Madagascar and Comoros in the implementation of their strategic reform plan and strengthen core functions. Mr. De Santis' contract expired in December 2024. The new resident advisor, who will work exclusively on the Comoros, has been identified. He will be based in Moroni and start his assignment in the field at the beginning of June 2025.

Comoros: Mr. De Santis continued to follow up on HQ work and provided remote hands-on support to: (1) help advance the monitoring of large and medium taxpayers; (2) expand the tax base; (3) modernize filing and payment procedures; and (4) improve the efficiency of the units in charge of monitoring the reform and day-to-day operations of the large taxpayers' and medium taxpayers' office.

Madagascar: Mr. De Santis participated in the October 2024 HQ in-person mission. He provided remotely hands-on support to assist the tax administration in implementing the recommendations of the HQ mission, notably in improving VAT administration efficiency, and implementing the compliance improvement plan and the post-TADAT strategy.

Comoros and Madagascar: Mr. De Santis provided methodological support for the completion of the International Survey on Revenue Administration (ISORA) 2023 Survey. He coordinated with the tax resident advisor at the IMF's Regional Technical Assistance Center for South Africa (AFS) to align an upcoming regional seminar on compliance on fragile states' specific needs.

III. PROJECT MANAGERS CONTACT INFORMATION

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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

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I. COUNTRY REFORM PROGRESS

Madagascar has received joint capacity development (CD) activities from the IMF's Fiscal Affairs Department (FAD) under the Global Public Finance Partnership (GPFP) project. Coordinated missions on tax and customs administrations reviewed each organizations' strategic plans and provided recommendations for improvement. These activities, closely coordinated with the IMF's Regional Technical Assistance Center for South Africa (AFS), the IMF Governance Diagnostic Assessment mission and with other technical partners, have enabled the authorities to better define their tax policy options and their administrative strategies, notably when it comes to digital transformation.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: Madagascar has benefited from a mission on potential reforms to improve revenues and fairness in the personal income tax (PIT) system. CD support has enabled the authorities to create databases on private and public sector wages and to construct models to assess the impacts of progressive income taxation. The capacity of the tax policy unit (TPU) was enhanced.

Previous Progress: Madagascar has received CD from the project in FY25 and FY24 on transfer pricing legislation and corporate income tax policy to combat base erosion and profit shifting. This was conducted jointly between FAD's tax policy and revenue administration divisions to benefit from synergies. The authorities are better able to identify transfer pricing risks from international companies, are better able to apply transfer pricing methods, and have an improved understanding of the application of tax treaties.

Next Steps: Follow-up work on progressive taxation and new work on taxing e-commerce should contribute to achieving the milestones of increasing revenues and improved distributional fairness.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: As a follow-up to previous engagement, two HQ-led missions have been conducted to assess customs capacities in data analytics and artificial intelligence (AI), provide training on AI technologies adapted to customs context and support the design of use cases leveraging on data to improve the performance. In January 2025, the strategic plan of the customs administration based on the IMF recommendations was issued and presented to the national stakeholders and international partners. Customs launched its dynamic risk analysis system based on AI. A quantitative assessment of the impact of AI is ongoing with the IMF team. An IMF-proposed structural program focused on change-management to support digitalization of the tax administration was agreed upon by the authorities.

Previous Progress: HQ missions on both tax (joint tax policy/tax administration mission) and customs administrations evaluated and supported each administration's strategic plan. Specific recommendations have been made to elevate data as a key enabler for a dynamic and automated risk analysis, include appeal procedures as a condition to improve compliance in customs and develop the monitoring of exemptions and special regimes to improve revenue collection. An evaluation of the current capacities of the tax

administration to address international tax risks was made, and a capacity building plan was proposed to the authorities.

Next Steps: More technical assistance will be provided within the framework of the GPFP as a follow-up to support the implementation of these activities in the coming strategic plan, notably on customs mobilization of data for internal audit, ex-post controls, change management and tax risk analysis.

III. LOGICAL FRAMEWORK

Country – Madagascar		
RM I: Objective – Improve Tax Policy Design – TPD		Rating - 1
Outcome	Rating	Narrative
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	Increased top PIT rate has not yet been legislated.
Increased/decreased revenue quantity	1 Not Achieved	It is too early to determine if revenues have been affected by the CD on transfer pricing methods.
RM I: Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 2
Outcome	Rating	Narrative
Improved structures (e.g., TPU) or capacity (e.g., models and tools) related to tax policy advice and analysis.	2 Partially Achieved	Improved understanding of transfer pricing methods at Ministry of Finance. PIT models are not yet developed. However, the capacity of the TPU has increased with new databases.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	No compliance risk management framework is in place. The large number of audits launched annually does not produce significant results in terms of revenue collection or taxpayer behavior change. Large risks posed by multinational enterprises in the mining sector as well as on international taxation are not addressed.

RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 2
Outcome	Rating	Narrative
Foreign trade operators better comply with their reporting and payment obligations	1 Not Achieved	Efficient appeal procedures that would encourage better compliance are not in place. Operators complained about the inefficiency of the existing procedures that are not predictable and transparent, which encourages bad practices. The next 2025-29 strategic plan should include key activities to make appeal procedures efficient; specific CD on this matter is to be provided.
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	The risk analysis is still manual, not fully centralized and analysts do not receive feedback from customs offices on their alerts. The customs administration plans to develop a dynamic risk analysis system based on data science, with the support of donors. The mission recommended elevating data as a key topic and enabler for the next 2025-29 strategic plan and should provide additional technical assistance in this domain.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	A special unit in charge of free zones is in place, from early 2024. However, the management of exemptions and other special regimes are still under monitored, despite the fact exemptions represent an important share of revenue collected by customs. The mission recommended including key activities on this matter in the 2025-29 strategic plan.

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.	Medium	Ensure sufficient flexibility in program execution across countries and allow for 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 of	High	Ensure fiscal risk CD is focused on priority areas and engage regularly with ministers and

Description	Rating	Mitigation Measures
resources are needed for enhancements to fiscal risk management institutions and practices.		senior management to ensure government ownership of reforms.
Management and Technical Staff Support and Commitment		
RM I: Lack of leadership support for politically sensitive tax reforms.	Very High	Engage with senior management to coordinate the elimination of tax exemptions with pro-poor spending programs and public outreach.
RM II: Low commitment of management and staff in finance and other ministries to adopt and implement fiscal risk management practices.	High	Engage with senior management and technical staff proactively and explain the importance of strengthening fiscal risk management.
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.
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.	Low	Take an active role in engaging with other donors to ensure support is well coordinated.

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I. COUNTRY REFORM PROGRESS

Malawi is reeling from several shocks, including a drought last year, which contributed to elevated inflation, and is now faced with falling grant inflows as the United States for Agency for International Development pulls back. In recent years, food insecurity has remained entrenched, macroeconomic instability increased, real growth lowered, and debt dynamics worsened. Reform ownership is weak, and general elections are scheduled for September 2025.

The FY2024/25 (April-March) fiscal balance fell short of the mid-year budget target due to extensive expenditure and revenue slippage. Domestic revenue fell short by 1.2 percentage points of GDP compared to the mid-year projections, largely stemming from the delayed implementation of tax policy and administrative measures envisaged in the fiscal year, including the value-added tax (VAT) bill amendment and opening of a voluntary tax compliance window for motorcycle operators. The FY2025/26 budget largely continues current policies, delaying the necessary adjustment. There has been limited progress in revenue mobilization, while implementation of revenue administration measures has been delayed to the second half of the fiscal year.

In this context, a revenue-focused fiscal reform is essential to establish policy credibility, bolster equity and self-sufficiency, reduce public debt vulnerabilities, and support investment and disinflation. Achieving ambitious revenue mobilization requires a fundamental change in ownership of reform efforts and commitment by the authorities, and multi-pronged assistance on both rationalization of income tax incentives and VAT exemptions, as well as strengthening of revenue and customs administration and enforcement, given persistent governance issues. Given scant technical resources in the government to autonomously design and implement effective revenue reforms, the GPFP project has a pivotal role to play in making such a shift viable.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: Initial tax policy support in FY25 involved an extensive review of the mining fiscal regime and provided capacity development (CD) on mining tax policy analysis and modeling (funded by the IMF's Managing Natural Resource Wealth Thematic Fund). Follow-up legal drafting assistance under the Global Public Finance Partnership (GPFP) was provided to reform the resource rent tax provisions currently in place under a few key Mining Development Agreements and clarify other aspects of mining taxation. The regional tax policy advisor based in Dar es Salaam has also been closely involved with the authorities in helping them develop a tax expenditure framework. IMF and World Bank have held CD coordination meetings to help increase work synergies and reduce duplication.

Previous Progress: Previous assistance (from 2020 through 2024) had a greater focus on VAT policy reform and tackling informality. While the most recent and ongoing CD will be able to leverage on the diagnostic work previously done, there will be a greater focus on income tax reform, as well as more frequent engagement through the regional long-term expert.

Next Steps: The regional tax policy advisor based in Dar es Salaam will provide follow-up CD and training on mining fiscal regime modeling. Upcoming CD on income tax policy reforms and legislative drafting (including on mining related issues) are intended to support the authorities so full VAT and income tax bills can be tabled shortly after the new parliamentary elections in September 2025 and begin yielding new revenue in 2026.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: The support provided to the Malawi Revenue Authority (MRA) has significantly enhanced domestic revenue mobilization, particularly through the focus on improving VAT performance and strengthening data management capabilities. This work is supported through the collaboration between the IMF's Fiscal Affairs Department (FAD) and IMF's Regional Technical Assistance Center in East Africa (AFE), facilitating a coordinated approach to address pressing revenue challenges and priorities related to tax compliance and capacity building.

Previous Progress: Previous initiatives laid a solid foundation for the current efforts, particularly in terms of strengthening the operations of the large taxpayer office (LTO), enhancing data management and analytical skills within the MRA. The full use of the new IT system is crucial in aligning MRA's objectives with broader fiscal goals

Next Steps: Looking ahead, the focus will be on consolidating recent achievements while addressing the gaps identified in MRA's operational capabilities. Key milestones include enhancing the use of the new IT system to ensure effective revenue collection, implementing the registration DataMart and implementing a compliance risk management framework. The need to meet the tax-to-GDP target of 18.4 percent by 2025/26 will drive strategic discussions on reform measures associated with strengthening the LTO, enhancing VAT performance and overall organizational arrangements within the MRA.

III. LOGICAL FRAMEWORK

Country – Malawi		
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased/decreased revenue quantity	2 Partially Achieved	A draft VAT Bill has been prepared but delays in implementation (still pending of Parliament approval).
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	Draft VAT Bill prepared but delays in implementation (still pending Parliament approval) and draft Income Tax Bill under preparation.
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.	1 Not Achieved	CD activity scheduled for this calendar year (review of the fiscal regime and CD on FARI modeling of specific investment proposals).
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	2 Partially Achieved	The recommended structure is yet to be sent to the Board. Delayed given the installment of a new Commissioner General.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	KPIs were developed for monitoring and evaluating LTO performance and effectiveness.
More independent, accessible, effective and timely dispute resolution mechanisms adopted	4 Fully Achieved	The establishment of an independent internal dispute resolution system is completed.
Transparency and accountability are more effectively supported by independent external oversight and internal controls	1 Not Achieved	Systems being put in place for publishing plans and reports.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Programs are being developed and some being implemented to achieve the desired outcomes. Digitalization of the system is on-going to retire the legacy system.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 3
Outcome	Rating	Narrative
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Program being developed to improve the effectiveness of the audit function and build audit capacity. Training of auditors has started and will continue.
The integrity of the taxpayer base and ledger is strengthened	3 Largely Achieved	Significant work is on-going to improve and maintain the accuracy of taxpayer registry.
A larger proportion of taxpayers meet their filing obligations as required by law	3 Largely Achieved	Work is in the early stage of development and implementation. To date good progress has been made.
A larger proportion of taxpayers meet their payment obligations as required by law	3 Largely Achieved	Programs are being put in place to achieve this outcome. To date it has been largely achieved.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: External shocks (social, political, economic, etc.) impact government revenue and expenditures.	Very High	Work with the IMF country teams and other IMF departments to analyze emerging fiscal risks and propose potential fiscal policies to minimize fiscal risks. Work with the authorities to monitor revenue measures and propose reform measures to boost collection and tax ratio.
RM II: Government revenue measures adversely impacted the tax ratio	High	Work with the IMF country team and authorities to monitor revenue measures and impact on tax ratio and propose reform measures to boost collection and tax ratio.

Description	Rating	Mitigation Measures
Political Support		
RM I, RM II: Lack of political support may slow down reforms - Upcoming elections in 2025 may impact reform progress.	Medium	Consult with IMF country team to assist authorities in recognizing the relevance of reforms. Continue working at both political and technical level with complementing instruments (program and CD) to reinforce country's commitments. Authorities will be supported to increase the tax-net to help with ultimate easing of the tax burden.
Management and Technical Staff Support and Commitment		
RM I, RM II: Low commitment of management and staff in finance, other ministries and MRA to adopt and implement tax reform measures.	Low	Engage with senior management and technical staff proactively to support the development of an implementation plan (and monitoring) while CD support is provided on an on-going basis. Provide support (jointly with the revenue admin team) for better management of reforms for achievement of desired strategic outcomes.
RM II: High turnover of holders of the post of Commissioner General creates uncertainties, creates a lack of ownership and slows down reform progress	High	Strengthen management at all levels and ensure there is a project management or reform unit or team in place to manage the reform programs.
Resource Adequacy		
RM I, RM II: Insufficient technical capacity and human resources necessary to absorb support and 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.
Other Risks		
RM I, RM II: Multiple donors are providing technical assistance on domestic resource mobilization and gaps, or overlaps may arise as a result.	Medium	Take an active role in coordinating with other development partners to ensure complementarities in addition to active participation in the current country-level coordination framework.
RM II: Slow implementation of reforms	High	Aligning reforms timeline with conditions in the field - low capacity and lack of resources. Close monitoring and readiness to adopt necessary changes.

V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Since October 2024, authorities have achieved notable advancements across several areas. Specifically, in terms of revenue management, medium-term capacity development (CD) plans were created for both tax and customs administrations, and these plans are now being actively implemented. Key outcomes include enhanced knowledge among revenue administration teams on the fundamentals and principles of the hydrocarbon sector—a topic that had been overlooked for years especially now with the starting of production in the Greater Tortue Ahmeyim (GTA) project. Additionally, a risk compliance approach has gained traction within the tax administration, particularly among senior managers who previously showed resistance to this approach.

In terms of tax policy, the authorities have completed the reform of the new investment code that was adopted in January 2025 and constitutes an improvement relative to its previous version. The new code has four derogatory regimes, eliminated “points francs”, and replaced corporate income tax exemptions with a 15 percent reduced rate (standard rate at 25 percent) for one derogatory regime. Additionally, the last tax expenditures report published in Annex of the 2025 budget has been improved and a two-page summary note has been published to allow a broader communication and understanding of the exercise. Finally, the authorities have prepared an inventory of all consumption taxes and will reform them into a conventional excise tax system.

On spending policy issues, the authorities have recognized the importance of enhancing efficiency within the water and sanitation sector, and efforts are underway to establish a targeted water tariff system. Additionally, they have made significant strides by acknowledging the value of conducting internal spending reviews. These reviews, integrated into the budget process, are aimed at identifying and addressing inefficiencies within expenditure management.

The Mauritanian Government has made notable progress in public financial management (PFM) through reforms introduced under the IMF’s Resilience and Sustainability Facility (RSF) and Extended Credit Facility (ECF). These include enacting a new public enterprises law and revising the public investment framework to integrate climate-related elements. In alignment with these efforts, the Global Public Finance Partnership (GPFP) program has focused on providing technical assistance to support the government in embedding climate considerations into the PFM system. Therefore, the new public investment management (PIM) manual was reviewed and laid the groundwork for a pilot project applying this framework to selected public investments. In addition, with support from the IMF’s Fiscal Affairs Department (FAD), the government advanced the adoption of a climate budget tagging methodology, set to debut in the 2026 budget.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy

Key Progress in FY25: FAD’s technical assistance has allowed authorities to (1) improve their tax expenditure assessment and the presentation of the report, (2) prepare an action plan for tax policy implementation based on the general tax policy diagnostic recommendations, and (3) eliminate “points francs” while replacing CIT exemptions with a reduced rate in the new investment code. Additionally, with the recent CD, the authorities were able to prepare an inventory of all consumption taxes and are in the process of reforming their consumption tax system into a conventional excise tax system.

Previous Progress: Major progress has been noted from tax policy perspective, including: (1) the promulgation of the revised Nouadhibou Free Trade Zone law; (2) the operationalization of the Tax Policy Unit, responsible for preparing the 2023 tax expenditures assessment report with FAD's support; (3) the improvement of the tax expenditures assessment methodology and report, (4) the ongoing revision of the investment code to eliminate "points francs" and reduce special regimes, and (5) the definition of a tax policy implementation action plan with efforts to establish a plan for rationalizing tax expenditures.

Next Steps: The reform of the consumption tax into a conventional excise tax system is expected to be completed by end-August in the revised budget and the authorities requested CD to help them establish an impact analysis of tax expenditures to proceed with a rationalization plan to collect additional revenue.

Revenue Module II – Revenue Administration

Key Progress in FY25: With the assistance of the IMF, authorities enhanced their understanding of hydrocarbon sector tax management, leading to the development of a medium-term CD plan to strengthen the sector's tax management. The tax administration is actively working on enhancing its knowledge on compliance risk management (CRM) to operate actively the compliance risk function. Continuous coordination with the IMF's country team is ongoing to ensure the successful implementation of structural benchmark reforms. Furthermore, excellent collaboration continues with active donors, including Expertise France and the World Bank.

Previous Progress: Prior to FY25, significant progress was made in key reform areas. In tax administration, achievements included the (1) establishment of a tax reform commission; (2) classification of tax arrears based on recoverability; (3) implementation of electronic procedures for large taxpayers; (4) integration of the IT tax system with customs and the Civil Registry; and (5) review and adoption of new legislation for the Free Zone of Nouadhibou (FZN). In customs, progress included the (1) establishment of a Post Clearance Audit Unit; (2) initiation of CRM and selectivity for customs controls; (3) the drafting of a new Customs Code aligned with the requirements of the Economic Community of West African States (ECOWAS); (4) the development of several IT applications; and (5) the creation of a high-level organizational structure for the customs administration. Additionally, mid-term CD plans were formulated for both tax and customs administrations, forming the foundation for FY25 reforms and milestones.

Next Steps: In the next six months, a memorandum of understanding between the revenue administrations and the free zone authority will be elaborated to facilitate revenue mobilization, a compliance improvement plan for the hydrocarbon sector will be developed. has also been drafted. IMF will assist in improving the human resource management policy and the staff appraisal system.

Spending Module I – Spending Policy

Key Progress in FY25: The missions helped authorities to identify sources of inefficiencies in the economy and to bridge domains where fiscal space could be created to spend on priority areas. Gaining in capacity in this type of analysis will create good synergies with the on-going program budgeting reform. The mission on water subsidies included a roadmap with all support available from partners. The workshop on spending reviews liaised with World Bank project on a detailed spending review to be kicked off in summer 2025.

Previous Progress: No CD activities to Mauritania on PFM issues took place under GPFP prior to FY25.

Next Steps: Further support will either focus on continuing the support in conducting spending review or focusing on a detailed sector, for instance the government employment compensation (depending on authorities' request).

Spending Module II – Managing Public Finance

Key Progress in FY25: Under the RSF, the government committed to two key reform initiatives: first, to adopt and implement a new PIM framework that incorporates climate change considerations; and second, to establish a green responsive budget by creating a climate budget tagging methodology. The new PIM framework was released in November 2024. In January 2025, CD was conducted to prepare for the pilot implementation of the new PIM for several major public investment projects. Additionally, a second CD activity was carried out in February 2025 to assist the Ministry of Finance and Economy (MoFE) in developing a climate budget tagging methodology, which will be applied to specific Nationally Determined Contribution (NDCs) sectors in the 2026 budget.

Previous Progress: No CD activities to Mauritania on PFM issues took place under GPFP prior to FY25.

Next Steps: Discuss with the authorities the need of follow up support on these two areas, CBT and piloting the new PIM framework.

III. LOGICAL FRAMEWORK

Country – Mauritania		
RM I: Objective - Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	Authorities are determined to amend existing laws to enhance distributional fairness across taxpayers and already completed the reform of the Nouadhibou Free Zone Law and the investment code and are in the process of completing their implementation decrees.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	The authorities have reformed the new investment code that eliminated "points francs" and CIT exemptions and have agreed to reform the consumption tax into a conventional excise tax that will help address externalities by end-August 2025.
Increased/decreased revenue quantity	2 Partially Achieved	The reform of the Free Zone Law and the adoption of the new investment that eliminated "points francs" and replaced CIT exemptions with a reduced rate constitute key points that will help rationalizing tax expenditures and increase tax revenue.
RM I: Objective - Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 3

Outcome	Rating	Narrative
Improved structures (e.g., TPU) or capacity (e.g., models and tools) related to tax policy advice and analysis.	3 Largely Achieved	The Tax Policy Unit is now operational and prepared the 2023 tax expenditures assessment report and an action plan for tax policy implementation. The method used for assessing tax expenditures has been modernized and improved with a broader coverage of taxes in the analysis. The authorities have expressed their appreciation of the support and requested a continuous support to strengthen the capacities of the TPU.
Improved transparency and outreach	3 Largely Achieved	Tax expenditures reports have been published for several years now in Annex of the annual budget. The authorities also prepared a 2 pages non-technical summary of the report to enhance a broader communication and understanding of the report.
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 3
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	At present, the tax administration lacks a proper strategic plan and relies instead on action plans and currently implemented measures. However, a strategic plan has already been developed for the customs administration, and an integrated mid-term CD plan has been designed for both the tax and customs administrations.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	Although a risk unit has been established within the tax administration, it remains inactive, and the risk-based approach is fragmented across the organization. Currently, the enforcement strategy serves as the primary treatment method employed by the administration. GDT leaders have acquired knowledge of CRM, enhancing their expertise in this area. Additionally, a medium-term CD plan for the hydrocarbon sector has been created for revenue administrations, and the fundamental principles of this sector have been shared with them.
Organizational arrangements enable more effective delivery of strategy and reforms	3 Largely Achieved	The organizational structure of the tax administration is not function-based, lacking a clear distinction between strategic and operational functions. Additionally, while some functions exist on paper, they remain inactive. A high-level organizational structure has been proposed to address these issues within the tax administration. In contrast, a new function-based organizational

		structure has been developed for the customs administration and has already been submitted to the Minister for approval.
Effective implementation of a new tax or modernized legislation	2 Partially Achieved	After the issuance of the new law of the free zone of Nouadhibou, action plans have been developed by the IMF for the benefit of the revenue administrations to facilitate the transition of tax files from the Nouadhibou Free Zone to the management of the tax and customs administrations. Additionally, FAD provided support to the Mauritanian authorities in drafting a memorandum of understanding (MOU) for the tax management of the free zone.
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 tax administration lacks a proper audit plan, and audits are not selected based on risk analysis. However, the administration is conducting both desk audits and field audits. Notably, the field audit section is handling several tasks that fall outside its mandate.
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	Valuation controls are automated, but valuation implementation not properly monitored. Risk-based selective control is not streamlined.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	Post Clearance Audit (PCA) program is not fully matured. Capacities for authorizing and end-use exemption control are weak.
SM I: Objective - Strengthen Expenditure Policy Formulation and Design - EPD		Rating - 1
Outcome	Rating	Narrative
Reduce subsidies while mitigating impact on vulnerable households	1 Not Achieved	Work is ongoing to define the new tariffication. Support from AFD was considered.
SM I: Objective - Strengthen Policy Evaluation and Institution Building - PEI		Rating - 2
Outcome	Rating	Narrative
Authorities have an understanding of opportunities to enhance the	2 Partially Achieved	The purpose of the activity is to equip authorities to conduct spending reviews in major spending areas autonomously.

adequacy, efficiency, and sustainability of public expenditure		
SM II: Objective - Strengthened Budget Management – PBM		Rating - 1
Outcome	Rating	Narrative
Strengthened annual budget process, and effective allocation	2 Partially Achieved	The government, under the RSF, committed to two reform measures: adopting a new PIM framework that includes climate change elements and implementing a green responsive budget through a climate budget tagging methodology. The PIM framework was released in November 2024, followed by CD in January 2025 to set the basis for piloting the new PIM on major public investment projects. In February 2025, another activity supported the MoFE in developing a climate budget tagging methodology for the 2026 budget.
SM II: Objective - Frameworks to Build Sustainable Fiscal Institutions and Frameworks - FIF		Rating - 1
Outcome	Rating	Narrative
Strengthened capacity to plan, implement and sustain infrastructure governance	2 Partially Achieved	To comply with a reform measures under the RSF, a new PIM framework was issued in November 2024, following the recommendations provided by the PIMA and C-PIMA delivered by FAD. An STX CD activity was delivered in January 2025 to set the basis for piloting the new PIM to some large public investment projects.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Higher frequency and severity of climate-related natural disasters, which affect economic stability and growth and create large adaption needs.	Medium	Further strengthening of revenue policies to deal with natural disasters and to ensure continued and additional revenue mobilization.
RM II: Higher frequency and severity of climate-related natural disasters, which affect economic stability and growth and create large adaption needs.	Medium	Further strengthening of revenue policies to deal with natural disasters and to ensure continued and additional revenue mobilization.
SM I: Higher frequency and severity of climate-related natural disasters, which affect economic stability and growth and create large adaption needs.	Medium	Drought episodes could make the issue of water supply very sensitive in terms of livelihoods and political support.

SM II: Mauritania is facing higher frequency and severity of climate-related natural disasters, which affect economic stability and growth and create large adaption needs.	Medium	Strengthening of climate policies to deal with natural disasters is ongoing
Political Support		
RM I, RM II: There is strong support for revenue administration and tax policy modernization from the Ministry of Finance (MoF). Authorities expressed their willingness to receive support to improve spending efficiency and level up existing capacity conduct spending reviews.	Low	Maintain good contact with the MoF and ensure Minister's support to strengthen the work of the General Directorate of Taxes and leverage the IMF's Middle East and Central Asian Department (MCD) to maintain contact and provide progress briefings with Minister on priority areas. Conduct a scoping mission to gain a fine-grained understanding of the needs and take stock of the existing capacity.
RM II, SM I: Some issues, including subsidies removal, infrastructure governance, and resource revenue management are usually politically sensitive and could trigger some resistance.	Very High	Highlight the pressing needs in terms of infrastructure and social spending. Reiterate the case that subsidies are an inefficient type of spending.
SM II: Reform commitment is high under the IMF program. A lower political support to the reform process is not expected given the re-election of the incumbent president and the signals of continuity in the new government appointments.	Low	None
Resource Adequacy		
RM I: Current capacity to achieve results is low, as is the adequacy of resources	Very High	More resources and stronger reform management are needed
RM II: Lack of office space and equipment for tax administration staff.	Very High	Authorities to be encouraged to provide necessary resources to the tax administration to maintain the day-to-day operations (infrastructure, etc.)
SM II: Historically high staff turnover, especially at senior level.	Medium	In the last year, senior staff turnover has reduced considerably in MoF
Management and Technical Staff Support and Commitment		
RM I: Reform commitment with the newly agreed IMF Extended Credit Facility/Extended Fund Facility program, but weak capacity of staff could delay the execution of the project.	Medium	Strengthen staff management and technical abilities and ensure effective knowledge sharing between staff
RM II: Reform commitment of senior officials is high but weak technical skills among the staff could create obstacles to efficient delivery of the program.	Very High	Strengthening management capabilities and technical knowledge of staff through interactive and participative CD approaches.
SM I: The activities need to be tailored to the technical capacity of officials	High	Adjust expectations to staff capacity; accompany the process by dividing the tasks in smaller size steps.
SM II: Reform commitment is high under the IMF program. The fragmentation of some PFM functions is expected to decrease due to the merge of the MoF and the Ministry of Economy (MoE) in	Medium	Ensure that PFM functions, previously fragmented between the MoF and the MoE, will smoothly be unified under the new MoFE.

the Ministry of Finance and Economy (MoFE). Technical capacity within the MoFE needs to be enhanced.		
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V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The GPFP project is supporting Moldova in reforming the taxation framework and strengthening its administration.

On **tax policy front**, the GPFP supports the process of modernization of the tax system and its harmonization with the European Union (EU) *acquis communautaire*. As identified by June 2024 comprehensive diagnostic, the immediate priority is the revision of the VAT chapter of the Tax Code, to address the significant deficiencies of the current system. This work has already started but further effort will be needed to adopt the new law and to operationalize the new taxation framework.

The efforts of capacity development (CD) support on **revenue administration** are directed to effective implementation of risk-based approach to tax compliance in tax administration, including through the establishment of a dedicated analytical unit and strengthening its ability to detect and assess tax compliance risks. The GPFP project also supports reforming of tax audit and its integration with other compliance activities of tax administration as part of comprehensive compliance risk management approach.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: The work on redrafting the value-added tax (VAT) chapter of the Tax Code has started, after reaching agreement on the roadmap as well as main features of a new, modern, broad-based VAT system that is harmonized with the EU VAT Directive. The implementation of several EU Directives, related to cross-border situations that aim to prevent tax avoidance has started, including Parent-Subsidiary, Interest/Royalty, as well as the Merger directives. Importantly, the human and institutional capacity of Moldovan authorities in tax policy analysis has significantly improved including the ability to evaluate preferential tax treatments and to analyze the distributional consequences of alternative tax policies.

Previous Progress: Comprehensive diagnostic of the tax system completed to identify the pain-points of the tax system and charting the reform roadmap. The authorities finalized a comprehensive review of tax expenditures and identified the inefficient tax expenditures for elimination or rationalization.

Next Steps: The VAT chapter (Chapter III) of the Tax Code will be presented for public consultations and parliamentary approval processes. Further, the amendments will be made to eliminate inefficient and harmful tax expenditures.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: The State Tax Service (STS) has made significant strides in enhancing its compliance risk management (CRM) approach. Following recommendations from the IMF's Fiscal Affairs Department (FAD), a specialized analytical unit has been established, and governance frameworks are now in place to oversee the CRM process. However, there remains substantial work to be done in this domain. The STS must continue to strengthen its analytical capacity for compliance risk assessment and integrate all STS activities under CRM coordination. FAD will provide CD support for these efforts.

Previous Progress: A diagnostic review of the tax audit program conducted by FAD in October 2024 identified several gaps relative to established international best practices. In response, the STS has developed a five-year audit modernization action plan, finalized in April 2025, based on the findings of this review. Further CD support from FAD will be crucial in implementing key aspects of the action plan.

Next Steps: The action plan, while admirable, has some gaps, most importantly, the re-establishment of a specialized large taxpayer audit unit and ceasing publicizing of annual tax audit plans. It is hoped that continued FAD CD assistance will encourage the authorities to reconsider these omissions. Additionally, CD will support strengthening analytical skills of STS officials to achieve better focus on major tax compliance risks through systemic compliance improvement activities, including tax audit program.

III. LOGICAL FRAMEWORK

Country – Moldova		
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	The authorities undertook a comprehensive review of tax expenditures and identified the inefficient tax expenditures for elimination or rationalization.
Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	Capacity to analyze distributional fairness of tax policies has improved; including through better use of personal income tax and VAT modeling. The work on modernization of the VAT framework has started.
RM II: 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	The STS is making progress in improving compliance risk management, but many actions still need to be done such as: (i) the implementation of a data warehouse, (ii) improve risk rules by taking the consequence side into account, (iii) the introduction of modern analytical tools and (iv) further investment in analytical skills of staff. To date, the CRM, while formally in place, has limited effect on the tax compliance situation in Moldova. The compliance risk analysis process does not ultimately rank or prioritize the identified risks, nor set out a medium-term strategy to mitigate them. CRM governance arrangements are formalistic, and the STS lacks sufficient impact assessment of its compliance improvement programs.

RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	The STS made considerable progress in the development of the upgraded taxpayer register. The timetable for the implementation has been revised. While single taxpayer register is in place and taxpayer data has been cleansed, the STS still develops ability for large-scale automated processes to verify and crosscheck registration information against databases of other government agencies. The IT systems of many relevant government agencies are outmoded, and data held there may not be reliable, which poses difficulty for running automated crosschecks.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	The STS made progress in shifting the focus from unplanned (low value) audits to planned (risk focused) audits, but further acceleration is needed, considering that a range of unplanned audits are mandatory. The Case Management System (CMS) is currently used only as a repository and needs to be further developed. There is an Audit Quality Review (AQR) process in place. The sample is, however, too small for statistically valid conclusions. The quality of the review needs to be improved: a significant number of reviews which were assessed by management as 'excellent' had errors of a serious nature. The STS conducted an evaluation of the impact of audits on the overall compliance levels. Further development of the methodology is needed as it currently only takes the impact of single compliance intervention types into account. The diagnostic assessment of STS audit program was completed by February 2025. The assessment revealed gaps compared to the good international practice. A 5-year audit modernization action plan to address the gaps was prepared by April 2025. The plan needs to be adopted by the STS management and implemented. The draft plan has overlooked two important changes that are needed to bring audit program in line with modern risk-based approach - reestablishing specialized unit for auditing large taxpayers and ceasing publicizing of annual tax audit plans.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Risk that external events and influences create a more challenging environment for implementation of reforms.	Low	Program design and execution allows for sufficient flexibility to adjust activities in the course of adverse events.
RM I and II: Resurgence of pandemic or other global crises hinders CD delivery and changes CD priorities.	Low	Build on significant progress achieved with remote delivery of CD in Moldova.
Political Support		
RM I: Political instability may slow down and even stop implementation of reforms.	Low	Focus on strategic advice and hands-on capacity building to have a more permanent impact. Close collaboration with the IMF's European Department (EUR) team and the authorities.
RM II: Lack of political support	Medium	Involve EUR country team to discuss and resolve underlying issues related to the lack of political support.
Management and Technical Staff Support and Commitment		
RM I: Threats from political influences on the Ministry of Finance (MOF) management commitment for modernization of tax system.	Low	Support MOF management with strategic advice and political narrative on the need for modernization of the tax reform.
RM II: Project has been formally requested by the STS who have identified the specific CD need	Low	Extended communication with authorities, engagement of area department team.
Resource Adequacy		
RM I: MOF and STS lack sufficient human and institutional capacity to evaluate, formulate and promote effective tax policy reforms.	Low	Provide CD to develop staff technical skills and set tax reform priorities.
RM II: Insufficient allocation of STS staff	Medium	Continuous conversation with the STS for early detection of potential risk of insufficient allocation
Other Risks		
RM I, RM II: No other risks foreseen	Low	N/A

V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The GPFP-funded program builds on successful RMTF and JSA-funded CD for the Mongolian Tax Administration (MTA) and the Mongolian Customs General Administration (MCGA) respectively. The GPFP-funded program has facility for PFM engagement and could accommodate Tax Policy engagement. During FY25, CD was coordinated with CD delivered from CCAMTAC, from the Legislative Department (LEG) on Anti-Money Laundering (AML) and with engagement by other CD providers (ADB, JICA, KOICA, OECD).

The high-level theme of the CD under this program has been to more reliably secure revenue from the large taxpayer segment, including high wealth individuals, and addressing aggressive tax planning. The main execution to date has been in the MTA, including to assist the MTA with their ability to assess the tax risks of large corporate taxpayer groups and to undertake audits and other compliance activity on a on a corporate group. CD has also assisted the MTA to create a new medium-term strategy for 2025-2028.

The government unexpectedly commenced tax policy reform in December 2024, which may require some refinement to the nature of the CD assistance. Supplemental IMF resources have been invested to undertake a desk-based review of proposed changes to VAT, CIT and PIT law, and administrative law contained in the General Taxation Law. (GTL).

With the exception of progress on improved IT systems in the MCGA, being supported also by KOICA, there has been progress on all milestones due to date. The progress in the MTA on staff engagement and HR risks has been slower than expected.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: Three key CD engagements (risk assessment of large taxpayer groups, audits of large taxpayer groups and strategic planning) were all successfully delivered to the MTA with STX support. There was also a successful execution of an innovation of continuous (initially weekly, transitioning to monthly) direct “coaching” CD from HQ by video conference with the assistance of a resident interpreter /translator. Coaching followed up on how to execute and monitor STX CD recommendations and migrated to how to provide input to the tax policy deliberations commenced by government. Regular contact maintained with CCAMTAC, ADB, JICA and OECD colleagues to avoid duplication of CD to the MTA. Monitored absorption capacity of MTA, including their involvement in AML discussions (with LEG) and in Customs-Tax cooperation activities.

Previous Progress: Coaching input and focusing CD on large taxpayers’ compliance has prompted MTA to propose to government initiatives to strengthen large taxpayer compliance, as opposed to reducing small taxpayer tax burden to address “equity” concerns in policy discussions.

Next Steps: CD to facilitate better coordination of Tax and Customs responses to large taxpayers It is possible there may need to be a revision of some CD topics to support implementation of execution of any tax policy changes. Engagement with MCGA has commenced through video conference and will be followed by an in-country visit in early FY26.

SM I: Spending Module I – Spending Policy

Key Progress in FY25: Attempts to engage with the authorities on expenditure policy topics have not been successful. Currently, there are no past activities or future plans in this area. The authorities indicated that they have no capacity in the short-term to absorb more CD activities but might be open to future engagements in this area

Previous Progress: N/A

Next Steps: None

III. LOGICAL FRAMEWORK

Country – Mongolia		
RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Authorities have a baseline understanding of the current state of the government's revenue administration, management, and governance arrangements and core revenue administration operations	4 Fully Achieved	First formal milestone will be the finalization of the 2025-2028 strategic plan. Feb 2025. The 2025-2028 Strategic Plan is approved. Outcome of expected milestones at this point is Fully Achieved.
Corporate priorities are better managed through effective risk management	3 Largely Achieved	First formal milestone will be CIPs created for 2025 calendar year. Feb 2025: CIPs approved, notably for large market. While they could be further improved, outcome to date is Largely Achieved.
Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	Not yet due. First formal milestone will be in late 2025 following the staff survey for that year. As at Feb 2025, progress could only be described as Partially Achieve
More independent, accessible, effective and timely dispute resolution mechanisms adopted.	1 Not Achieved	Not yet due.
RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their filing obligations as required by law	1 Not Achieved	First formal milestone due by February 2025 for January 2025 VAT returns. Apr 2025: Awaiting results data
A larger proportion of taxpayers meet their payment obligations as required by law	1 Not Achieved	First formal milestone due by February 2025 for January 2025 VAT returns. Apr 2025: Awaiting results data

Audit and other verification programs more effectively ensure accuracy of reporting	3 Largely Achieved	First formal milestone will be CIPs created for 2025 calendar year. Feb 2025: CIPs approved, notably for large market. While they could be further improved, outcome to date is Largely Achieved.
RM II: Objective – Improved customs administration functions (SDG 17.1) - CAD		Rating - 0
Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	No GPFP-funded work has yet commenced with the Mongolian Customs General Administration (MCGA)
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	No GPFP-funded work has yet commenced with the MCGA.
Trade facilitation and service initiatives better support voluntary compliance	1 Not Achieved	No GPFP-funded work has yet commenced with the MCGA.
SM I: Objective – Strengthen Expenditure Policy Formulation and Design - EPD		Rating – 1
Outcome	Rating	Narrative
Public expenditure is fiscally sustainable and efficient	1 Not Achieved	No GPFP-funded work has been requested by the authorities.
SM I: Objective – Strengthen Policy Evaluation and Institution Building - PEI		Rating - 1
Outcome	Rating	Narrative
Authorities have an understanding of opportunities to enhance the adequacy, efficiency, and sustainability of public expenditure	1 Not Achieved	No GPFP-funded work has been requested by the authorities.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II: Civil unrest could affect the delivery of CD	Low	Regular communication with AD country office particularly on the timing and the scope of the CD delivery. Mitigation measures will be closely coordinated with the country office and the authorities.
SM I: Risk that difficult external conditions (weak Chinese recovery, geoeconomic fragmentation) cause delay in implementing expenditure reforms	Medium	CD will take into account these external conditions in technical advice.
Political Support		
RM II: There has generally been political support for CD. A National election in June	Low	Ensure fiscal risk CD is focused on priority revenue and spending areas, and engage regularly with

Description	Rating	Mitigation Measures
2024 may involve blame being attributed to the IMF for any unpopular policies. The authorities are more reluctant to engage on policy matters.		Ministers and senior management to ensure government ownership of reforms. Tax policy reform announced in December 2024. Positive engagement between MOF and IMF.
RM II: A new Customs law will not be approved by parliament.	Low	Ensure fiscal risk CD is focused on priority revenue and spending areas, and engage regularly with Ministers and senior management to ensure government ownership of reforms
SM I: Risk of limited buy-in of some relevant part of government, even if there may be strong buy-in from main counterpart	Low	Reiterate the importance of including all relevant key government stakeholders in the project from the beginning.
Management and Technical Staff Support and Commitment		
RM II: Management commitment to implement recommendations could reduce with a change of Tax Commissioner from January 2024	Low	The scoping of the focus on the large market helps to ensure sustained commitment. Positive engagement with the new Commissioner in October 2024.
RM II: Management and staff may be reluctant or unable to implement reform without training and support in planning, project management, and change management.	Medium	The proposed CD includes change management capability. Continues to be a risk (Apr 2025).
SM I: Risk that staff turnover in the Ministry of Finance may affect institutionalization of analytical capacity	Low	Encourage authorities to adequately archive and disseminate CD material (technical reports, workshop materials, etc.) within and beyond the Ministry.
Resource Adequacy		
RM II: The small size of the institutions leads to enhanced risk of institutional memory loss from staff departures and under-developed staff training.	Medium	One of the CD deliverables is to assist deliver contemporary and past CD content into an in-house online training and delivery platform. Ongoing risk (Apr 2025)
SM I: Risk of challenges in increasing expenditures to achieve high performance on key social and economic outcomes	Medium	Spending adequacy in some areas will have a greater chance of being achieved if spending efficiency and reallocation measures are undertaken in line with CD under this project.
Other Risks		
RM II: Multiple donors are providing technical assistance on fiscal risk topics. Gaps or overlaps or contradictory recommendations may arise.	Low	Take an active role via the Mongolian Technical Assistance Gathering (MTAG) operational coordination forum to engaging with other donors to ensure CD support is well coordinated. MTAG operating adequately (Apr 2025)

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I. COUNTRY REFORM PROGRESS

Significant progress has been achieved in tax expenditure costing and reporting as key steps in implementing the new Domestic Revenue Mobilization strategy. This includes particularly the preparation and publication of the inaugural comprehensive tax expenditure report, alongside evaluation and capacity building in rationalizing tax expenditures.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: With support from the IMF's Fiscal Affairs Department (FAD), the authorities have advanced in preparing their first comprehensive tax expenditure report. A draft report will be shared with the IMF for review by the end of May 2025.

Previous Progress: The ongoing improvement in tax expenditure policy is an integral part of Nepal's domestic revenue mobilization strategy, which was published in September 2024.

Next Steps: The authorities have requested FAD assistance in several areas, including reforms in VAT and international taxes, combining training and capacity development (CD) missions.

III. LOGICAL FRAMEWORK

Country – Nepal		
Objective – Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased/decreased revenue quantity	3 Largely Achieved	A comprehensive strategy to mobilization revenue, as well as strategies to develop tax expenditure costing and reporting, has been formulated. These reforms are awaiting implementation by the authorities to maximize their impact.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	3 Largely Achieved	A comprehensive strategy to mobilization revenue, as well as strategies to develop tax expenditure costing and reporting, has been formulated. These reforms are awaiting implementation by the authorities to maximize their impact.

Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 2
Outcome	Rating	Narrative
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	3 Largely Achieved	Relevant trainings in strengthening tax policy monitoring, evaluation and institution have been provided. Main actions are awaiting implementation by the authorities to maximize their impact.
Improved transparency and outreach	3 Largely Achieved	Relevant trainings in strengthening tax policy monitoring, evaluation and institution have been provided. Main actions are awaiting implementation by the authorities to maximize their impact.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Risk that external events create a more challenging environment to implement reforms.	Low	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events.
Political Support		
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.
Management and Technical Staff Support and Commitment		
Low commitment of management and staff in finance ministry and revenue authority to adopt and implement tax expenditure policy framework.	Medium	Engage with senior management and technical staff pro-actively and explain their role in driving reforms. Ensure frequent engagement to maintain momentum and rekindle commitment where needed.
Resource Adequacy		
Insufficient technical capacity and human resources necessary to implement tax expenditure 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 country engagement strategy.

Description	Rating	Mitigation Measures
Other Risks		
Multiple donors are providing technical assistance on strengthening revenue mobilization. Overlaps may arise as a result	Low	Under the leadership of the IMF's Asia & Pacific Department's country team, take an active role in engaging with other donors to ensure support is well coordinated.

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I. COUNTRY REFORM PROGRESS

Nigeria's priority is to restore macroeconomic stability and advance fiscal reforms. Over the years, the authorities have implemented key reforms, such as the use of technology to ease tax registration, filing, and payment; use of third-party data from other government agencies and private sector and analytics tools to improve desk reviews, tax audit and tax investigation and enforcement; progressing the development of risk engine to drive risk-based tax audit; a new internally developed tax information technology system, which is continuously being enhanced with features of improving taxpayers' compliance; and establishment of tax expenditure department to curb abuse of incentives. The new government aims to further the tax reform agenda, targeting a tax-to-GDP ratio of 18 percent (announced by the government to have reached out 13.63 percent in 2024, from 9.61 percent in 2023) in the medium term to create fiscal space for achieving Nigeria's development goals.

The Global Public Finance Partnership (GPFP) program has played a crucial role in advancing the reform agenda by enhancing tax administration performance, increasing tax compliance, and boosting revenue collection. Following a 2023 Tax Administration Diagnostics Assessment Tool (TADAT) evaluation, GPFP supported capacity development (CD) to design a reform roadmap for addressing the identified weaknesses. This support encompassed the implementation of a compliance improvement plan (CIP) focused on value-added taxes (VAT). Key activities included reviewing compliance risk management (CRM) policy documents, upskilling staff on VAT gap analysis, and improving the human resource performance management system. Additionally, a peer-to-peer visit was organized to benchmark experiences in administering excise taxes on services (such as telecommunications and betting and gaming) and goods. Furthermore, GPFP assisted with a TADAT assessment in Lagos State, Nigeria's largest state.

As part of the Single Window project, the authorities received targeted support for the re-engineering of import and export customs processes. This redesign, while still in its initial stages, is expected to provide a solid foundation for streamlining procedures across all border agencies and enhancing coordination among stakeholders involved in foreign trade. By aligning processes, data flows, and system architecture with international best practices, the initiative has the potential to improve data quality, strengthen risk management, and boost regulatory efficiency—ultimately benefiting not just customs, but all agencies and economic operators engaged in trade.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration

Key Progress in FY25:

Tax administration. A medium-term reform plan was discussed in a post-TADAT mission. Areas where support from the IMF's Fiscal Affairs Department (FAD) was necessary and areas where the authorities would advance without support from FAD were agreed. CD was provided to advance CRM practices, focusing on the implementation of CIP. A pilot CIP focused on VAT included the review of the CRM policy documents. Also, regarding VAT, CD was provided on upskilling RA-Gap analysis. Further support was provided on improving the human resource performance management system. A peer-to-peer mission was organized to benchmark the experience of Zambia tax administration with administering excise taxes on

services (e.g., telecoms and betting and gaming) and goods. A subnational TADAT assessment was made to the Lagos State to identify weaknesses and strengthens of the state tax system.

Customs administration. The main benefit for the authorities was the substantial support provided in redesigning export and import processes, setting a solid foundation for their incorporation into the Single Window for foreign trade currently under development. This redesign represents a critical step toward strengthening control and facilitating trade. In addition, the recommendations on aligning procedures, data flows, and system architecture with international best practices are expected to enhance data quality, improve risk management, and increase regulatory efficiency.

Previous Progress: This project started in January 2024, with a revenue advisor and an assessment of the maturity of the tax administration (TADAT assessment), helping to generate a baseline for reforms. Regarding the customs component of the project, this being the first year of activities, there is no previous work to build upon.

Next Steps:

Tax administration. An HQ mission will support the alignment of core tax functions with the strategy of the Nigerian Federal Inland Revenue Service (FIRS). The VAT gap analysis exercise and the CIP pilot on VAT will continue. VAT refunds business process model needs to be prioritized. CD support is expected to be provided on tax arrears management and expenditure monitoring. The GPFP project will also cover the extractive industry sector moving forward.

Customs administration. The focus of the CD will be to continue supporting authorities in the ongoing implementation of the Single Window project, with an emphasis on further aligning processes and systems. This effort will contribute to achieving the objective of implementing new initiatives, including the Single Window, coordinated border management, and the Authorized Economic Operator (AEO).

III. LOGICAL FRAMEWORK

Country – Nigeria		
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	1 Not Achieved	The IMF's Second Regional Technical Assistance Center for West Africa (AFW2) is supporting the review of the strategic management framework and CD was provided in FY25 (November 2024). Authorities are discussing the strategic planning framework (April 2025).
Corporate priorities are better managed through effective risk management	2 Partially Achieved	A HQ mission and a follow-up STX visit have been supporting the strengthening of risk management at FIRS. Due to the relevance of VAT, a pilot of a compliance improvement plan (CIP) for VAT has

		been designed and supported by GPFP (November 2024). The first STX activity was delivered on the pilot, and the work is in progress. A VAT gap analysis is underway to help identify sectors of low compliance (April 2025).
Organizational arrangements enable more effective delivery of strategy and reforms	2 Partially Achieved	Planned for April / May 2025 (November 2024). The main CD activity was postponed to July. However, a visit was organized to the FIRS; officials to visit Zambia and discuss the business model for administering excise taxes (April 2025).
Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	This is in the pipeline for the upcoming fiscal year (November 2024). CD was provided to modernize the performance monitoring and evaluation (April 2025).
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Not started yet (November 2024). CD on portfolio of projects' management was delivered to help with the prioritization of new projects adopting IT tools aligning those with the institutional strategy (April 2025).
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their payment obligations as required by law	1 Not Achieved	The modernization of both services and enforcement activities will require strong CD support, which are in the pipeline (November 2024). Not implemented by April 2025.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	The new IT system is the backbone of reforms in the tax administration and has been expanded to enhance filing from taxpayers (November 2024). Notifications are being sent but there is no reporting on the results (April 2025).
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	This was agreed to be a priority, but it did not start because there were limited resources in the first semester of FY25 (November 2024). Yet to be started (April 2025).
Taxpayer services initiatives to support voluntary compliance are strengthened	1 Not Achieved	Authorities are structuring the framework to strengthen initiatives focused on increased support for voluntary compliance (November 2024). No further information (April 2025).

The integrity of the taxpayer base and ledger is strengthened	1 Not Achieved	The authorities are still discussing how to implement the solution without risking the registration database. (November 2024). No progress up to April 2025.
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	Customs has already taken over the management and control of origin under the African Continental Free Trade Area (AfCFTA), as recommended by FAD missions. An FAD mission in November 2023 provided guidance on the re-engineering of import and export processes. Awaiting implementation. (April 2025) FAD mission recommended incorporating new import and export processes into the developing National Single Window and aligning procedures, data flows, and system architecture with international best practices.
Foreign trade operators better comply with their reporting and payment obligations	2 Partially Achieved	An FAD mission in November 2023 provided guidance on the re-engineering of import and export processes. A new system (B'Odogwu) is currently being piloted to replace the current customs operations control system (NICIS-II). While it demonstrates progress in terms of automation, it preserves existing practices without introducing substantial process improvements. In response to a specific request from the Ministry of Finance, a FAD mission in April 2025 was executed to support the implementation of a comprehensive Single Window system. The project is ongoing and on schedule, with entry into production (pilot) expected in the first quarter of 2026.
Trade facilitation and service initiatives better support voluntary compliance	2 Partially Achieved	The lack of commitment from local authorities and internal disputes over the management of the one-stop shop delayed the start of the project. The project was launched in April 2024 by order of the President to the Minister of Finance. The project is underway and on schedule, with a pilot start scheduled for the first quarter of 2026. (April 2025) FAD mission recommended incorporating new import and export processes into the developing National Single Window and aligning procedures, data flows, and system architecture with international best practices.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
External shocks (social, political, economic, etc.) impact government revenue and expenditures.	Very High	Work with the IMF country teams and other IMF departments to analyze emerging fiscal risks and propose potential fiscal policies to minimize fiscal risks.
Government revenue measures adversely impact the tax ratio.	High	Work with country team and authorities to monitor revenue measures and their impact on the tax ratio and propose reforms to boost the tax ratio.
Political Support		
Political instability and/or lack of political support may slow down and even stop reforms.	Very High	Close consultation with the country team to assist authorities in recognizing the relevance of reforms. Strategic advice and hands-on capacity building to have a more permanent impact.
Management and Technical Staff Support and Commitment		
Patronage and cronyism in senior staff appointments.	High	Develop and implement a robust succession plan.
Tax administration executive management changes affecting reform implementation	Medium	Regular engagement, encouragement, and monitoring. Close collaboration and communication with FAD team and other partners.
Resource Adequacy		
Deficient transparency and accountability in tax and customs administrations.	Medium	Maintain an effective alignment between organizational structure, people and business/internal processes. Implement a comprehensive framework for performance management to cover all functional areas of FIRS and Nigeria Customs Service.
Cronyism and nepotism in hiring low-capacity and unskilled staff.	High	Provide staff with the necessary tools, technology, and skills towards high performance. Reposition FIRS Training School to ensure development of required skills.
Other Risks		
Slow implementation of reforms	Medium	Aligning reforms timeline with conditions in the field - low capacity and lack of resources. Close monitoring and readiness to adopt necessary changes.

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I. COUNTRY REFORM PROGRESS

Reform progress on intergovernmental relations was driven by the IMF-supported Extended Fund Facility (EFF). The authorities drafted the National Fiscal Pact and a separate report (Rightsizing Report) requested by the Prime Minister to decrease the footprint of federal government. These were structural benchmarks under the EFF program with September 2024 target dates. The planned capacity development (CD) aims to support the authorities in rebalancing investment spending of federal government and provinces and in strengthening broader public investment management (PIM) decision making. The authorities were not able to confirm their availability, mission scope and timeline in FY25 due to their heavy structural reform agenda under the EFF and ongoing IMF's Resilience and Sustainability Facility (RSF) discussions.

The project objective on the *Frameworks to Build Sustainable Fiscal Institutions and Frameworks* to cover Climate Public Investment Management Assessment (C-PIMA) follow-up activities aims to expand the IMF's Fiscal Affairs Department's (FAD) engagement with the authorities to support a heavy reform agenda under the EFF and authorities' RSF request. Building climate resilience through implementation of the C-PIMA Action Plan and supporting the authorities' National Adaptation Plan is one of the four key priorities under the EFF. The potential RSF also requires strengthening economic resilience and sustainability by supporting policy reforms and greening PIM. The new objective and requested funding will help deliver CD support for (i) the implementation of 2023 FAD PIMA C-PIMA recommendations and the PIMA C-PIMA action plan, which was adopted by the authorities; and (ii) the implementation of possible reform measures under the RSF. Both activities are planned under the GPFP's programmatic approach and the inclusion of Pakistan as a pilot country in the Joint Domestic Resource Mobilization Initiative (JDRMI), which was launched by the IMF and the World Bank and aims to strengthen support for developing economies' efforts to unlock resources for development. There have been regular meetings with the World Bank about the CD activities.

II. PROJECT DELIVERY HIGHLIGHTS

Spending Module II – Managing Public Finance

Key Progress in FY25: The planned CD aims to support the authorities' in rebalancing the federal government and provinces' capital expenditures and in broader PIM decision making. However, it could not be delivered due to the authorities' busy agenda under the EFF and recent RSF negotiations. Under the JDRMI there have been regular meetings with the World Bank and the Asian Development Bank.

Previous Progress: FAD CD has not covered this specific topic previously. There has been progress in the implementation of the 2023 PIMA and C-PIMA recommendations on public investment and climate, which the planned activity will be built on.

Next Steps: Include delivering the planned HQ mission to support the authorities' in rebalancing the federal government and provinces' capital expenditures and in broader PIM decision making. Further CD is required for the implementation of high priority C-PIMA recommendations given the ongoing RSF discussions and related reform measures (RMs) on climate.

III. LOGICAL FRAMEWORK

Country – Pakistan		
Objective - Strengthened Budget Management - PBM		Rating - 1
Outcome	Rating	Narrative
Strengthened annual budget process, and effective allocation	1 Not Achieved	This outcome will be assessed during the planned HQ mission.
Objective - Frameworks to Build Sustainable Fiscal Institutions and Frameworks - FIF		Rating - 2
Outcome	Rating	Narrative
Strengthened fiscal policies, frameworks, institutions, and laws	1 Not Achieved	Planned CD under the GPFP project will support the authorities in PIM aspect of intergovernmental relations.
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	2 Partially Achieved	C-PIMA Action plan was adopted by the Authorities. Potential RSF agreement and related RMs will potentially help with the implementation of high priority C-PIMA recommendations with the help of the planned FAD CD.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Challenging fiscal situation makes it difficult to implement reforms	Medium	Work closely with area department when designing program conditionality
Political Support		
Lack of political support to agree on expenditure assignment of provinces	High	Work closely with IMF area department when designing program conditionality
Management and Technical Staff Support and Commitment		
Some rotation in senior staff in recent years, but situation has improved	Medium	Mission team will be mindful when proposing advice, which should be aimed at strengthening institutional capacity
Resource Adequacy		
Technical staff are working simultaneously on several important changes, with several donors	Medium	Mission team will be mindful to propose actions that are feasible, and will coordinate closely with other donors.

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I. COUNTRY REFORM PROGRESS

The authorities now have a good understanding of the overall effectiveness of their revenue administration systems as a result of a repeat Tax Administration Diagnostics Assessment Tool (TADAT) evaluation. Delivery of this has been carefully staged to reflect limited capacity—the authorities received pre-assessment capacity building to ensure they were ready to participate fully in the exercise and fully understand its results. The completed assessment provides a shared evidence base of strengths and weaknesses within the revenue administration system from which a comprehensive medium-term revenue administration reform program will be developed over the coming months.

On the spending side, change has been delivered through the adoption by the government of new guidelines on disaster risk screening for major capital projects financed from the budget. The authorities have adopted the recommendations of Global Public Finance Partnership (GPFP) capacity development (CD) that reviewed the current system and recommended a simple six-step process for bringing greater awareness of disaster vulnerabilities to the planning of public investment. This has been formally adopted within the 2026 budget preparation process. Looking ahead, the authorities are planning to use GPFP-financed CD to support their reform objectives under the IMF program. Planned CD will aim to improve their ability to manage cash through development of a treasury single account; and strengthen the overall regulatory framework for capital expenditure within the budget system.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration

Key Progress in FY25: Authorities' understanding of the current state of the government's tax administration, core revenue administration operations and governance arrangements has been strengthened using the TADAT methodology, with the completion of preassessment training and repeat TADAT assessment.

Previous Progress: Authorities' capacity to evaluate the strengths and weaknesses of the tax administration was built. This was achieved through the pre-TADAT assessment training that enhanced the knowledge and understanding of the TADAT tool and the data requirements for the assessment. Authorities understood the standards for international good practice in tax administration, and this will contribute to strengthening their capacity to develop and institutionalize a clear medium term reform strategy geared to improved revenue collections.

Next Steps: The authorities' capacity to deliver medium-term tax administration reform will be increased through the adoption and institutionalization of a clear reform plan based on the results of the TADAT and supported by a strategic management framework for its implementation. A field-based post-TADAT tax administration reform and CD planning exercise is planned, the dates for which are still to be agreed.

Spending Module II – Managing Public Finance

Key Progress in FY25: Conclusions from the July 2024 CPIMA have been operationalized in three reform measures (RM) of the IMF's Resilience and Sustainability Facility (RSF) as part of the country's lending program. For one of these RMs (RM4), CD inputs provided in February 2024 mean that the authorities now have a simple disaster risk screening process for major projects (K10m+) financed through the budget, and this has been formally incorporated into preparations for the 2026 budget.

Previous Progress: As a result of July 2024 Climate-Public Investment Management Assessment (CPIMA), the authorities now understand more fully the climate sensitivity of their public investment systems (this input

was originally intended to be financed through the GPFP but was ultimately delivered via another funding route). No other GPFP activities were delivered in the earlier period.

Next Steps: The authorities need to develop a treasury single account implementation plan to improve their cash management systems. This is a structural benchmark under the country program. CD financed by the GPFP will be provided to support this in May 2025. Additional support is needed to achieve the RM on specifying in regulation the whole public investment lifecycle within the budget. CD financed by the GPFP will be delivered to support this towards the end of FY26, following delivery of a full PIMA (to be delivered via a different funding route).

III. LOGICAL FRAMEWORK

Country – Papua New Guinea		
RM II: Objective - Strengthened revenue administration management and governance arrangements - RAM		Rating - 3
Outcome	Rating	Narrative
Organizational arrangements enable more effective delivery of strategy and reforms	4 Fully Achieved	A new organizational structure has been approved and is being implemented. Staff have been allocated to new functional roles.
Capacity to reform increased due to clear reform strategy and strategic management framework adopted and institutionalized	4 Fully Achieved	Governance mechanism is in place in principle. Meetings are sporadic and inconsistently attended. The secretariat lacks the authority to hold implementation agencies to account for delivering medium-term revenue strategy (MTRS) outcomes and milestones.
Support functions enable more effective delivery of strategy and reforms	3 Largely Achieved	Good progress with organization reform program, but procurement of new IT system for the Internal Revenue Commission (IRC) represents a serious threat.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	Strategy was developed with short-term expert (STX) support, but implementation progress has been slow. Final STX visit was cancelled by the IRC as it was considered unnecessary.
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	1 Not Achieved	After serial delays the commitment of the IRC to implementing the TAA is a serious risk.
More independent, accessible, effective and timely dispute resolution mechanisms adopted	3 Largely Achieved	Strategy to address backlog in place, but overall progress linked to the implementation of the TAA.
Authorities have a baseline understanding of the current state of the government's revenue administration, management, and governance arrangements and core revenue administration operations	4 Fully Achieved	A pre-assessment training on the TADAT methodology has been completed. The TADAT assessment will enhance the authorities understanding of the strengths and weaknesses of the tax system and provide the authorities with the information required to develop a tax administration reform and capacity development plan, to be supported by a post-TADAT workshop.

RM II: Objective - Strengthened core tax administration functions - TAD		Rating - 2
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	3 Largely Achieved	Process reviewed, strategy and implementation plan developed - but implementation progress slow.
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	TPS strategy approved after being rejected twice, but implementation is slow. Account managers have been appointed in the large taxpayers' office.
A larger proportion of taxpayers meet their filing obligations as required by law	1 Not Achieved	Return collection strategy developed but not implemented. Self-assessment scheduled for introduction in January 2022.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Strategy developed but not implemented. Debt continues to escalate.
SM II: Objective - Frameworks to Build Sustainable Fiscal Institutions and Frameworks - FIF		Rating - 3
Outcome	Rating	Narrative
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	4 Fully Achieved	A CPIMA has been delivered, although via a different funding route (JSA)
Strengthened capacity to plan, implement and sustain infrastructure governance	2 Partially Achieved	The CPIMA has resulted in some agreed actions for reform, which will improve PIM processes more generally. A full PIMA would result in a more comprehensive infrastructure/PIM improvement plan—this is expected in FY26. Specific CPIMA reforms have been agreed to by the government for delivery in FY26, and three of those feature in the RSF lending program. CD from the IMF's Fiscal Affairs Department (FAD) has supported delivery of one of the RSF Reform Measures (RM4) regarding disaster-risk screening for major infrastructure projects, with the authorities being supported to develop a basic screening system that now requires roll-out and embedding in budget preparation processes. Additional CD to support other RSF actions (likely the development of a full set of public investment management (PIM) regulations) is forthcoming in FY26 and FY27, subject to the authorities' agreement.
SM II: Objective - Strengthened Budget Management - PBM		Rating - 1
Outcome	Rating	Narrative
Strengthened budget execution and control processes	1 Not Achieved	CD inputs for both outcomes are expected to be delivered in FY26. Plans for the first input on developing a TSA implementation plan are already well-advanced, and the input is expected in May 2025.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II: Risk that external events could create a challenging environment to implement recommendations arising from the TADAT findings.	Medium	Ensure adequate stakeholder engagement and communication and allow for flexibility to adjust responses in the case of adverse reactions.
Political Support		
RM II: Lack of political support for the strategic reforms necessitated by TADAT findings.	Medium	IMF's Asia and Pacific Department (APD) colleagues could be leveraged to enhance traction within IRC and at higher political levels.
SM II: There is a risk that authorities are not prepared to make tough decisions to implement reforms in the area of PIM and budget execution.	High	1) Link reforms to the IMF lending program so there is a clear incentive to deliver changes 2) Engage closely with authorities during missions to find those areas where there is appetite for reform 3) Emphasize the benefit of reform in the long-term 4) Share best practice from other countries that have undertaken these reforms to demonstrate what success can look like
Management and Technical Staff Support and Commitment		
RM II: Reluctance by IRC Senior Management to implement changes necessitated by the TADAT findings	Medium	Conduct a TADAT follow-up activity to identify and justify necessary reforms. Engage with senior management and technical staff proactively and explain the value in strengthening IRC's capacity to deliver the MTRS-II.
SM II: The capacity of technical staff in PNG is relatively low. There are coordination challenges between separate ministries of finance and treasury. This could make reform more difficult as staff struggle to deliver their new processes and to coordinate across institutions.	High	1) Carefully tailor reform advice to the capacity level of the relevant staff. 2) Ensure buy-in to reform at a political level so that technical staff face the right incentives for delivery 3) Prioritize implementation support follow up missions in resource allocation rounds to ensure that technical staff receive frequent support interventions.
Resource Adequacy		
RM II: Inadequate leadership and technical capacity, organizational structures, and human resources to effectively implement reforms	Medium	Ensure CD plans prepared in response to the TADAT assessment include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited.
SM II: CD inputs for the two topics (PIM, budget execution) are inevitably limited. The plan is for two follow-up implementation	Medium	1) Prioritize follow-up implementation support in the annual planning rounds to ensure that these resources are made available.

Description	Rating	Mitigation Measures
support missions in consecutive years to support HQ-led diagnostic missions in these two areas. This may not be enough to support reform; particularly given the low capacity environment of PNG.		2) Explore the possibilities for informal support that has no direct program cost (e.g., desk-based review; informal discussions; informal check-ins) 3) Advocate for resources for this program in GPFP and IMF's Pacific Technical Assistance Center (PFTAC) resource allocation decisions, using examples of 'quick wins' and successes delivered.
Other Risks		
RM II: Multiple development partners involved in the IRC's reform program may to possible CD duplication.	Medium	Take an active role in engaging with other donors to ensure CD preparatory activities and delivery are well coordinated. Where possible, involve other development partners in CD opening and closing meetings.

V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

During its first year the Paraguay project, under the Global Public Finance Partnership (GPFP), has supported the objectives of both the IMF's Policy Coordination Instrument (PCI), which was approved in November 2022, and the IMF's Resilience and Sustainability Facility (RSF), approved in December 2023. The authorities are committed to exhausting efficiency gains in tax collections and government spending to secure fiscal consolidation. The main progress in each module of the GPFP project are as follows:

Tax policy: The authorities have made progress in improving their tax expenditures related to value added taxes (VAT) with support from the Inter-American Development Bank (IDB). Additionally, they are keen on reforming the excise tax on fuels to reflect their carbon content. However, there has been no progress on tax policy reforms aimed at broadening the tax base.

Revenue administration: Significant progress has been made in developing analytical tools, including the segmentation of importers by size and risk level, and refining the risk criteria of the selectivity system. This will facilitate the development of tailored Compliance Improvement Plans (CIPs) and reduce physical inspections by up to 50 percent, thereby streamlining trade, reducing costs, and eliminating opportunities for corruption. Furthermore, a draft CIP to address customs undervaluation has been developed and is pending approval, and a roadmap to strengthen the post-clearance audit (PCA) function has been thoroughly refined. The e-invoicing project is on track; it is mandatory for most large and medium taxpayers, and more than 56 percent of Paraguay's VAT is currently declared by taxpayers using e-invoices. While a new organizational structure has identified processes and business owners, key performance indicators (KPIs) are still under development. The Paraguayan Revenue Administration (DNIT) has initiated capacity development (CD) activities to develop a Compliance Risk Management (CRM) framework and CIP designs for major risk areas. However, the advances have not yet been operationalized, indicating that substantial efforts are still required to integrate the DNIT's departments and divisions, and that change management has not received sufficient attention.

Spending policy: CD has been provided to improve the efficiency and fiscal sustainability of the *'Instituto de Previsión Social'* (IPS) Health and Pension spending. Discussions are ongoing with the authorities regarding the provision of additional CD, including follow-up on IPS Health and Pension spending, other pensions, and public sector pay and compensation.

Managing Public Finance: Paraguay has enhanced its legal framework for investment through reforms to its Public-Private Partnership (PPP) law and project appraisal requirements; however, it should continue its efforts to finalize this process. With the support of the RSF, Paraguay has enhanced its analysis of climate change impacts on public finance. Consequently, project appraisals for public investments will now incorporate the necessity of adapting infrastructure to withstand adverse climate events. Additionally, the ministry of finance is developing a tool for a comprehensive assessment of fiscal risks associated with climate change.

Additionally, it is important to highlight CD collaboration within the IMF's Fiscal Affairs Department (FAD) revenue administration and climate policy divisions regarding carbon taxation and CRM. In October 2024, FAD conducted a remote mission to support the implementation of a carbon tax. The mission assessed the current fiscal structure for fuels, proposed a method to integrate the carbon tax into the existing framework, and discussed additional design considerations. The reform's impact on revenue administration, including both compliance costs and compliance risks, was coordinated with a short-term expert (STX) visit that worked on the ground with the DNIT to help develop its CRM framework.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: This module supports the authorities' objective of broadening the tax base while keeping tax rates low. Authorities have made progress. They have produced updated estimates of the tax expenditures arising from the VAT with IDB support.

Next Steps: During the next semester, we will support authorities' efforts to appraise their special tax regimes of free trade zones, "*maquilas*," and Law 60/90 with the aim of costing the forgone revenue from these special regimes and assessing their net benefits.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: CD to support customs administration has resumed with a workshop for 41 officials on CRM and CIPs. This was crucial for new senior managers who needed clarity on CRM implementation. Hands-on guidance was provided on how to segment importers by size, sector, and risk level. The results were presented to the national director through a business intelligence dashboard, which he found very useful. Collaboration with the IDB continues as they work on a loan for modernizing the tax agency. The e-invoicing project is on track; it is mandatory for most large and medium taxpayers, and more than 56 percent of Paraguay's VAT is currently declared by taxpayers using e-invoices. While a new organizational structure has identified processes and business owners, KPIs are still under development. The DNIT has begun CD activities for the CRM framework and CIP design, but the lack of traction in the merger process has hindered progress.

Next Steps: For customs, upcoming missions will focus on: (i) refining the scope of new customs departments; (ii) training on trader segmentation methodologies; (iii) strategies to improve goods clearance efficiency; and (iv) strengthening PCAs. For tax, the next missions will focus on: (i) consolidating the implementation of e-invoicing; (ii) developing KPIs for processes and business owners; and (iii) enhancing the CRM framework by developing CIPs for key taxes.

SM I: Spending Module I – Spending Policy

Key Progress in FY25: A CD mission on the efficiency and fiscal sustainability of IPS Health and Pension spending was undertaken in August 2024. A draft report was provided to authorities for comment and the report was finalized in December 2024.

Next Steps: FAD is in discussions with the Paraguay authorities on the next steps for CD in FY26, including on following up on the August 2024 mission on IPS Health and Pension spending, other pensions or public sector pay and compensation.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY25: In May 2024, a mission on fiscal risks equipped authorities with an Excel-based tool to evaluate the short-term impacts of climate events. To maximize the utility of this tool, it is vital for the authorities to source updated data. Additionally, with the support of the GPFP, the country successfully adopted a new law governing PPPs. Furthermore, legal norms have been revised to incorporate a climate change perspective in the appraisal of public investment projects.

Next Steps: The project will concentrate on enhancing public investment. The newly enacted PPP Law necessitates complementary modifications to its implementation decree. Moreover, specific guidelines tailored for the appraisal of small and medium-sized public investment projects will need to be developed.

III. LOGICAL FRAMEWORK

Country – Paraguay		
RM I: Objective - Improve Tax Policy Design - TPD		Rating - 1
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	A CD mission to support the analysis and reform of special tax regimes is scheduled for FY26. During the spring meetings, the authorities confirmed their interest in analyzing the special tax regimes with the view of amending or abolishing ineffective or redundant special regimes in order to broaden the tax base.
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	A mission to assess the equity considerations of the special tax regimes is scheduled for FY26. During the Spring Meetings, the authorities confirmed they are keen on analyzing the special tax regimes with the view of amending or abolishing ineffective or redundant special regimes in order to broaden the tax base.
RM I: Objective - Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 3
Outcome	Rating	Narrative
Improved transparency and outreach	3 Largely Achieved	The authorities have updated their tax expenditure estimates for the VAT with IDB support. An IMF mission is scheduled for FY26 to estimate tax expenditures arising from special tax regimes and assess their net benefits.
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	2 Partially Achieved	The new organizational structure for the DNIT has helped identify the processes and business owners; however, delays in the merger process are hindering progress on key decisions necessary for establishing a solid governance model.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	The DNIT has received some CD activities to help design a CRM framework, which is still in the early stages. Additionally, the DNIT has received several CD activities to assist in designing compliance improvement plans for tax and customs. However, the lack of progress in the merger process has delayed key decisions, including the formalization of the risk management committee.

RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 3
Outcome	Rating	Narrative
Audit and other verification programs more effectively ensure accuracy of reporting	3 Largely Achieved	The e-invoicing system is mandatory for the majority of large and medium taxpayers, and starting in January 2026, it will also be mandatory for all government suppliers.
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	Significant progress has been made on the analytical side to improve the customs clearance process; however, much remains to be done. Future challenges include implementing the developed analytical tools, strengthening feedback within the risk system, ensuring officials have the necessary technical skills, maintaining rigorous oversight, and creating a dashboard of indicators for performance measurement and decision-making.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	Progress has been made in laying the foundations to establish a PCA department aligned with best practices that help improve compliance. An analytical tool has been developed in collaboration with officials to identify the highest-risk sectors and related importers. In addition, a roadmap has been refined to strengthen PCA procedures. While PCA officials are eager to move forward, they require greater support and involvement from senior management.
SM I: Objective - Strengthen Expenditure Policy Formulation and Design - EPD		Rating - 4
Outcome	Rating	Narrative
Public pension system sustainability is enhanced while ensuring the adequacy of retirement income	4 Fully Achieved	Provided CD report to authorities for comments. Final report provided by the end of calendar year 2024.
Public expenditure is fiscally sustainable and efficient	4 Fully Achieved	Provided CD report to authorities for comments. Final report provided by the end of calendar year 2024.
SM II: Objective - Frameworks to Build Sustainable Fiscal Institutions and Frameworks - FIF		Rating - 2
Outcome	Rating	Narrative
Strengthened fiscal policies, frameworks, institutions, and laws	2 Partially Achieved	A recent mission supported the drafting of a revised appraisal manual for public investment projects. This manual still has to be adopted and implemented.
SM II: Objective - Strengthened Budget Management - PBM		Rating - 3

Outcome	Rating	Narrative
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	Several reforms to the legal framework have been proposed to the authorities but their implementation is still pending. A fiscal risk assessment mission took place in May 2024 and indicated possible ways to improve the analysis of fiscal risks associated to climate change and public corporations. However, no fiscal risk report was published this year.
Strengthened annual budget process, and effective allocation	2 Partially Achieved	A public investment projects selection process decree setting including criteria related to climate change was adopted.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Droughts caused by El Niño can put pressure on retaining or creating new incentives for the agriculture sector	High	Devise an analytical framework to quantify the costs of new incentives and their potential effectiveness
RM II, SM II: Deterioration of fiscal situation may impact availability of resources to finance reforms.	Low	Careful alignment of reforms with the main priorities of the government. Reforms at the DNIT and ministry of finance are underpinned by comprehensive strategic plans, and the project results from the respective governments' strategic decision to reduce non-compliance and modernize its risk management capabilities.
Political Support		
RM I: The new government's desire for reforming special tax regimes eases	Medium	The government is committed to evaluating the existing special regimes as stated in the FCL.
SM I: Pensions and wage bill can be contentious	Very High	Discussed communication plans with authorities.
Management and Technical Staff Support and Commitment		
RM I: Staff is not engaged or knowledgeable in tax expenditure quantification and assessments	Low	Previous CD engagements have built foundational blocks
RM II: Continuous rotation of managers and staff undermine the absorptive capacity and provoke permanent discontinuity.	High	Encourage authorities to implement administrative reforms that contribute to a more stable staff. Continual/regular high-level engagement and monitoring.
SM I: Pension modelling requires high level capacity and support	Medium	Review technical capacity and support, as needed.

Resource Adequacy		
RM I: Not enough staff or high turnover among staff	Low	Develop a methodological framework to estimate and evaluate tax expenditures that is accessible to new staff
SM II: Insufficient technical capacity on topics related to climate change	Very High	CD activities would include training sessions.
Other Risks		
All: Multiple donors are providing technical assistance on merger and CRM topics; as a result, gaps or overlaps may arise.	Low	Take an active role in engaging with other donors to ensure that support is well coordinated, particularly with the IDB and, more recently, with the World Bank as part of the Joint Domestic Resource Mobilization Initiative (JDRMI).
RM II: The new government that took office in August 2023 implemented a merger between the tax and customs administrations into a single agency that can slow down and even stop implementation of reforms.	High	The FY25 and FY26 workplans were designed to help the authorities better implement the merger and maintain focus on core process management.

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I. COUNTRY REFORM PROGRESS

The Philippines continues to work towards fiscal consolidation. The fiscal deficit narrowed from 6.1 to 5.6 percent of GDP in 2024. However, further fiscal consolidation under the Medium-Term Fiscal Framework is needed to ensure debt sustainability (to reach the 3 percent deficit target in 2028 and to bring debt-to-GDP below 60 percent over the medium term). Tax revenues are relatively low at 14.6 percent of GDP in 2023. Priorities include additional avenues for revenue mobilization, improving expenditure efficiency, and curtailing contingent liabilities. Post-TADAT (Tax Administration Diagnostic Assessment Tool) evaluation follow up, sequencing of the Medium-Term Revenue Strategy (MTRS), VAT modernization, and follow-up on tax expenditure are major areas of focus on the revenue side.

In providing CD support, the IMF's Fiscal Affairs Department (FAD) has coordinated closely with the IMF's Asia and Pacific Department (APD) and development partners, including Asian Development Bank (ADB) and the World Bank. The risks to the project are heightened due to global economic developments and country-specific political risk factors.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: A joint Tax Policy/Revenue Administration MTRS workshop (November 2024) provided authorities with guidance and a framework for using a structured approach to implementing tax reforms related to their Comprehensive Tax Reform Program (CTRP). Significant support on tax expenditures (TEs) assessment—inventory and costing of major TEs provided; the authorities now have a framework and tools for preparing their first TE report.

Previous Progress: 2024 value-added tax (VAT) diagnostic led to the authorities' commitment to modernize the Philippine VAT. During the 2025 Spring Meetings discussions, the authorities confirmed their readiness to engage on this work in FY26.

Next Steps: CD will focus on supporting authorities in their VAT modernization efforts (preparing a new VAT law) to reduce economic distortions, mobilize revenue and improve administrability of the VAT. Following up on the 2025 TE assessment, support on evaluating select TEs will also be provided.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: A joint Tax Policy/Revenue Administration MTRS workshop (November 2024) provided authorities with guidance and a framework for using a structured approach to implementing tax reforms related to their CTRP.

Previous Progress: The TADAT assessment completed in June 2024 provided the authorities with a critical tool for evaluating and improving the tax administration system in the Philippines. The collaborative effort between the IMF, World Bank, ADB, and Philippine Department of Finance / Bureau of Internal Revenue (BIR) reflected a joint commitment to enhance tax compliance and administration.

Next Steps: Follow up on the post-TADAT capacity development (CD) support related to Compliance Risk Management (CRM) and data analytics. In the medium term, the authorities have requested support on the MTRS including helping estimate the compliance gap. To examine the impact of tax reforms the authorities have also requested a future TADAT exercise in 2027–28.

III. LOGICAL FRAMEWORK

Country – Philippines		
RM I: Objective - Improve Tax Policy Design – TPD		Rating - 2
Outcome	Rating	Narrative
Increased/decreased revenue quantity	1 Not Achieved	The authorities are currently considering various approaches to revenue mobilization, hoping to improve the design and implementation of their Comprehensive Tax Reform Plan. Several tax reforms are being considered, including streamlining tax expenditures, modernization and base broadening of the VAT, and improving excise taxes and wealth taxation. These have, however, not yet had any material impact on the tax-to-GDP ratio.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	Following FAD's advice, the authorities are now committed to recasting the VAT law to reduce distortions and improve compliance. Work on VAT amendments is likely to commence in FY26.
RM I: Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 3
Outcome	Rating	Narrative
Improved transparency and outreach	3 Largely Achieved	The first CD engagement took place in October 2024, focusing on building tax expenditure inventory and initiating the overall TE assessment. The February 2025 mission identified and costed major TEs in corporate income tax, personal income tax, and VAT.
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	2 Partially Achieved	Following FAD's 2023 mission on revenue forecasting, authorities have a better understanding of revenue forecasting techniques and various models employed in

		tax policy analysis. TE costing models were developed as part of the Feb 2025 TEA CD. the authorities have access to microsimulation and RA-GAP VAT models.
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 3
Outcome	Rating	Narrative
Authorities have a baseline understanding of the current state of the government's revenue administration, management, and governance arrangements and core revenue administration operations	3 Largely Achieved	A repeat TADAT assessment of the Philippines tax administration system was carried out in May-June 2024 by the IMF-led team which had members from the World Bank and ADB. Based on the draft TADAT Performance Assessment Report (PAR), the BIR requested a follow-up visit to help prioritize and sequence quick wins and longer-term reforms aligning with their 2024-28 strategic plan. The TADAT results were also presented to the Department of Finance (DoF) Secretary during the 2024 Annual Meetings. This resulted in BIR's requests for CD on CRM and data analytics. Following a joint tax policy-revenue administration workshop in November 2024, DOF requested assistance on a phased MTRS approach to their CTRP. Lengthy delays with post-TADAT follow-up mission and assistance on CRM and data analytics awaiting confirmation by BIR.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External/Climate Conditions		
RM I - Risk that external events create a more challenging environment to implement reforms.	Low	Ensure sufficient flexibility in program execution across countries and allow for ability to adjust activities in the case of adverse events.
RM II - Risk that external events create a more challenging environment to implement reforms. This includes natural disasters such as tropical storms.	Medium	Ensure sufficient flexibility in program execution across countries and allow for ability to adjust activities in the case of adverse events.
Political Support		
RM I - Lack of political support for reforms inhibits required actions or resources allocated. Resistance to revenue mobilization through tax reforms--preference	Medium	Early on engagement; close coordination with and leverage of advice through APD.

Description	Rating	Mitigation Measures
for non-tax revenue measures and improvements to tax administration		
RM II - Lack of political support for reforms inhibits required actions or resources being allocated that are needed to enhancements to fiscal risk management institutions and practices.	Low	Ensure fiscal risk CD is focused on priority areas and engage regularly with ministers and senior management to ensure government ownership of reforms. APD colleagues could be leveraged enhance traction at higher political levels.
Management and Technical Staff Support and Commitment		
RM I - Low commitment of management and staff in finance and other ministries to adopt and implement tax policy reform measures.	Low	Engage with senior management and technical staff pro-actively and explain the importance of strengthening tax systems.
RM II - DoF push for the post-TADAT reforms may not be reflected in the commitment of BIR senior management.	Medium	Enhance virtual and in-person discussions with BIR management and staff to assuage concerns and address questions.
Resource Adequacy		
RM I - Insufficient technical capacity and human resources necessary to implement reforms are limited.	Low	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited.
RM II - Inadequate technical capacity, organizational structures, and human resources to effectively provide data and information.	Medium	Strong preparatory online workshops and discussion of mission schedules to ensure BIR readiness.
Other Risks		
RM I - Multiple donors are providing CD; gaps, or overlaps may arise as a result.	Low	Take an active role in engaging with other donors to ensure support is well coordinated.
RM II - Multiple development partners may be involved in the BIR's reform program leading to possible CD overlaps.	Low	In keeping with the MTRS process, other interested development partners will be kept informed.

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I. REFORM PROGRESS

The project has contributed to capacity development (CD) and knowledge sharing within a multilateral context, including engagement with the Addis Tax Initiative (ATI), United Nations University-World Institute for Development Economics Research (UNU-WIDER) and UN. The ATI engagement through multi-country activities is helping estimate the value-added tax (VAT) gap. Under an RA-GAP assisted exercise, Kenya, Uganda, Rwanda, Ecuador, Namibia and Madagascar have updated or initiated VAT gap estimations to be presented in the ATI General Assembly in July 2025. These estimates are nearing completion. In February 2025, this GPFP project was able to disseminate the various tax gap initiatives on a global scale in a United Nations event on how to better use databases to mobilize domestic resources. Development of the respective gap estimation methodologies such as revision of the VAT tax gap methodologies and development of bottom-up approaches also continued, including: (i) the Heckman two-step approach to measure tax gaps based on operational audits in Armenia; (ii) Machine Learning tax gap estimation techniques; and (iii) transitioning the current Excel-based VAT gap model to Python.

Country engagements were also carried out for GPFP and other country projects, with the majority being low-income developing countries: (i) A new VAT gap estimation process¹ was successfully carried in 2024-25 using the Assisted Self-Assessment program, with Kenya Revenue Authority (KRA) staff implementing the work with the guidance of the IMF team. This enhanced the country authorities' capacity; (ii) At the request of Armenia State Revenue Committee (SRC), IMF has estimated the Personal Income Tax (PIT) gap and Social Security Contributions (SSC) gap. SRC delivered the requested data and tax gap measurements were finalized in January 2025. The PIT/ SSC gaps will provide important insights for SRC in their work on implementing PIT declarations; (iii) At the request of Nigeria's Federal Inland Revenue Service (FIRS), the IMF's RA-GAP team visited Abuja in October to conduct its first VAT gap estimation. With guidance from the mission team, FIRS successfully mobilized most of the required tax data for the modeling, with remaining issues to be addressed in the upcoming remote engagement; and (iv) A standard tax gap assessment for VAT in the Dominican Republic (DR) was concluded in March 2025. This included an analysis of measures for improving VAT compliance risk analysis based on the results.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module IV – Fiscal and Macroeconomic Tools, Research, and Analytical Work

Key Progress in FY25: The RA-GAP methodologies were brought to a broader audience which helped several tax administrations initiate or improve tax gap estimates to feed into Compliance Risk Management (CRM). It is expected that in countries participating in the ATI VAT gap models, sound methodologies to monitor inaccurate reporting and tax gaps would be adopted. The Heckman two-step model has been applied in Armenia. A short-term expert (STX) has been identified and contracted for Machine Learning analytical work.

Previous Progress: The IMF's Fiscal Affairs Department (FAD) had engaged with the ATI to coordinate work including presenting in knowledge sharing seminars and reviewing the UNU-WIDER bottom-up

¹ A VAT gap for Kenya was first carried out in 2019.

corporate income tax (CIT) gap model. For the DR, CD is relevant for realigning efforts towards tax gap analysis, a key input for developing evidence-based compliance improvement reforms. The DR tax gap analysis is being coordinated with FAD, the IMF's country teams, and the IMF's Regional Technical Assistance Center for Central America, Panama and the DR (CAPTAC-DR). The Inter-American Development Bank (IADB) will be also considered to discuss prior estimations delivered to the country.

Next Steps: The analytical work projects on Heckman model CIT Gap estimation will be published in a technical note. Armenia's State Revenue Committee (SRC) has agreed to publish all results, and these can therefore be used in a technical note.

The team, in collaboration with an STX, will create a technical note on Machine Learning Bottom-Up tax gap estimation, as well as a toolkit for future CD delivery.

The work on transitioning the VAT Gap model from a purely Excel-based application to a hybrid tool with Python as its back-end and Excel as its front-end is more than halfway through. The core estimations of the model have been moved to Python and the project has been piloted to a working group of 3-4 countries. The next steps include shifting the initial data input aspects of the model from Excel to Python and introducing other robust features such as sensitivity analysis.

Country engagement with Sierra Leone will be followed up. A training session on VAT Gap estimation for Indian indirect tax officials for the IMF's South Asia Regional Training and Technical Assistance Center (SARTTAC) will be delivered. A joint IMF-UNU-WIDER mission will be conducted in the FY26 to estimate the Zimbabwe VAT gap using two different methods simultaneously: top-down and bottom-up. This double approach aims to better understand the macro and micro causes of VAT non-compliance in a country and the pros and cons of both methods in terms of accuracy, granularity, and completeness. Other potential country engagements include Moldova, Philippines, etc.

III. LOGICAL FRAMEWORK

Project – MC Project		
Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) RAM		Rating - 3
Outcome	Rating	Narrative
Improved monitoring and evaluation of compliance risk mitigation activities (TADAT POA2-5)	3 Largely Achieved	The engagements with development partners including ATI and UN on tax gap estimation were well received. The RA-GAP methodologies were brought to a broader audience. The ATI initiative has helped several tax administrations initiate or improve tax gap estimates to feed into CRM.
Sound methodologies used to monitor the extent of inaccurate reporting and tax gaps (TADAT 2015 POA6-	3 Largely Achieved	Authorities have shown willingness to implement RA-GAP models and methodologies. It is expected that in countries participating in the ATI VAT gap

18/TADAT 2019 POA6-22, RA-GAP results)		models sound methodologies to monitor inaccurate reporting and tax gaps would be adopted.
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IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
Resource Adequacy		
External events create a more challenging environment to assess tax gaps or implement tax reform	Low	Maintain ongoing engagement with member countries on tax gap estimation and expand outreach to include new countries
Political Support		
Lack of political support for reforms inhibits required actions or resources being allocated that are needed to enhance tax gap analysis or fiscal reforms	Low	Liaise with the IMF's country teams to ensure fiscal advice and CD is supported by the analysis of tax gaps and engage regularly with the minister of finance and senior management and other key stakeholders to ensure government ownership
Management and Technical Staff Support and Commitment		
Low commitment of management and staff in the tax administration of other agencies such as statistics agencies to assess tax gaps and implement fiscal reforms	Low	Integrate tax gap analysis as a component of broader CD projects and leverage project managers' relationships with senior management. Emphasize the importance of tax gap analysis, including the "what" and "how" to issues in tax gap analysis and the linkages to reform strategies
Resource Adequacy		
Insufficient technical capacity and human resources necessary to assess tax gaps	Medium	Ensure CD plans are well targeted based on capacity and include sufficient capacity building and training elements, including via the online RA-GAP VAT Gap Estimation Model (VGAPx) course
Other Risks		
Multiple donors are providing CD on tax gap analysis or overlaps that may arise as a result	Low	Take a more active role in enhancing cooperation and coordination with other partners, leveraging the planned interactions with different stakeholders participating in tax gap estimation

V. PROJECT MANAGERS CONTACT INFORMATION

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	(all FADR1)	
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I. COUNTRY REFORM PROGRESS

Rwanda is implementing a Policy Coordination Instrument (PCI) supported by the Fund. They are advancing their reforms focused on macroeconomic stability, fiscal and monetary policy, and climate resilience. Despite the challenging environment, macroeconomic policy performance through end-December 2024 was assessed as remaining in line with program objectives under the PCI arrangement. Rwanda unveiled their second National Strategy for Transformation (NST 2), which covers the period 2025-29. They have been following the good practice of aligning their NST with the Medium-Term Revenue Strategy (MTRS), which means parallel to the extension of MTRS 1, they initiated the process of developing MTRS 2. Tax policy measures were prioritized, after the lack of success on moving forward with the tax policy reform identified in MTRS 1. A multi-year package of tax policy reforms was announced in February 2025; consistent with FAD advice, the emphasis in Rwanda's package is on higher taxes on gasoline, diesel and motor vehicles combined with value-added tax (VAT) base broadening, phase-out of VAT preferences, repeal of corporate income tax (CIT) holidays, higher rates on capital gains, and excises for negative externalities and health objectives. The authorities independently emphasized specific taxes on accommodation, airtime, beauty products. In addition, the authorities completed a tax diagnostic process supported by the Korea International Cooperation Agency (KOICA) to develop what they termed a masterplan for tax policy and administration in Rwanda.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: September 2024 mission by the IMF's Fiscal Affairs Department (FAD) mission recommended that new measures should be guided by four key objectives: (i) reducing tax relief for unregistered, exempt, and informal businesses while enhancing the competitiveness of registered businesses; (ii) addressing the VAT system's regressivity by repealing exemptions and zero-ratings that disproportionately benefit higher-income households; (iii) rationalizing income tax incentives and positioning Rwanda as a competitive destination for business investment; and (iv) implementing environmental sustainability measures through comprehensive fossil fuel taxation to address greenhouse gas emissions and improve local air quality.

The government took a step forward on tax reform in February 2025, with cabinet approval and public communication of a multi-year approach to revenue mobilization that broadens tax bases, improves equity, and contributes to economic growth over the medium and long term.

Next Steps: The Rwanda Ministry of Finance and Economic Planning (MINECOFIN) tax policy unit is nascent; it lacks the policy and legislative knowledge to design a major reform or defend tax policy objectives when challenged by industry or other government departments. The regional tax policy advisor will develop a systematic approach to training and onboarding new staff, while FAD will continue to assist in the development, formulation and communication of tax measures to generate incremental revenues while supporting a fair, equitable and competitive tax system that treats all investment favorably.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: No meaningful progress was made in FY25. Rwanda decided to slow down on technical assistance and prioritized development of a masterplan on tax reforms, with the assistance of the KOICA. This report has been published.

Previous Progress: A review of implementation of MTRS 1 was carried out and recommendations made. A plan to assist Rwanda develop their Refunds Forecasting model could not be implemented owing to recruitment delays. A planned staff visit by the LTX based in Tanzania could also not materialize as at the time resources were limited.

Next Steps: A review of the masterplan is underway to determine areas of support. A staff visit is planned for June 2025 to meet the new leadership of the Rwanda Revenue Authority (RRA) and agree on a way forward. This visit will include the GovTech team.

III. LOGICAL FRAMEWORK

Country – Rwanda		
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 1
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	3 Largely Achieved	Officials have an increased understanding of the reforms required to raise revenues while minimizing the negative impacts on economic efficiency and vertical equity, though cabinet continues to view tax incentives, exemptions, and reliefs as a basic policy response to a wide range of industrial, consumer (e.g., adopting new technologies) and social objectives. Rwanda took a step forward on tax reform in February 2025, with cabinet approval and public communication of a multi-year approach to revenue mobilization that broadens tax bases, improves equity, and contributes to economic growth over the medium and long term.
Increased / decreased revenue quantity	2 Partially Achieved	The tax policy reforms envisaged in the MTRS approved by cabinet in 2021 failed to be implemented, and tax revenues are lower now than prior to the approval of the MTRS: 14.6 versus 15.8 percent of GDP in 2019/20. In particular, CIT reforms that would have broadened and secured the tax base were not implemented, and the general CIT rate was reduced by 2 percentage points despite a commitment in the MTRS to review and implement the CIT changes as a package.

		A multi-year package of tax policy reforms was announced in February 2025; consistent with FAD advice, the emphasis in Rwanda's package is on higher taxes on gasoline, diesel and motor vehicles combined with VAT base broadening, phase-out of VAT preferences, repeal of CIT holidays, higher rates on capital gains, and excises for negative externalities and health objectives.
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 regional tax policy advisor visited Kigali in September 2024 to take stock of existing tax policy capacity, identify gaps and develop a work program. While the Tax Policy Directorate is well equipped with analytical tools and has access to necessary data, low staffing levels reduces its effectiveness. Over the coming six months, the advisor will develop a systematic approach to training and onboarding new staff and supporting the development of the MTRS on a needs basis. In March-April 2024, FAD delivered training on estimating the revenue impacts of VAT and income tax measures through an in-person workshop on using the VAT Gap Estimation Model (VGEM) to cost tax base measures and a remote workshop on CIT microsimulation modeling.
RM II: 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	3 Largely Achieved	They are yet to publish the 2024-25 Compliance Improvement Plan, but the compliance risk management framework is embedded and utilized.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their payment obligations as required by law	1 Not Achieved	This was time sensitive and due to some funding delays, assistance was obtained elsewhere.

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	1 Not Achieved	MTRS 1 extended. MTRS 2 development awaiting finalization of NST 2.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	The designed microservices architecture for e-tax needs to be implemented, within the security by design framework. Waiting to agree on an implementation plan with the Rwandan authorities (several reminders to RRA are made on this).

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: Climate change and severe weather events in an economy with a large agricultural sector and the highest population density in Africa. Severe floods in May 2023 directly resulted in revenue pressures, staff capacity and slow down reforms.	High	Ensure sufficient flexibility in program execution across countries and allow for ability to adjust activities in the case of adverse events.
Political Support		
RM I: Cabinet continues to view tax incentives, exemptions and reliefs as a basic policy response to a wide range of industrial, consumer (e.g., adopting new technologies) and social objectives. MINECOFIN officials are hesitant to pursue the tax policy measures necessary to meet revenue targets given the political emphasis on tax incentives, exemptions and reliefs.	High	Ensure fiscal risk CD is focused on priority areas and engage regularly with ministers and senior management to ensure reforms stay on track.
RM II: Due to elections next year, MINECOFIN is hesitant to implement tax policy measures in the MTRS and pushing revenue collection targets with administrative measures.	High	Ensure fiscal risk CD is focused on priority areas and engage regularly with minister and senior management to ensure reforms stay on track.
Management and Technical Staff Support and Commitment		
RM I: MINECOFIN's tax policy unit is nascent. It lacks the policy and legislative knowledge to design a major reform or defend tax policy objectives when challenged by industry or other government departments.	Very High	The resident advisor in the IMF's Regional Technical Assistance Center for East Africa (AFE) should have a significant role in Rwanda, supplemented by HQ missions and desk reviews to assist in developing approaches to communicating tax measures.

Description	Rating	Mitigation Measures
RM II: RRA Executive Management is very committed to the reform program but poor coordination with MINECOFIN management may slow down MTRS reforms.	Low	Engage with senior management and technical staff proactively and explain the importance of strengthening fiscal risk management.
Resource Adequacy		
RM I, RM II: Human and financial resources, and infrastructure are available to support reform plans. However, the initial days of NOM implementation may reduce staff capacity and slow down reforms.	Medium	Ensure CD plans include sufficient capacity building and training elements and focus CD to priority or highest risk areas where resources are limited.
Other Risks		
RM I, RM II: Over ambitious reform plans- RRA seems to have too many reform activities going on at the same time that may affect focus and prioritization of the MTRS.	Medium	Support the authorities to develop well-prioritized reform and modernization plans. Help develop a monitoring and evaluation framework with support from MTRS advisor providing on-the-ground support and have annual HQ reviews.
RM I, RM II: Multiple donors are providing technical assistance on fiscal risk topics and gaps, or overlaps, may arise as a result.	Medium	Engage actively with donors to ensure support is well coordinated.

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I. COUNTRY REFORM PROGRESS

Tax Policy and Revenue Administration. Following the IMF's Fiscal Affairs Department's (FAD) assessment of the 2018-24 Medium Term Revenue Strategy (MTRS) in July 2024, including policy proposals for the next one, the authorities have so far not progressed the planning of their own revenue strategy, as they have been absorbed by an important case of misreporting. The resulting budget imbalances will in fact likely dictate the terms of the next MTRS, including revenue targets and the nature of policy measures. This capacity development (CD) program will therefore need to wait until: (1) the misreporting issue is resolved, and (2) a consensual macro framework is agreed on (including the fiscal adjustment) during program discussions to reach agreement with the authorities on revenue targets and policy goals. A mission is planned at the earliest in June/July 2025 in coordination with the IMF's African Department (AFR), but it could be delayed depending on progress on misreporting and program discussions.

Public Financial Management (PFM). With a programmatic approach, involving various IMF departments and FAD divisions, the authorities have made progress on operationalizing the effective deployment of the two sovereign funds and budgeting of related revenues. Transparency has also been strengthened in the context of the 2025 Finance Law through the implementation of the new public investment management (PIM) decree and the selection of priority capital projects, the attachment of the cash flow plan, the first Green Budgeting report, and an improved fiscal risks statement as annex to the budgetary statement. New priorities have been raised in the context of the misreporting, focusing on budget execution and control, cash and debt management, and accounting and fiscal reporting.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: Progress is very limited. Currently, proposed plans to adjust the Tax Code are not quantified and will likely be marginal compared to the size of the fiscal adjustment in 2025 (revised budget), 2026 and possibly 2027. The authorities are, however, planning a major reorganization of the MoF, notably to centralize and coordinate tax policy making.

Previous Progress: Progress was very limited. Currently proposed plans to adjust the Tax Code do not constitute an MTRS and the internal audit of the 2018-24 MTRS was mostly process-centered and yielded limited conclusions on results.

Next Steps: Coordinate with AFR to quickly identify revenue goals based on forthcoming program discussion (after misreporting is solved) and visit Senegal to discuss related policy measures (at the earliest in June or July 2025).

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: Despite significant problems related to the political transition after the Presidential elections, the new authorities remain very engaged with reforms at the tax administration and the appointment of a new long-term expert in support of computerization and data use is aligned with priority reforms to be included in the upcoming MTRS.

Previous Progress: Progress had stalled. Outlook for the development of a second MTRS remains uncertain.

Next Steps: FAD will continue to promote the elaboration of a detailed reform plan. Recommended measures include agreeing on revenue targets, assessing the budgetary adjustment needed following the misreporting of the public finances and setting up a properly structured institutional framework.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY25: Progress has been made on operationalizing the hydrocarbon revenue funds and managing oil revenue and climate change related fiscal risks. However, the significant misreporting of deficit and debt to the Fund has called for a refocus on PFM issues related to the misreporting since October 2024.

Previous progress: Budget preparation and fiscal risks management have improved since 2024 through the adoption and implementation of the new PIM decree; the budgeting of oil revenue; and the attachment of the cash flow plan, the first Green Budgeting report, and an improved fiscal risks statement as Annex of the Finance Law.

Next Steps: A comprehensive assessment of Senegal's fiscal misreporting has revealed deep-rooted institutional and PFM vulnerabilities that require urgent redressal. Focusing on these weaknesses will be the priority in the coming months to improve budget execution, debt and cash management, and accounting and fiscal reporting, possibly with support from a long-term advisor.

III. LOGICAL FRAMEWORK

Country – Senegal		
RM I: Objective – Improve Tax Policy Design		Rating - 1
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	Planning of reform is delayed by misreporting, but should resume as soon as program discussions resume, after the misreporting is solved.
Increased/decreased revenue quantity	1 Not Achieved	Planning of reform is delayed by misreporting, but should resume as soon as program discussions resume, after the misreporting is solved.
RM I: Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 0
Outcome	Rating	Narrative
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	1 Not Achieved	A specific unit had in principle been identified to coordinate tax policy, but the current context has not allowed the process to move forward. Relatedly, the authorities are now planning for a major reorganization

		of the MoF which would gather in a single unit all tax policy planning capabilities.
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	2 Partially Achieved	Preparatory work to develop a new MTRS is underway
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	The impact of recent advancements on digital technologies is still to be assessed and monitored
SM II: Objective - Strengthen Budget Management - PBM		Rating - 2
Outcome	Rating	Narrative
Strengthened asset and liability management processes	2 Partially Achieved	The roadmap for operationalization of the related sovereign funds is being implemented, but with delays. Operationalizing the frameworks and treasury arrangements has become of utmost importance as hydrocarbon revenues ranging from tax to dividends start flowing into government finance.
Strengthened annual budget process, and effective allocation	2 Partially Achieved	New regulations were adopted for the appraisal and selection of capital projects and started to be implemented in the context of the 2025 Finance Law for better project prioritization. Transparency has been strengthened with the attachment to the budget (annexes) of the cash flow plan, the first Green Budgeting report, and an improved fiscal risks statement. Correct use of the budget nomenclature still needs to be ensured.
Strengthened budget execution and control processes	1 Not Achieved	The misreporting case has exposed systemic weaknesses in Senegal's PFM systems that allowed bypassing of the established framework. Work will be needed to address the main issues during FY2026-27.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: N/A	Low	Build on progress achieved with remote delivery of CD.
RM II: Resurgence of pandemic hinders CD delivery and changes CD priorities	Medium	Build on progress achieved with remote delivery of CD.

Description	Rating	Mitigation Measures
SM II: Vulnerability to climate change and international crisis	High	Green and sustainable budgeting
Political Support		
RM I: Political instability may slow down and even stop implementation of reforms	High	Current misreporting difficulties are slowing reforms, both in terms of timing and clarity. There is no clear leadership on reforms. FAD will need to continue to have close consultation with the AFR Department country team and the authorities.
RM II: Political instability may slow down and even stop implementation of reforms	Medium	Focus on strategic advice and hands-on capacity building to have a more permanent impact. Close consultation with the IMF's African Department and the authorities
SM II: Disrupted reform program from different objectives by the new government following elections	Very high	Build consensus and support from the new government and strengthen capacities to ensure critical public financial management reforms are not disrupted and continue to be a priority
Management and Technical Staff Support and Commitment		
RM I: Persistent institutional instability regarding leadership on tax policy	High	Tax policy formulation remains scattered with no clear driver. However, the authorities have proposed a significant reorganization of the MoF to fix this problem.
RM II: Continuous rotation of managers and staff undermines the absorptive capacity and creates discontinuity.	Low	Encourage authorities to implement administrative reforms within a stable internal environment and closely monitor projects
SM II: Limited capacity and commitment	Medium	Strengthened capacity and ownership, with tailored assistance and training, to ensure that critical public financial management reforms and corrective measures are implemented, especially to address the issues identified in the context of the misreporting.
Resource Adequacy		
RM I, RM II: Resources are misused, nor properly accounted for, or do not achieve value for money.	Low	Project resources will be employed in accordance with IMF policies and procedures, including, in particular, its Travel Policy
SM II: Commitment and ownership, and capacities to implement the necessary reforms are limited.	Medium	A relevant institutional framework is put in place and sufficient funding is appropriated to manage the implementation of critical PFM reforms.
Other Risks		
RM II: The reform momentum is highly based on the availability of a modern IT system that can support reform management and implementation	High	Maintain close coordination and collaboration with other CD providers, especially the World Bank to deliver forcefully a modern IT system.

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I. COUNTRY REFORM PROGRESS

Progress in the tax policy module during FY2025 was limited due to a mission delay requested by the authorities. Initially scheduled for FY25, the mission's scope has been expanded to include a comprehensive assessment of the tax system and is now planned for August 2025. The authorities intend to introduce tax policy reforms aimed at diversifying the economy beyond tourism. As a result, the mission's coverage has been broadened beyond tax expenditure quantification.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy
Key Progress in FY25: A capacity development (CD) mission by the IMF's Fiscal Affairs Department (FAD) planned for late FY25 is postponed at the request of the authorities to avoid conflict with missions by the IMF's African Department (AFR). Therefore, there is no progress to report for FY25. Previous Progress: No FAD CD activities to Seychelles on tax policy issues took place under GPFP prior to FY25. Previous FAD CD on tax policy focused on strengthening VAT design and tax expenditure analysis and reporting. Next Steps: The country is planning to implement policies aimed at fostering economic diversification beyond the tourism sector. A key area of intervention is tax policy. A mission is scheduled for early FY26 to assess the efficiency and fiscal cost of proposed business income tax incentives, and to identify additional policy reforms that could enhance the efficiency of other tax laws.

III. LOGICAL FRAMEWORK

Country – Seychelles		
Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 2
Outcome	Rating	Narrative
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis	1 Not Achieved	The postponement of the first activity—at the request of the authorities, citing a scheduling conflict with an AFR mission—and the expansion of the scope of work mean that the initial CD mission will now take place in early FY26. As a result, there is no progress to report at this time.

Improved transparency and outreach	2 Partially Achieved	The draft consolidated tax expenditure report will be prepared by the authorities following the completion of all CD activities related to tax expenditure assessments. A substantial portion of the CD reports that will serve as inputs for the official publication has already been completed without GPFP funding.
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IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Climate conditions unfavorable to conduct the missions	Low	Ensure flexibility in the plan to accommodate short run disruptions.
Political Support		
Lack of political support for reforms.	Medium	Keep close engagement with IMF area department team on country priorities and developments. And make sure that the engagements are in line with the objectives included in the IMF's Extended Credit Facility (ECF) and Resilience and Sustainability Facility (RSF) programs.
Management and Technical Staff Support and Commitment		
Low commitment of management to follow-up the CDs and invest in the capacity of the staff.	Medium	Engage with senior management and technical staff pro-actively and explain the importance of the CD activities to achieving the overall macro-fiscal objective of the government.
Resource Adequacy		
Insufficient technical capacity and human resources necessary to implement reforms, and to use new tools developed as part of the CD.	Medium	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited.
Other Risks		
Multiple donors are providing technical assistance on domestic resource mobilization (example: the World Bank provided support on transfer pricing) and inconsistent advice, gaps, or overlaps may arise as a result.	Medium	Take an active role in engaging with other donors to ensure support is well coordinated.

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I. COUNTRY REFORM PROGRESS

Sierra Leone is a beneficiary of the IMF's Extended Credit Facility (ECF) and is committed to implementing various reforms. While they are contending with many challenges, they are progressing in the implementation of the agreed reforms. The authorities launched their first medium-term revenue strategy (MTRS) in October 2023, which was developed with substantial assistance from the IMF's Fiscal Affairs Department (FAD). They have proceeded to develop an implementation plan. The MTRS has identified measures they continue to work on, and several measures have been implemented. Additional tax policy measures to raise revenue are still required, and capacity development (CD) support will commence in FY26.

Work has continued in revenue administration to assist the authorities to embed good practice in compliance management, by adopting a risk-based approach. At 12.5 percent, their revenue-to-GDP ratio continued to be of great concern. Recent engagements with them suggest that they are eager to implement remedial measures and they have submitted a significant number of CD requests which are being considered.

In the area of expenditure policy, Sierra Leone is taking measures to strengthen control of the wage bill. Although the wage bill is about 4 percent of GDP, it absorbs almost 50 percent of revenues and, in the past, budget overruns were frequent. Since CD missions were provided, the authorities have made progress on keeping the wage bill under control and they have developed a strategy to further strengthen wage bill management, which incorporated recommendations from FAD CD. CD on wage bill management continued in FY25 to cost some of the measures proposed in their strategy. The authorities would further benefit from CD on subsidies, following up on previous advice.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: No tax policy activities in 2025. Previous intensive CD had assisted the authorities to develop the MTRS and revenue mobilization options, leading to a period of implementation and a focus on tax administration.

Next Steps: A forthcoming mission is planned for this fiscal year, to review progress on MTRS policy implementation and to identify additional options for revenue mobilization.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: The authorities developed an MTRS implementation plan, which FAD used as the basis for engagement. Priority was placed on the development of a comprehensive compliance risk management (CRM) framework, and three CD activities were deployed in this regard. The National Revenue Authority (NRA) has established a CRM team, under the leadership of a senior officer attached to the Commissioner General's office to coordinate this activity. This team has been supported to finalize a CRM establishment paper and a critical path for CRM implementation. The NRA has also been supported to finalize the CRM framework documents, which have been approved internally.

Previous Progress: Assistance was delivered to the NRA in the development of compliance improvement plans for the large taxpayer office and high net worth individuals. These were, however, not finalized as focus shifted to institutionalizing CRM.

Next Steps: Work will continue in the embedding of the CRM framework. Engagements are under way; the IMF's Transformation Management Office will look into issues of change management to effectively institutionalize CRM. We are arranging assistance with the amendment of the NRA Act. A Tax Administration Diagnostics Assessment Tool (TADAT) evaluation is planned, to diagnose weaknesses in revenue administration.

SM I: Spending Module I – Spending Policy

Key Progress in FY25: In FY25, FAD conducted another mission to quantify measures from the authorities' strategy.

Previous Progress: In FY24, CD activities on energy subsidy and on wage bill management were conducted. Since those missions, the authorities made progress on keeping the wage bill under control and developed a strategy to further strengthen wage bill management, which incorporated the recommendation from FAD CD.

Next Steps: CD activities on subsidies following up on previous advice, and on the wage bill to support the authorities' plan to reform the pay scale are envisioned for FY26.

III. LOGICAL FRAMEWORK

Country – Sierra Leone		
RM I: Objective - Improve Tax Policy Design - TPD		Rating - 1
Outcome	Rating	Narrative
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	Activities yet to commence.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	Activities yet to commence.
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.	1 Not Achieved	Activities yet to commence.
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.	2 Partially Achieved	An MTRS Implementation plan is in place but has not yet been costed. Steering Committee meetings are not being held.

Corporate priorities are better managed through effective risk management.	2 Partially Achieved	An action plan was developed in July 2024. It is currently being implemented.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
Audit and other verification programs more effectively ensure accuracy of reporting.	1 Not Achieved	This seems to have been downgraded by the NRA in their list of priorities. Discussions in this regard have been initiated.
SM I: Objective – Strengthen Expenditure Policy Formulation and Design - EPD		Rating - 2
Outcome	Rating	Narrative
Government pay and employment are more competitive and consistent with fiscal constraints.	2 Partially achieved	The authorities have been making progress on controlling the wage bill and have designed a strategy to strengthen such control and reform the salary structure, closely following previous FAD advice.
Reduce subsidies while mitigating impact on vulnerable households.	1 Not achieved	An activity was conducted in FY24, but there has been no CD activity in this area in FY25. Activity is foreseen in FY26.
Public expenditure is fiscally sustainable and efficient.	2 Partially achieved	The authorities have managed to keep the wage bill under control so far, and primary spending has been kept down as a share of GDP.
SM I: Objective – Strengthen Expenditure Policy Evaluation and Institution Building - PEI		Rating - 0
Outcome	Rating	Narrative
Authorities have an understanding of opportunities to enhance the adequacy, efficiency, and sustainability of public expenditure.	1 Not achieved	No activity has been conducted yet to assess progress in this area.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: CD support could be disrupted by travel restrictions that limit face-to-face interactions.	Medium	Switch to remote support.
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 ability to adjust activities in the case of adverse events.

Political Support		
RM I: Key ministers withdraw support for the project.	Medium	Ongoing engagement with ministers and ensure CD support aligns with country priorities and commitments.
RM II: Lack of political support for reforms inhibits required actions or resources being allocated that are needed to enhancements to fiscal risk management institutions and practices.	High	Ensure CD is focused on priority areas and engage regularly with ministers and senior management to ensure government are aware of political economy considerations and to ensure ownership of reforms.
SM I: Difficulties in implementing measures due to lack of political support.	Medium	Workshops to increase awareness.
Management and Technical Staff Support and Commitment		
RM I: Key personnel lose interest or reduce support for project activities.	Medium	Continue ongoing engagement on local priorities.
RM II: Low commitment of management and staff in finance and other ministries to adopt and implement fiscal risk management practices.	Very High	Engage with senior management and technical staff proactively and explain the importance of strengthening fiscal risk management.
Resource Adequacy		
RM I: Resources not sufficient to deliver the CD required.	Low	Ensure planning identifies potential shortfalls at an early stage.
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.
SM I: There is a risk of resources unavailability to implement the measures.	Medium	Medium term fiscal framework
Other Risks		
RM I: Unexpected macroeconomic or external shocks force the authorities to focus on immediate response, at expense of other CD activities.	High	Delay or slow CD activities.
RM II: Multiple donors are providing technical assistance on fiscal risk topics and gaps, or overlaps may arise as a result.	Low	Take an active role in engaging with other donors to ensure support is well coordinated.
SM I: Lack of commitment	Medium	Discussion with the authorities.

V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Severe spillovers from the conflict in Sudan, including refugee inflows and damages to an oil pipeline, have exacerbated South Sudan's difficult humanitarian and macroeconomic situation, resulting in an economic slowdown, sharp exchange rate depreciation, high inflation, and higher spending needs against the backdrop of large fiscal revenue losses. Discussions with the South Sudanese authorities during the Third Review of the Staff-Monitored Program with Board Involvement (PMB) focused on re-calibrating macroeconomic policy to address the impact of the external shocks.

Against this backdrop, the authorities continue to implement measures to improve revenue mobilization. Key progress includes: (i) continuing with staff recruitment for the South Sudan Revenue Authority and planning to complete this by mid-2025; (ii) reviewing processes for managing compliance in domestic taxes including registration, filing and payment procedures; (iii) re-designing and implementing new customs procedures; and (iv) continuing to implement a tax administration management system.

On the tax policy front, the authorities aim to undertake diagnostic missions to identify priority areas for revenue mobilization and capacity building. They also aim to introduce value-added tax (VAT) to replace goods and services tax (GST).

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: Initial planning meetings were held with the authorities to discuss a mission on non-resource revenue diagnostics, including the potential replacement of the current sales tax with a VAT tax. Originally scheduled for April, the mission was postponed to August 2025 at the request of the authorities.

Next Steps: Immediate support will focus on domestic revenue mobilization, starting with non-resource taxes in the next mission and followed with mining taxation and other priority areas based on initial findings.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: As of April 2025, authorities started to develop an effective registration, filing and payment strategy with the IMF's Regional Technical Assistance Center in East Africa (AFE). A staff visit also engaged with the authorities to provide broad and high-level guidance on driving reform.

Previous Progress: The South Sudan Government aims to increase non-oil revenue to at least 6 percent of GDP by 2027. The authorities assessed reform gaps and agreed to a four-year program to strengthen the reform program, aiming to increase revenue. The first capacity development (CD) assignment was scheduled for mid-November 2024.

Next Steps: 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.

III. LOGICAL FRAMEWORK

Country – South Sudan		
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 1
Outcome	Rating	Narrative
Revenue increase	1 Not Achieved	Program to assist in achieving the milestones and objective not yet commenced.
RM I: Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 1
Outcome	Rating	Narrative
Improved models to evaluate tax policy adopted	1 Not Achieved	Program to assist in achieving the milestones and objective not yet commenced.
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 1
Outcome	Rating	Narrative
Organizational arrangements enable more effective delivery of strategy and reforms	1 Not Achieved	Program to assist in achieving the milestones and objective not yet commenced.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	1 Not Achieved	Program to assist in achieving the outcome not yet commenced.
Corporate priorities are better managed through effective risk management	1 Not Achieved	Program to assist in achieving the milestone and outcome is being discussed and has not yet started.
Transparency and accountability are more effectively supported by independent external oversight and internal controls	1 Not Achieved	Program to assist in achieving this outcome not yet commenced.
Effective implementation of a new tax or modernized legislation	1 Not Achieved	VAT not yet implemented
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Authorities taking steps to improve the IT system. CD yet to be delivered (October 2025). ITAS still to develop some core taxpayer compliance management modules.
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	1 Not Achieved	Registration, Filing and Payment support started with the first mission in FY25.

A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	CD work has now started with an STX, and staff visit in FY25.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	CD work started in CY2025.
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	Work has commenced to provide support in implementing procedures documented with prior support to South Sudan Revenue Authority.
RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 2
Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	No activity as yet.
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	AFE started work on clearance procedures and FAD aims to ride on this to advance progress.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Frequent and/or severe natural disasters; Abrupt global slowdown or recession in major trading partners.	Low	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events.
RM II: The risk is that external events create a more challenging environment to implement reforms.	Very High	Ensure sufficient flexibility in program execution across countries and allow for ability to adjust activities in the case of adverse events.
Political Support		
RMI: 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 II: Lack of political support for reforms inhibits required actions or resources needed to enhance fiscal risk management institutions and practices.	High	Ensure fiscal risk CD is focused on priority areas and engage regularly with ministers and senior management to ensure government ownership of reforms
RM II: Lack of political support for reforms inhibits required actions or resources needed to enhance fiscal risk management institutions and practices.	High	Close consultation with the country team to assist authorities in recognizing the relevance of reforms.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
RM I: Low commitment of management and staff in finance ministry and revenue authority to adopt and implement TE policy framework.	Medium	Engage with senior management and technical staff proactively and explain their role in driving reforms. Ensure frequent engagement to maintain momentum and rekindle commitment where needed.
RM I: Insufficient technical capacity and human resources necessary to implement TE reforms are limited.	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.
RM II: Low commitment of management and staff in finance and other ministries to adopt and implement fiscal risk management practices.	Very High	Engage with senior management and technical staff proactively and explain the importance of strengthening fiscal risk management.
RM II: High turnover of Commissioner General	Very High	Build capacity at HQ and senior management level to sustain reform program management.
Resource Adequacy		
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.
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.

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I. COUNTRY REFORM PROGRESS

Suriname has demonstrated a commitment to enhancing its revenue administration through steady progress in fiscal reforms during FY25. Strengthening tax administration through the establishment of a semi-autonomous revenue authority (SARA) and implementation of a multi-year strategic plan are key priorities on the reform agenda. Through the support of development partners, enhanced data management and targeted staff training, operational capacity within the Suriname Tax Department has significantly improved. Efforts to optimize revenue collections through strengthening value-added tax (VAT) performance are ongoing.

With the recently completed IMF's Extended Fund Facility (EFF), the predictability of expenditure is improving through the setting of quarterly ceilings on expenditure commitments by line ministries and by preparing improved cash flows using the IMF's Cash Flow Forecasting and Analysis Tool (CFAT). The authorities are committed to further enhancing the predictability of expenditure by issuing more credible ceilings on expenditure commitments and more credible cash flow forecasts, which are enforced through an enhanced FMIS FreeBalance. Additionally, as revenues increase given the new oil wealth, the authorities will need support in implementing the new legislation on fiscal rules and the Sovereign Wealth Fund, which includes adapting the fiscal frameworks, the budget processes, and the cash management system. To address the challenges associated with managing oil wealth, the IMF's Fiscal Affairs Department (FAD) will explore the authorities' views and possibly add this new area under the ongoing capacity development (CD) program.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: Progress in Suriname has been slow but steady. The authorities continue to work on improving VAT efficiency by supporting taxpayer services through the production and publication of VAT materials for both staff and the public. Support is being received from Inter-American Development Bank (IDB) to establish a SARA.

Previous Progress: Support for the reform program has enhanced the operational capacity of the tax department, particularly following the widening of the tax base. Collaboration with development partners such as IDB and Inter-American Center of Tax Administrations (CIAT), has ensured a coordinated approach to address cross-cutting priorities such as improving tax compliance and revenue forecasting through better data management and staff development and training. The Netherlands has also assisted the authorities to strengthen the function of the large taxpayer office.

Next Steps: Looking ahead, future CD initiatives will seek to strengthen the overall revenue administration reform efforts by addressing the challenges identified in VAT refund, filing, and payment processes, with a strong emphasis on enhancing staff capacity. Key outcomes and milestones will include the development of targeted taxpayer assistance programs, compliance improvement plan for VAT, multi-year strategic plan, and strengthening VAT legislation.

SM II: Spending Module II – Managing Public Finance

Key progress. Low capacity has been a major impediment to reform progress. The March/April 2025 FAD mission helped prepare more credible quarterly ceilings on expenditure commitments by line ministries for the second quarter of the 2025 budget. The authorities are reporting on expenditure arrears, through a dedicated Excel file. As the expenditure controls are still weak across each stage (with an overall high-risk rating), new expenditure arrears have accumulated, with outstanding level estimated at (albeit with limited reliability) a sizeable 14.4 percent of total expenditure at the end of 2024. At the same time, key functionalities of the IFMIS are either inactive or underutilized. Although the March/April 2025 FAD mission helped customize FAD's CFAT, monthly cash forecasts for FY25 were less reliable due to unbalanced budget numbers, limited data on non-cash items, and their lack of integration with the annual borrowing plan. As none of the five main accounts at the Central Bank of Suriname (CBvS) has been designated as the primary account, there is still no Treasury Single Account (TSA). Funding for the delivery of these activities was provided by IMF resources.

Previous progress. The Budget Department has set ceilings by line ministries for the first quarter of the 2025 budget, using the Excel-based template developed by the June/July 2024 FAD mission. This activity was funded by IMF resources. Training on CFAT was provided by under the IMF's Caribbean Regional Technical Assistance Center (CARTAC).

Next steps. In FY26, FAD will continue to provide support for preparing more reliable quarterly expenditures commitments that are well harmonized with more reliable cash flow forecasts. Key priority would be improving arrears control and management, cash management, and TSA.

III. LOGICAL FRAMEWORK

Country – Suriname		
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 1
Outcome	Rating	Narrative
Organizational arrangements enable more effective delivery of strategy and reforms	1 Not Achieved	Program to assist in achieving this outcome not yet in place.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	1 Not Achieved	Program to assist in achieving this outcome yet to be developed.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	Critical data being collected and analyzed.
Transparency and accountability are more effectively supported by independent external oversight and internal controls	1 Not Achieved	Program to assist in achieving this outcome not yet in place.

Effective implementation of a new tax or modernized legislation	2 Partially Achieved	VAT guides and rules drafted and being reviewed.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Authorities have some way to go to have a single IT system.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	Work is advanced on segmentation, the taxpayer base and application of the correct ISIC.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	Program to improve filing compliance is in its early stage.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Assistance commenced on strengthening VAT refund and arrears management.
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	Program in early stage of implementation.
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	More than 10 VAT guides drafted; awaiting approval from senior management.
RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 1
Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	Discussion commences in strengthening enforcement process
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	Early discussion in addressing custom controls process.
SM II: Objective - Frameworks to Build Sustainable Fiscal Institutions - FIF		Rating - 2
Outcome	Rating	Narrative
Strengthened capacity to assess core public financial management (PFM) functions and develop reform strategies	2 Partially Achieved	Following the adoption of the PFM strategy and action plan, the March/April 2025 FAD mission proposed new actions and the breakdown of actions into activities in three out of the six PFM priority areas to ease implementation. The implementation of the new PFM Act requires the drafting of related regulations, which are at an early stage. The implementation of the PFM-PAP is not yet supported by a PFM Reform Steering Committee

Strengthened capacity to plan, implement and sustain digitalization	2 Partially Achieved	Most functionalities of the IFMIS are either inactive or underutilized. To strengthen expenditure controls, the March /April 2025 FAD mission helped identify key functionalities that needed to be developed and/or used.
SM II: Objective - Strengthened Budget Management - PBM		Rating - 2
Outcome	Rating	Narrative
Strengthened budget execution and control processes	2 Partially Achieved	The expenditure controls are weakened across each stage with an overall high-risk rating. This has led to new expenditure arrears, with outstanding level estimated at (albeit with limited reliability) a sizeable 14.4 percent of total expenditure at the end of 2024. At the same time, key functionalities of the IFMIS are either inactive or underutilized.
Strengthened asset and liability management processes	2 Partially Achieved	Although the March/April 2025 FAD mission helped customize the CFAT, monthly cash forecasts for FY2025 were less reliable due to unbalanced budget numbers, limited data on non-cash items, and their lack of integration with the annual borrowing plan. In addition, the project helped review quarterly ceilings on expenditure commitments for the first quarter of the 2025 budget and helped prepare the ceilings for the second quarter of the FY2025, as part of the continuous benchmark under the IMF's EFF program. As none of the five main accounts at the Central Bank of Suriname (CBvS) has been designated as the primary account, there is still no TSA. Treasury's access to line ministries' accounts in commercial banks is still limited. To set a subset of a TSA as planned under the EFF program, the authorities now have a roadmap detailing actions/activities to undertake.
Strengthened identification, monitoring, and management of fiscal risks	1 Not Achieved	Regarding fiscal risks, little has been done, except the delayed publication in February 2025 of the 2019 and 2020 audits of the Electricity Corporation, as part of the IMF's EFF.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II: Risk that external events create a more challenging environment to implement reforms.	Medium	Risk that external events create a more challenging environment to implement reforms.
RM II: Government revenue measures adversely impacted the tax ratio	High	Work with the IMF country team and authorities to monitor revenue measures and impact on tax ratio and propose reform measures to boost collection and tax ratio
SM II: Disrupted environment due to regional events	Medium	Ensure that the authorities remain committed to reforms
Political Support		
RM II: Lack of political support for reforms inhibits required actions or resources being allocated that are needed to enhancements to fiscal risk management institutions and practices.	Very High	- Ensure fiscal risk CD is focused on priority areas and engage regularly with ministers and senior management to ensure government ownership of reforms - Close consultation with the country team to assist authorities in recognizing the relevance of reforms.
SM II: Limited political support for reforms following the 2025 presidential elections	High	Ensure support from the new government
Management and Technical Staff Support and Commitment		
RM II: Low commitment of management and staff in finance and other ministries to adopt and implement fiscal risk management practices.	Very High	Engage with senior management and technical staff pro-actively and explain the importance of strengthening fiscal risk management.
SM II: Lack of management and technical staff support, and commitment from the Ministry of Finance and line ministries	Medium	Ensure commitment from key line ministries' cabinet officials
Resource Adequacy		
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
SM II: Limited capacity both at the Ministry of Finance and the line ministries; Availability of resources	Medium	Strengthen skills and ownership; ensure resource availability
Other Risks		
RM II: Multiple donors are providing technical assistance on tax administration	Medium	Take an active role in engaging with other donors to ensure support is well coordinated.
SM II: Lack of coordination with other donors	Medium	Ensure coordination with all development partners

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I. COUNTRY REFORM PROGRESS

The Medium-term State Revenue Plan, comprising tax policy, tax and customs administration reforms was finalized in December 2023 and guides the revenue reform program.

On the tax policy front, the IMF's Fiscal Affairs Department (FAD) reviewed the existing tax expenditure report and provided feedback on areas for improvement, noting that the current estimates may not accurately reflect the potential revenue that could be mobilized through the rationalization of tax expenditures to meet the objectives outlined in the MTSRP. In addition, training was delivered to the staff of the Ministry of Finance (MoF) and the Tax Committee (TC) on the identification and quantification of tax expenditures, equipping them with essential analytical tools and methodologies.

The recommended methodology was subsequently applied to identify and quantify tax expenditures in the corporate income tax and value-added tax (VAT). The resulting report enhances transparency in the use of tax incentives and provides a more credible basis for estimating revenue potential through tax expenditure rationalization.

The T) is focusing on improving tax arrears management which will contribute directly to revenue mobilization efforts under the MTSRP. In support of this reform a draft Strategic Plan (SP) outline for tax debt management has been developed for the 2026–30 period which helps TC to transition from a conventional model of tax debt recovery toward a modern, proactive, data-driven, and risk-based debt management system.

The CD to Tajikistan Customs Service (TCS) focused on diagnosing the core customs functions against international standards and provided high-level recommendations for the development of customs functions, especially the ones impacting revenue maximization.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: A capacity development (CD) mission focusing on the general methodology for identifying and quantifying tax expenditures was conducted in December 2024. The mission made progress in addressing and updating the flawed methodologies previously used by the authorities. The revised methodology was subsequently applied to identify and quantify tax expenditures related to corporate income tax (CIT) and value-added tax (VAT), which represent the largest components of tax expenditures under the country's tax system.

Previous Progress: No CD activities to Tajikistan on tax policy issues took place under GPFP prior to FY25.

Next Steps: A mission is planned for early FY26 to assess tax expenditures related to customs duties and excises, and to establish a tax expenditure evaluation framework for the country. Following the completion of the tax expenditure technical assistance missions in June 2025, the focus will shift toward strengthening capacity in assessing the revenue impacts of tax policy measures and enhancing revenue forecasting capabilities.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: In preparation for a Tax Administration Diagnostics assessment Tool (TADAT) evaluation in TC, a training course provided an in-depth exploration of the TADAT framework, followed by TADAT certifying exam successfully completed by the TC trained officials. A draft SP outline for tax debt management has been developed for the 2026–2030 period, based on the risk management approach. A diagnostic and CD needs assessment mission evaluated the reform plans and the modernization progress of the TCS. It focused on diagnosing the core customs functions against international standards and provided high-level recommendations for the development of customs functions, especially the ones impacting revenue maximization.

Previous Progress: The CD activities commenced on October 31, 2024, after the first two activities for FY25 were confirmed by the authorities to take place in November (TADAT training) and December 2024 (customs diagnostic mission). A TADAT diagnostic is scheduled for the second half of FY26.

Next Steps: In tax debt, the CD focus will be on finalizing the SP. Undertaking a TADAT assessment planned for December 2025. A provisional CD workplan has been agreed in principle with TCS management starting with CD support on post-clearance audit and e-commerce. A Resident Revenue Administration advisor will be appointed with tentative start date in August- September 2025.

III. LOGICAL FRAMEWORK

Country – Tajikistan		
RM I: Objective - Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 2
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 tax expenditure models and reports are largely complete, with the remaining components expected to be finalized in the first month of FY26. The revenue forecasting TAs have not yet taken place because they are scheduled for FY26 and FY27.
Improved transparency and outreach	2 Partially Achieved	The draft consolidated tax expenditure report will be prepared by the authorities following the completion of all technical assistance activities related to tax expenditure assessments, which are expected to conclude by June 2025. A substantial portion of the technical assistance reports that will serve as inputs for the official publication has already been completed.

RM II: Objective: Strengthened revenue administration management and governance arrangements (RAM)		Rating - 2
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	MTSRP adopted on December 2023 for the period 2024-2029., with MTSRP phase 1 action plan endorsed. The Coordination Council for Public Financial Management is already in place and has a broad mandate to increase the efficiency of the financial public administration system. The Council will provide a high-level oversight on the MTSRP implementation.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	TC developed an expanded framework for audit case selection. This is based upon 72 risk criteria, applicable to large and medium sized taxpayers. All on-site tax audits of large taxpayers are carried out through a "Risk Analysis Management" module.
Organizational arrangements enable more effective delivery of strategy and reforms	2 Partially Achieved	The large taxpayer management is fragmented. Consolidating large taxpayer operations would increase efficiency and effectiveness
Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	Workforce planning must go beyond filling vacancies as they emerge. This can be a priority element to address within the development of a Human Resource Management (HRM) Strategy
RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 1
Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	Diagnostic took place in December 2025, and no follow up CD has been delivered. Some post-clearance audit was conducted, but the selection was not risk-based. Shift from control during the clearance process to post-clearance is not matured.
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	Diagnostic took place in December 2025, and no follow up CD has been delivered. Some selectivity mechanism is applied but not sufficient. Low risk shipments should be

		subject to no control. Valuation controls not effective during the clearance process.
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	A draft SP outline for tax debt management has been developed for the 2026–30 period
Taxpayer services initiatives to support voluntary compliance are strengthened	1 Not Achieved	Further support will be needed in establishing a charter explaining taxpayers rights and obligation

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: Risk that external events (such as geopolitical tensions) create a more challenging environment to implement reforms.	Medium	Ensure sufficient flexibility in program execution across countries and allow for ability to adjust activities in the case of adverse events.
Political Support		
RM I, RM II: Lack of political support for reforms.	Low	The PCI and the MTRS indicate improving political support for reform. Keep close engagement with IMF area department team on country priorities and developments.
Management and Technical Staff Support and Commitment		
RM I: Low commitment of management to follow-up the CDs and invest in the capacity of the staff.	Medium	Engage with senior management and technical staff pro-actively and explain the importance of reforms for the realization of the objectives that are embedded in the MTRS.
RM II: Management or technical staff might not be fully committed to implementing recommended measures.	Medium	Discuss recommendations with authorities giving full background, technical details, and benefits (for taxpayers, budget revenue and administration) from implementing recommended measures. At an early stage, secure senior management support, commitment, and ownership to reforms. Management is supporting provided recommendations.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM I: Insufficient technical capacity and human resources necessary to implement reforms, and to use new tools developed as part of the CD.	Medium	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited.
RM II: Technical staff might be busy with the implementation of daily operational tasks leaving limited capacities for modernization reform discussions.	Medium	Strengthen the reform management capacity for reform implementation, including establishing dedicated reform management structure, arrangements, and resources, supported by LTX in-country.
Other Risks		
RM I, RM II: Multiple donors are providing technical assistance on DRM and inconsistent advice, gaps, or overlaps may arise as a result.	Medium	Take an active role in engaging with other donors to ensure support is well coordinated.

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I. COUNTRY REFORM PROGRESS

The GPFP funds three initiatives in Tanzania (mainland and Zanzibar) covering revenue mobilization, gender budgeting and climate budgeting.

- To mobilize revenue and fund economic and social development goals for Tanzania, the authorities and with FAD support, have developed a medium-term revenue strategy (MTRS) for FY2024/25 to FY26/27. The MTRS aims to increase tax to GDP ratio from 12 percent in 2023/24 to 13.7 percent in FY2026/27. The MTRS spells out governance arrangements to oversee its implementation and aims to establish an MTRS secretariat to ensure effective and efficient functioning of the MTRS Steering Committee, Technical Committees, and various project managers who shall be appointed by implementing agencies to lead MTRS transformation projects. The authorities have also developed and costed an MTRS implantation plan. The MTRS has been submitted to the Inter-Ministerial Technical Committee to clear for Cabinet approval.
- The Government of Zanzibar initiated a gender budgeting reform in the 2024/25 budget through a pilot of six ministries. Building on this momentum, a team from FAD provided capacity development support in August 2024 to the President's Office for Finance and Planning (PoFP). The team worked with the PoFP to develop a roadmap to strengthen implementation and guide the next steps of this reform. A workshop was also held with the authorities to discuss the roadmap and mission recommendations. The reform action roadmap was well received by the authorities and sets out near and medium-term actions for incrementally implementing gender budgeting and expanding the pilot with the goal being to help the country advance gender equality.
- At the request of Tanzania's Ministry of Finance (MoF), a FAD mission visited in Dodoma from January 29 to February 11, 2025 to provide capacity development regarding climate budgeting. The mission supported the authorities with two Resilience and Sustainability Facility (RSF) reform measures: RM6, which requires climate assessments for public investment projects to be included in the 2025-26 Budget, and RM7, which mandates the integration of natural disaster-related fiscal risks into budget documentation. To support these reforms, the mission assisted officials in developing and applying an Investment Project Climate Change Reporting Template, which will classify public investment projects based on climate risks and be appended to the 2025-26 Budget. The team also provided training on fiscal risk analysis and worked with the authorities to develop a Fiscal Risk Statement template, incorporating natural disaster-related fiscal risks.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: The authorities have submitted the MTRS to the Inter-ministerial technical committee to clear for Cabinet approval. The approval missed the revised date of March 31, 2025. The MTRS spelled out governance arrangements and provided detailed terms of reference for the Steering Committee, Technical Committee, and MTRS Secretariat. It also included a costed implementation plan; however, the implementation budget is yet to be approved. An FAD April 2025 mission guided authorities on better preparing for implementation.

Previous Progress: The Authorities have developed a first draft of the MTRS with FAD support. Stakeholders including developing partners are being consulted on the MTRS for inputs and authorities plan to submit the final draft to Cabinet for approval in December 2024. Support will focus on supporting the

authorities' readiness to implement the MTRS including setting up needed governance arrangements, implementation plans and guiding authorities on ongoing stakeholder engagement (October 2024).

Next Steps: Future support will focus on implementing MTRS revenue administration measures.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY25: The Government of Zanzibar initiated a gender budgeting reform in the 2024/25 budget through a pilot of six ministries. To maintain momentum, FAD worked with the President's Office for Finance and Planning (PoFP) to develop a roadmap to guide the incremental expansion and next steps of this reform. A workshop was also held with the authorities to discuss the roadmap and mission's recommendations and provide general capacity building on gender budgeting.

Previous Progress: The reform action roadmap was well received by authorities and sets out near and medium-term actions for incrementally implementing gender budgeting and expanding the pilot. In the near term the authorities are going to clearly define Zanzibar's gender equality goals and integrate these into budget planning and prioritization each budget cycle; improve gender budgeting guidance to pilot ministries; improve and expand the information on gender equality included in the budget speeches for pilot ministries; and develop clear terms of reference for the National Gender and Equity Budgeting Coordination Task Force.

The Tanzanian Government requested support developing templates that incorporates climate sensitivity in public investment and fiscal risk analysis (consistent with the ongoing RSF RMs). A February mission undertook this task and developed templates with the authorities.

Next Steps: Follow up on implementing and further developing the templates and an additional regulation may be forthcoming requests from the authorities.

III. LOGICAL FRAMEWORK

Country – Tanzania		
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 3
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	MTRS at stakeholder consultation level before submission to Cabinet for approval (missed the SB deadline for June 2024). A staff visit in July guided the authorities on advancing progress (October 2024). MTRS submitted to the Inter-ministerial Technical Committee to clear for Cabinet Approval. MTRS proposes a steering Committee, a Technical Committee, and an MTRS Secretariat and clarifies

		their terms of reference. It also includes a costed implementation plan. Budget for MTRS implementation not yet approved (April 2025).
SM II: Objective - Frameworks to Build Sustainable Fiscal Institutions and Frameworks - FIF		Rating - 2
Outcome	Rating	Narrative
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	4 Achieved	Support for Zanzibar gender budgeting reform in the 2024/25. FAD team worked with the authorities to develop a roadmap to strengthen implementation and guide the next steps of this reform. The reform action roadmap was well received and sets out near and medium-term actions for incrementally implementing gender budgeting. The mission supported the authorities with two Resilience and Sustainability Facility (RSF) reform measures. The mission assisted officials in developing and applying an Investment Project Climate Change Reporting Template and worked with the authorities to develop a Fiscal Risk Statement template, incorporating natural disaster-related fiscal risks.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
N/A	N/A	N/A
Political Support		
RM II: Government strong oversight of the MTRS reforms and monitoring of results.	High	Strong engagement of government on MTRS implementation in liaison with the IMF's African Department team.
SM II: A lack of political decision-maker support can undermine progress and implementation.	High	Strong engagement with government in the context of RSF reform measures and priorities identified by central and sub-national governments in coordination with the African Department.
Management and Technical Staff Support and Commitment		
RM II: Government commitment to MTRS implementation.	Very High	Guide authorities on MTRS strong governance and leadership of the MTRS process. Also guide authorities on strong stakeholder engagement process to garner support.
SM II: Local resources may be insufficient for reaching all counterparts for reform	High	Foster coordination by inviting multiple stakeholders to trainings and workshops.

Resource Adequacy		
RM II: MTRS reforms not costed, and necessary resources not provided for MTRS implementation.	High	Authorities will be strongly encouraged to make a cost/benefit analysis of the MTRS and provide resources to implement high priority measures.
SM II: Local resources may be insufficient for reaching all counterparts for reform	Medium	CD will aim to foster collaboration through workshops and collective discussions.
Other Risks		
N/A	N/A	N/A

V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Tax Policy. Following the cancellation of the June 2024 mission by the IMF's Fiscal Affairs Department (FAD) amidst the overall disengagement of the Tunisian authorities, significant work was accomplished remotely with available data resources shared before. Three reports were produced on (1) excise taxes and small taxes; (2) value-added tax (VAT); and (3) personal income tax (PIT). In effect, these reports cover in large part the issue of tax rebalancing (main objective of this program), but not the corporate income tax (CIT) reform. They are being reviewed internally before being sent to the Tunisian authorities in the hope that this can keep alive a minimal level of technical cooperation on tax policy. Absent any reaction, this capacity development (CD) program would need to be terminated at the December 2025 Steering Committee. Supportive Minister of Finance Ms. Nemsia was dismissed in February 2025.

Spending Policy. No engagement in FY25 and no clear prospect of future engagement.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: There were no missions. Three technical notes were completed with data provided earlier. The authorities slightly decreased personal income tax in 2025, but not to the extent advocated by FAD to accomplish a significant tax rebalancing.

Previous Progress: Useful databases were shared. Some ad hoc changes went along the lines advocated by the mission (e.g., PIT, excise), but fell short of the magnitude proposed by the mission.

Next Steps: Finalize the internal review of the three notes, share them with the authorities and propose a short visit to present them and try to reengage at least minimally on technical work on tax policy.

SM I: Spending Module I – Spending Policy

Key Progress in FY25: There was no engagement during FY25. The relevance of support and capacity building on food and fuel subsidy reforms remains. However, and despite efforts by the country team, the authorities have stopped all spending-related engagement.

Previous Progress: N/A

Next Steps: This CD project will be closed owing to lack of engagement from authorities in this area.

III. LOGICAL FRAMEWORK

Country – Tunisia		
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	Analyses on tax rebalancing are completed, but not the study on CIT. No measure has been adopted yet, except on an ad hoc basis.
Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	Analyses on tax rebalancing are completed, but not the study on CIT. No measure has been adopted yet, except on an ad hoc basis.
SM I: Objective – Strengthen Expenditure Policy Formulation and Design		Rating - 1
Outcome	Rating	Narrative
Reduce subsidies while mitigating impact on vulnerable households	1 Not Achieved	There was no engagement in FY25. The relevance of support and capacity building on food and fuel subsidy reforms remains. However, and despite efforts by the IMF team, the authorities have stopped all spending-related engagement.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: 1. Social unrest 2. Political uncertainty	Low	Political and social uncertainty is low for now but current political directions do not seem to favor tax reforms. Tax reform is less likely to be associated with this risk than Spending reform.
SM I: 1. Social unrest 2. Political uncertainty	Medium	1. Structure work to be able to continue working remotely. 2. Revise the CD timeline (as opposed to the substance of the CD), as soon or later the same issues will need to be discussed, regardless of external interference.

Description	Rating	Mitigation Measures
Political Support		
RM I: 1. Social and political resistance hinders the conduct and support of reforms. 2. Repeated change in high-level priorities creates too much uncertainty for normal functioning and commitment of managers	Very High	It remains very difficult to secure support at the technical level in the absence of high-level political support (previously supportive Minister was dismissed).
SM I: 1. Social and political resistance hinders the conduct and support of reforms. 2. Repeated change in high-level priorities creates too much uncertainty for normal functioning and commitment of managers	High	1. Revise CD timeline and adjust workplan. 2. Use, if possible, program benchmarks to motivate progress.
Management and Technical Staff Support and Commitment		
RM I: Lack of local resources delays missions or reduces interest	Very High	All possibilities of remote work have been used to produce three reports with available data.
SM I: RM I: Lack of local resources delays missions or reduces interest	Medium	1. Structure the work to always have a fallback remote work option to increase flexibility (e.g., have access to data). 2. Stretch the CD mission timeline to accommodate authorities' constraints.
Resource Adequacy		
RM I: Change of authorities' priority and desired mission timing creates conflict with availability of resources	Very High	Past risk on this count was hedged as data had been provided ahead of missions, but these data have now been exploited and there is little possibility of obtaining more data.
SM I: Change of authorities' priority and desired mission timing creates conflict with availability of resources	High	1. Structure the work to always have a fallback remote work option to increase flexibility (e.g., have access to data). 2. Stretch the CD mission timeline to accommodate authorities' constraints.
Other Risks		
RM I: Decreased cooperation on data issues.	Very High	Try to reengage at the technical level and political level using work accomplished so far with provided data.
SM I: Decreased cooperation on data issues.	Medium	1. Follow up on data at every mission. 2. Demand support from the area department regarding the data gathering process.

V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

There was limited progress in the tax policy module in FY2025 and no appreciable progress in the revenue administration module due to limited uptake of requested capacity development (CD) by the authorities.

Ugandan authorities requested CD missions in tax policy (domestic revenue mobilization strategy (DRMS) renewal and tax expenditure evaluation) and revenue administration (DRMS renovation and integrity strategy) at the 2024 Spring Meetings. The IMF's Fiscal Affairs Department (FAD) offered a joint DRMS mission for August 2024, but the authorities did not confirm. In February 2025, a tax policy regional long-term advisor (LTX) delivered training in value-added tax (VAT) expenditure and petroleum revenue forecasting.

At the 2024 Annual Meetings, the Ugandan authorities requested CD in tax expenditure (TE) evaluation, revenue forecasting, and local government revenue-raising. A mission on TE evaluation and local government revenues has been scheduled for June 2025, and the LTX should deliver revenue forecasting CD. The authorities also requested revenue administration CD in DRMS renovation and improvement of the integrated tax administration system (ITAS); the timing of that CD is still under discussion.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: Tax policy regional LTX led workshop on VAT modeling and petroleum revenue forecasting for MOF/URA staff in February 2025. The 2023-24 TE Report published with the 2025-26 Budget Bill includes a slight expansion of estimated TE costs, although the aggregate figure (1.7 percent of GDP) is still well below IMF estimates.

Previous Progress: Despite two missions on TE costing and evaluation in 2022 and 2023, there has been little progress on base-broadening or other revenue-raising reforms, which has interfered with lending support from the IMF's African Department (AFR). The authorities attribute the lack of reform to their need for training in TE cost-benefit analysis.

Next Steps: A mission on TE evaluation, local government revenue-raising, and DRMS renovation has been scheduled for June 2025. Following a mining policy mission funded by the IMF's Managing Natural Resource Wealth Thematic Fund (MNRW) in early FY2026, future natural resource tax policy advice will be included in the GPFP.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: No meaningful progress can be reported this year. The Uganda Revenue Authority (URA) has been pre-occupied with a restructuring exercise, which was one of the measures identified in DRMS 1. This has been concluded and implemented.

Previous Progress: A review of the implementation of DRMS 1 was carried out in 2023 and recommendations made. A review of the URA's Digitalization strategy was also carried out.

Next Steps: A staff visit is planned to engage with the authorities to identify and prioritize CD. This is designed to engage on progress in the review of DRMS 1 and development of DRMS 2, which the authorities reported is underway. A mission is under discussion to assist the URA develop their Enterprise

Risk Management function. This will be coupled with an interrogation of their Compliance Risk Management, which is in need of further development.

III. LOGICAL FRAMEWORK

Country – Uganda		
RM I: Objective – Improve Tax Policy Design		Rating - 1
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures.	1 Not Achieved	No significant reform of tax expenditures during FY2025. Proposal to slightly increase excises on diesel and domestic beer, minimally broaden VAT base in FY2026.
Increased/decreased revenue quantity.	2 Partially Achieved	AFR projects tax revenue to have increased by 0.4 percent of GDP between FY2023-24 and FY 2024-25. However, this was not due to policy reforms. Authorities are designing a new DRMS due by July 2025.
RM I: Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 0
Outcome	Rating	Narrative
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	1 Not Achieved	LTX delivered a workshop on VAT and FARI modeling for Ministry of Finance (MoF) and URA staff. UGA FY 2023-4 TE Report revised TE estimates slightly upward, though they remain well below IMF estimates. Little CD for non-oil content due to staff turnover and skills shortage, model complexity. Additional capacity building workshop planned for June 2025.
RM II: 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	An action plan was developed with CD from the IMF's East Africa Technical Assistance Center (AFE). Some compliance improvement plans have been produced.
Support functions enable more effective delivery of strategy and reforms	1 Not Achieved	Slow implementation of digitalization strategy delaying progress.
Authorities have a baseline understanding of the current state of the government's revenue administration, management, and governance arrangements and core revenue administration operations	1 Not Achieved	Authorities are still conducting internal reviews and have yet to clearly define required interventions.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Failure to better coordinate East African Community trade rules undermines effective excise and tariff reform.	Low	Align excise rates with externalities from harmful goods consumption for both imports and domestic products.
Political Support		
RM I: Cabinet/Parliament opposes reduction of business tax expenditures as anti-growth. Rationalization of consumption taxes resisted to avoid raising living costs of the poor.	Medium	Develop analytical tools to quantify costs of generous tax incentives and public information campaign to publicize their revenue impact. Coordinate with social insurance agencies to compensate poor households for higher consumption taxes.
Management and Technical Staff Support and Commitment		
RM I: MoF expresses continued interest in tax expenditure reduction and DRMS renewal but claims to lack adequate technical capacity to build political support for those measures.	Medium	Support MoF and URA management with strategic advice on presentation and phasing of tax reforms; support technical staff with tools to help evaluate current tax policies and design effective reforms.
RM II: Poor engagement and support by Management	High	Constant follow-up with Management to ensure support
Resource Adequacy		
RM I: MoF and URA have substantial data resources for tax policy analysis	Low	Provide CD to develop staff technical skills and set tax reform priorities.
RM II: Human and financial resources, and infrastructure are not available to support reform plans	High	Assist them with prioritization of reform budget
Other Risks		
N/A	N/A	N/A

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I. COUNTRY REFORM PROGRESS

FY25 saw several key breakthroughs for Uzbekistan's authorities, with FAD guiding their adoption of major reform strategies and leading coordination with other development partners.

On the revenue side, the 2025-2030 Tax Administration Strategic Plan was submitted to Cabinet and will guide reform efforts over the next five years. A national Audit Plan was also developed and approved, building on the July 2023 TADAT assessment, and revenue administration measures were identified to add to the government's Cash Economy Strategy. The GPFP-funded Revenue Administration LTX has anchored FAD's leadership in coordinating multiple development partners by liaising in the field on the basis of these approved strategic plans, which are critical to revenue mobilization. A diagnostic customs administration mission has also explored potential to expand these successes to Customs in FY26. Support on Tax Policy will begin in FY26, with a focus on mining, exemptions and progressive income tax as key areas that will help mobilize additional revenues.

Similarly, a breakthrough was achieved on PFM, as the Government approved the Public Financial Management Strategy for 2025-2030, developed with FAD's support and working closely with other development partners. This Strategy sets a clear direction for PFM reforms in 5 priority areas that will underpin fiscal discipline and enhance spending quality as well as fiscal reporting. A recent PIMA Update and CPIMA have noted progress on planning and implementation, among others, and a Fiscal Strategy Paper for 2025-27 was published in mid-2024. The GPFP-funded PFM LTX played a key role in these developments, as well as coordinating engagement between development partners and the MEF on this ambitious program of reforms. The LTX will finish her assignment at the end of June-2025.

On the Expenditure Policy side, with FAD's assistance, the MEF adopted a new roadmap for civil service pay reform that involves the World Bank, which agreed to finance the job evaluation exercise recommended by FAD. FAD also helped the Pension Fund establish a 5-way dialogue with other development partners, to provide coordinated policy advice on best practice as the Fund prepares its reform Concept Note.

Frequent collaboration within FAD across all four fiscal modules was enhanced by the two LTXs and the IMF's Resident Representative in Tashkent, making FAD a valued source of coordination among development partners at a time when Uzbekistan is building capacity rapidly and in many directions.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY25: All tax policy CD activities planned for FY25 were postponed to FY26, with the first two planned for May (already delivered by now) and June 2025. It is too early to determine whether any institutional changes, or changes in tax policies arising from the government's 2025 budget, have had impacts on revenues, efficiency, or capacities.

Next Steps: Upcoming CD on mining taxation (May 2026), progressive income taxation, and rationalizing corporate income tax expenditures (June 2026) are expected to contribute to greater revenues, efficiency, and distributional fairness.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: The draft Tax Administration Strategic Plan for 2025–2030 was finalized and submitted to the Cabinet. This strategy will guide reform efforts over the next five years. Identification of revenue administration measures to address the challenges posed by the shadow economy. These will inform the government's Cash Economy Strategy. Development and approval of the national Audit Plan, crucial for improving taxpayer compliance and mobilizing tax revenue. A diagnostic customs administration mission outlined key measures necessary for enhancing governance, processes and revenue. Continued coordination with other development partners, especially the Asian Development Bank, European Union, United Nations Development Program, and World Bank, through meetings during FAD missions.

Previous Progress: Initiation of the draft Tax Administration Strategy 2024-2030, which required several layers of review. The period covered has now been updated to 2025 –2030. The National Audit Plan was developed based on findings from the July 2023 TADAT assessment.

Next Steps: Regarding the tax administration, approval and implementation of the Tax Administration strategy for 2025- 2030 strategy; execution of the national audit plan. Progressing efforts to enhance the performance of the large taxpayer office and reviewing the tax administration organizational structure. Regarding the customs administration, implementation of the recommendations of the diagnostic mission.

SM I: Spending Module I – Spending Policy

Key Progress in FY25: Civil Service reform is an important priority for the MEF in 2025; the mission in July 2024 laid the conceptual framework and proposed a reform roadmap. The MEF embraced FAD's key recommendations and the longer timescale, which integrated a rigorous 'job evaluation' exercise. FAD coordinated between the MEF and the World Bank suggesting the latter finance this job evaluation; the World Bank agreed, and it was tendered in February 2025.

Work on pension reform continues, as the MEF seeks to return the Pension Fund to sustainability. The December 2024 workshop, led by FAD, created a 5-way dialogue between the Pension Fund, FAD, WB, ADB and ILO. Early agreement on the key principles for reform was achieved, and the 5-way dialogue continues virtually (in written and verbal format), to coordinate policy advice and feedback to the Pension Fund, as it prepares its draft Reform Concept.

Next Steps: The Presidential Decrees on Civil Service reform and on Pension reform are due by December 2025. FAD will provide further strategic guidance to the MEF on civil service reform, building on the results from the World Bank's Public Finance Review (report due in early FY26), and exploring options to build the MEF's capacity for proactive wage bill management. On Pensions, FAD will continue to coordinate the virtual working group which is advising the Pension Fund as it progresses in the drafting of its reform Concept Note. The potential for capacity building in policy analysis to help the MEF develop its challenge function will be explored in coordination between SM I and SM II.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY25: With support from FAD, working closely with other development partners, the Government adopted a new Public Financial Management Strategy for the period 2025-2030. The Strategy, which sets out 45 specific reform actions across 5 priority areas is aimed at underpinning fiscal discipline, enhancing the effectiveness and efficiency of public spending, and further improving the quality of fiscal

information. The authorities are also taking steps to improve public investment management, with a recent PIMA Update and CPIMA noting progress across several areas, particularly on planning and implementation of investment projects, and outlining further reform actions needed to address shortcomings. A Fiscal Strategy Paper for 2025-27 was prepared and published in mid-2024 to guide preparation of the 2025 budget and included a comprehensive fiscal risk statement.

Next Steps: The authorities are working on the 2026-28 Fiscal Strategy Paper which is to be approved by mid-June 2025. Drawing on the PIMA Update and CPIMA, the MEF is working on preparing a Public Investment Management Reform Roadmap and FAD plans to provide follow-up support for its implementation. FAD also plans to support a review of the functions and organization of the MEF, following its merger in 2023. The PFM resident advisor will finish up her role at end-June 2025.

III. LOGICAL FRAMEWORK

Country – Uzbekistan		
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.	1 Not Achieved	No CD activities on tax policy were delivered in FY25.
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 1
Outcome	Rating	Narrative
Increased/decreased revenue quantity	1 Not Achieved	Too early to assess budget impacts of changes in taxation in 2025. No CD activities on tax policy were delivered in FY25.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	3 Largely Achieved	More efficient mining fiscal regime is in place, but some adjustments are needed. No CD activities on tax policy were delivered in FY25
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 3
Outcome	Rating	Narrative
Organizational arrangements enable more effective delivery of strategy and reforms	3 Largely Achieved	A joint tax policy and administration mission in April 2024 provided initial guidance to further improve the large taxpayer office's (LTO) operations. Work to improve LTO's operations has commenced, supported by an STX visit in FY25. The authorities endorsed the STX's recommendations.

Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	This activity began in 2019 under the RMTF project. Good progress was made. A multi-year planning principle has been adopted. The strategy 2024-30 was developed. Guidance was provided in April 2024 to improve it, before it is submitted to the MEF. Improvements have been made with the support of the LTX. The draft strategy for 2025 - 2030 is pending the president's approval
Corporate priorities are better managed through effective risk management	2 Partially Achieved	A compliance risk management approach was adopted under the RMTF project. Work to develop compliance improvement plans (CIPs) is progressing. The pace of developing the CIPs is slow. The LTX is supporting this activity.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 3
Outcome	Rating	Narrative
Audit and other verification programs more effectively ensure accuracy of reporting	3 Largely Achieved	This milestone was determined under the RMTF project. Good progress was made. A computer-based case selection system was developed. Further improvements are needed to address aggressive planning risks. A national annual audit plan for 2025 is being developed. The national audit plan has been approved by TC management. A VAT gap was estimated in 2022. The authorities wish to follow up on this exercise and conduct a second VAT gap estimation.
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	Outcome developed under the RMTF project. Good progress was made. The authorities plan to further improve communication and engagement with taxpayers to reduce compliance cost and improve voluntary compliance. This objective is highlighted in the draft 2025-2030 strategic plan.
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	Selectivity criteria are applied during the clearance process but not finely targeted.
Foreign trade operators better comply with their reporting and payment obligations	2 Partially Achieved	Customs procedures are not fully compliant with international standards.
Trade facilitation and service initiatives better support voluntary compliance	1 Not Achieved	There is no revenue collection model regarding e-commerce.
SM I: Objective - Strengthen Expenditure Policy Formulation and Design - EPD		Rating - 1
Outcome	Rating	Narrative
Public pension system sustainability is enhanced while ensuring the adequacy of retirement income	1 Not Achieved	FAD provided cross-donor leadership by organizing the December 2024 workshop to establish a 5-way dialogue, led by FAD, to bring together the Pension Fund, WB, ADB

		and ILO, and produced a consensus on the principles for reform. This 5-way dialogue has since continued (in virtual format) to provide consistent, joint policy advice to the Pension Fund as it continues to develop the Concept Note. Following agreement on the principles for reform, decision-making by the MEF has been less swift than it initially planned, but the aim remains to introduce the reform before end-2025
Government pay and employment are more competitive and consistent with fiscal constraints	1 Not Achieved	This year has seen the recasting of the civil service reform. Based on the recommendations of FAD's July 2024 mission, and subsequent follow-up discussions, the MEF has adopted a longer timeline. This will create space to follow the rigorous approach to payscale reform proposed in the mission report. In line with the report's recommendations, the MEF called a tender for a job evaluation exercise in February 2025 – a major step forward. The expanded timeline has also allowed for productive coordination between the MEF, FAD and the World Bank: as proposed by FAD, the World Bank agreed to finance the MEF's job evaluation.
SM I: Objective – Strengthen Policy Evaluation and Institution Building - PEI		Rating - 2
Outcome	Rating	Narrative
Authorities have an understanding of opportunities to enhance the adequacy, efficiency, and sustainability of public expenditure	2 Partially Achieved	The MEF has developed a greater understanding of the risks to sustainability in its initial reform plan, which did not include a detailed costing. Its understanding of efficiency and adequacy has also been strongly enhanced by the July 2024 mission report, which shared international best practice on how to structure public sector pay (including performance-related pay) in the public sector, and how to benchmark and set pay levels. The pensions workshop and ongoing virtual support have helped the MEF conceptualize key trade-offs on adequacy and sustainability, as the Pension Fund considers options to enhance the “minimum pension”; FAD continues to coordinate virtual support from the WB, ADB and ILO to advise the Pension Fund as it navigates the drafting of its Concept Note.
SM II: Objective - Frameworks to Build Sustainable Fiscal Institutions and Frameworks – FIF		Rating - 3
Outcome	Rating	Narrative
Strengthened capacity to assess core PFM functions and develop reform strategies	4 Fully Achieved	The authorities adopted a PFM Reform Strategy for 2025-2030 in April 2025. Ongoing capacity development will be required to support effective implementation of proposed reform actions.

Strengthened capacity to plan, implement and sustain infrastructure governance	2 Partially Achieved	An updated PIMA and C-PIMA was conducted in February 2025 and will provide an important input into a roadmap to strengthen public investment management.
SM II: Objective - Strengthened Budget Management - PBM		Rating - 2
Outcome	Rating	Narrative
Strengthened annual budget process, and effective allocation	2 Partially Achieved	There has been progress in some public investment management institutions, but further efforts are required to strengthen planning, capital budgeting and maintenance of assets.
Strengthened medium-term frameworks	3 Largely Achieved	A Fiscal Strategy Paper is prepared setting out medium-term fiscal forecasts and fiscal targets to guide budget preparation
Strengthened asset and liability management processes	2 Partially Achieved	Authorities are enhancing capacity and tools to support cash forecasting and cash management.
SM II: Objective - Improve Fiscal Transparency and Reporting - FTR		Rating - 1
Outcome	Rating	Narrative
Comprehensive, timely, and high quality fiscal reports	1 Not Achieved	The PFM Reform Strategy includes further actions to improve fiscal reporting and transparency.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Impact of war in Ukraine on Uzbek fiscal policy	Low	Monitor the situation and discuss with the authorities.
RM II, SM I, SM II: External events create a more challenging environment to implement reforms.	Low	Agree with the authorities on remote activities in case of adverse events.
Political Support		
RM I: Political developments can be quite uncertain with ramifications for the progress on tax reform.	Medium	Seek to engage with key policy makers.
RM II: 2023 was characterized by political uncertainty, notably around the time of the MEF merger, inhibiting reform momentum.	Medium	- Engage regularly with senior government officers (e.g., Deputy Prime Minister, relevant deputy ministers), to foster and monitor government ownership of reforms. - Strengthen relationships with key officers to monitor reform progress, especially on critical milestones (e.g., as set out in the PFM Reform Strategy and Project implementation plan). - Leverage support from MCD.

Description	Rating	Mitigation Measures
SM II: Political support for PFM reforms is crowded out by other priorities, constraining reform momentum.	Medium	Ensure PFM CD is focused on priority areas and engage regularly with Ministers and senior government officers to ensure they understand the benefits of reform and to foster ownership.
RM I: Political developments can be quite uncertain with ramifications for the progress on tax reform.	Medium	Seek to engage with key policy makers.
Management and Technical Staff Support and Commitment		
RM I: There is a risk that the Ministry of Finance does not engage effectively in leading the interagency modeling team. Also, that agencies fail to collaborate effectively.	High	- Continue to work closely with the IMF support for implementation and have joint meetings/workshops with different agencies/ministries from the outset. - Establish formal Memorandum of Understanding between agencies from the outset
RM II: Low commitment of management and staff in TC and State Customs Committee (CC) to implement reforms.	Medium	- Engage with senior management and technical staff and explain the rationale for the reforms. - Customs: commitment of CC managers and staff is high while attention is needed for staff in remote offices.
SM I, SM II: While there is strong commitment to reforms at the management and technical level, there are risks that technical staff lack capacity to implement them effectively, compounded by staff turnover.	Medium	- Ensure CD advice considers current capabilities and incorporates institution and capacity building. - Regularly monitor progress on reform implementation and adjust CD plans when needed.
Resource Adequacy		
RM I: High turnover of public servants could mean that more resources might be needed to retrain and reengage with successors.	Medium	Identify key persons that are more likely to remain in their posts and provide more tailored training to them.
RM II: Insufficient technical capacity and human resources undermines the capacity in key entities (e.g., MOEF, TC, CC) to implement reforms or absorb CD in key topics.	High	- Ensure CD plans include sufficient capacity building and training elements for both ongoing and new topics. - Prioritize CD to important or high-risk areas where resources are limited. - Conduct ongoing assessment of technical barriers to implementation. - LTX provide continuous support to ensure reform stability and enhance momentum.
	Low	- Customs: thanks to Customs Special Fund, little issue in financial resource adequacy. Human resources need reallocation, but unlikely to need additional resources. reform stability will enhance momentum.
SM I, SM II: Insufficient staff resources and technical capacity undermines ability to implement reforms effectively.	High	- Ensure CD plans include sufficient capacity building and training elements for both ongoing and new topics. Prioritize CD to important or high-risk areas where resources are limited. - Ensure CD is well-coordinated with other donors.

Description	Rating	Mitigation Measures
Other Risks		
RM II: Multiple donors are providing technical assistance in overlapping topics (e.g., revenue administration and gaps, PPPs and SOEs).	Low	- Participate in regular donor coordination meetings. - Take an active role in engaging with other donors to ensure support is well coordinated.
SM I, SM II: Multiple donors are providing PFM and Expenditure Policy technical assistance, raising coordination challenges.	Medium	- Participate in regular donor coordination meetings - Take an active role in engaging with other donors to ensure support is prioritized and well-coordinated.

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I. REFORM PROGRESS

With the addition of five new online learning modules, six reference guides (downloadable, printable technical content), and microlearning videos in FY25, the project has become one of the largest e-learning programs of the IMF and of the revenue administration domain. By now, more than 15,500 learners have participated in the 21-module VITARA training. The project is on track to develop the 18 English online modules by FY27 as set out in the project initiation document under the RMTF.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module III - Training/Peer Learning and Fiscal and Macroeconomic Tools – Revenue

Key Progress in FY25: As part of the expanding VITARA training portfolio, several new online learning modules were launched. These help tax administrations in developing countries build strong management, organizational, governance arrangements as well as processes and systems in areas such as enterprise risk management, information technology and data management, and taxpayer registration. In FY25, approximately 3900 active participants took part in VITARA courses. Country officials showed an average learning gain of 12 percent. Most of the participants were from emerging market economies and low-income countries (85 percent). Africa remained the biggest benefactor of the courses (50 percent of users), followed by Europe (14 percent); Western Hemisphere (13 percent); Asia and Pacific (12 percent); and Middle East and Central Asia (11 percent). The VITARA brand is strong and the cooperation among the four founding organizations is robust. The partners have designed and successfully implemented a new marketing plan including outreach activities to international organizations such as the Network of Tax Organisations, the Addis Tax Initiative, and the Asian Development Bank. These organizations will help disseminate VITARA content to their members. VITARA was also featured in large capacity development (CD)-themed events at the OECD's Tax and Development Days and the IMF/World Bank Spring Meetings. The partners have also supported many countries with integrating VITARA into their internal training program/platform. Several IMF technical assistance missions, workshops and CD engagements have benefitted from and utilized VITARA content.

Previous Progress: Since the launch of the first module in July 2021, the VITARA program trained approximately 15,600 active course participants on key tax administration topics. The average learning gain is around 14 percent, which is significant considering the seniority of the participants. With the launch of the new FY25 courses, the VITARA portfolio has grown to 21 online course modules, 7 reference guides, and 6 microlearning video playlists. These online products and publications have become integral part of IMF's technical assistance and CD engagements. The project has had a positive impact on IMF knowledge management and quality assurance.

Next Steps: We will support countries through developing modules in core tax administration process areas such as taxpayer services, filing, and debt management. We will keep facilitating integration of the courses into learning platforms of our clients for a more seamless learning experience and execute outreach activities for wider awareness.

III. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Multiple partners will oversee the delivery of the project content.	Medium	A memorandum of understanding and guiding principles have been established to manage the overall project.
Political Support		
The IMF and participating partners have agreed to support the concept forward.	Low	Continued support from all partners.
Management and Technical Staff Support and Commitment		
A steering committee and working group to include all partners has been agreed.	Low	Continued support from staff and management ensures ongoing commitment.
Resource Adequacy		
A program manager and technical staff will need to be procured, managed by current IMF staff.	Medium	Continue to evaluate the resource needs and make adjustments as necessary.

IV. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The Global Public Finance Partnership (GPFP) project has supported advancing Zambia's fiscal reforms, achieving key outcomes in the areas of tax policy, revenue administration and public financial management (PFM). IMF fiscal capacity development (CD) priorities align well with the strategic objectives of Zambia's Integrated Public Financial Management Reform Strategy 2024-27 (IPFM-RS) and important structural reforms and benchmarks established by the IMF's Extended Credit Facility lending program, which provide the groundwork for integrated CD delivery across all fiscal workstreams.

Zambia has a strong development partners' presence and support in these fields (major partners being the World Bank, European Union, and German Agency for International Cooperation (GIZ)). The authorities have been actively engaged with the partners to ensure the effective coordination of their support, including through inviting the partners to identify and support the specific workstreams of the IPFM-RS.

On the revenue side, the IMF's Fiscal Affairs Department's (FAD) review and feedback of the tax expenditure report published in December 2024 covering most income tax, excise tax, and customs measures helped the authorities to improve transparency on the use of tax incentives in Zambia. In April 2025, FAD undertook a comprehensive diagnostic of the tax system. The recommendations will help improve the fairness and efficiency of the tax system by making it more principles based. The Zambia Revenue Authority (ZRA) has made positive strides in implementing key recommendations from recent FAD missions, such as establishing the Risk Management Unit (RMU), the CRM Steering Committee (CRMSC), and the CRM Implementation Committee (CRMIC). Also, the value-added tax (VAT) control model, including refunds, has been incorporated into the CRM framework, and more than 80 percent of VAT taxpayers are using the system. Progress has been also made on recommendations regarding the Large Taxpayer segment and External Fraud.

On the spending side, FAD conducted a Public Investment Management Assessment (PIMA) update and Climate-PIMA in November 2024. Given the significant vulnerability of public infrastructure to climate change and the constrained fiscal environment, maximizing the efficiency of public investment is paramount. The PIMA update and Climate-PIMA (C-PIMA) recommendations will inform ongoing reform initiatives aiming at strengthening the efficiency and climate resilience of public investment in Zambia.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy

Key Progress in FY25: The authorities published a tax expenditure report in December 2024 that covers most income tax, excise tax, and customs measures. They requested FAD review of the publication, which was provided in February 2025. This will help to improve transparency on the use of tax incentives in Zambia. In response to a request from the authorities about revenue forecasting, they were given information about FAD's online course on revenue forecasting. In April 2025, at the request of the authorities, FAD ran a two-week mission to provide a diagnostic of the tax system. The recommendations, if implemented, will improve the fairness and efficiency of the tax system by making it more principles based.

Previous Progress: The publication of tax expenditures and the government's commitment to harmonize corporate income tax rates represent progress based on a 2019 CD report, which the FY25 activities will

continue to advance. The authorities also implemented changes to the resource royalty regime following a 2021 mission; the diagnostic suggests next steps to round out a robust regime for taxing the resource sector.

Next Steps: The authorities are contemplating next steps, including in what areas additional CD will be helpful and which measures to prioritize for short-term action. Existing funding in the GPFP project is available for a further mission depending on the authorities' needs.

Revenue Module II – Revenue Administration

Key Progress in FY25: The ZRA has made positive strides in implementing key recommendations from recent FAD missions. Establishing the RMU, CRMSC, and the CRMIC—which held its first meeting in November 2024—are notable milestones. Progress has been also made on recommendations regarding the Large Taxpayer segment and External Fraud.

The e-invoicing system is mandatory for all VAT taxpayers; however, there is no specific obligation for government bodies. The VAT control model, including refunds, has been incorporated into the CRM framework, and more than 80 percent of VAT taxpayers are using the system.

Next Steps: Next missions will assist in maintaining CRM implementation momentum. This includes advancing key recommendations to integrate CRM into ZRA's Corporate Strategic Plan extension, establishing CRM governance in the new operating model, operationalizing the RMU, developing taxpayer market segment parameters, and finalizing the compliance improvement plans.

Spending Module II – Managing Public Finance

Key Progress in FY25: To support the authorities' desire to access to the IMF's Resilience and Sustainability Facility (RSF), FAD conducted the PIMA update and C-PIMA in November 2024. Zambia is classed as vulnerable to climate change, with a significant impact expected on agriculture and energy infrastructure. Infrastructure investment will be key to both climate change adaptation and mitigation strategies, and should be delivered as efficiently as possible given Zambia's resource constraints. The PIMA update and C-PIMA recommendations will inform ongoing reform initiatives aiming at strengthening the efficiency and climate resilience of public investment in Zambia.

Next Steps: IMF plans to further support the strengthening of Zambia's fiscal framework and natural resource management, reforms on green PFM and enhancing the climate resilience of public infrastructure; as well as assessing the fiscal impact of macroeconomic and climate shocks.

III. LOGICAL FRAMEWORK

Country – Zambia		
RM I: Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 3
Outcome	Rating	Narrative
Improved transparency and outreach	3 Largely Achieved	Oct 2024 - TA delivery has not yet started. Dec 2024 – The authorities published tax

		expenditures for most income tax, excise tax, and customs measures. This will help increase transparency of the fiscal impact of tax expenditures, increase awareness of their cost, and improve the capacity of the authorities to estimate fiscal impacts. Feb 2025 – FAD provided advice on improving the tax expenditure report. Through improvements to the presentation of the tax expenditures, there will be greater accountability associated with targeted interventions by the government through the tax system.
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	2 Partially Achieved	Oct 2024 - TA delivery has not yet started. Dec 2024 - provided information on FAD's self-learning course on revenue forecasting. April 2025 - TA mission provided a diagnostic on the tax system. The recommendations, if implemented, should increase the efficiency, policy coherence, and revenue-generating capacity of the tax system.
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	The e-invoicing system is mandatory for all VAT taxpayers; however, there is no specific obligation for government bodies. The VAT control model, including refunds, has been incorporated into the CRM framework, and more than 80 percent of VAT taxpayers are using the system.
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 3
Outcome	Rating	Narrative
Corporate priorities are better managed through effective risk management	3 Largely Achieved	The ZRA is at a critical juncture in its CRM implementation, as recent progress challenges existing processes, structures, and technology. Key risks include inadequate resource allocation, an aging and inflexible technology platform, staff resistance to change, and managing heightened stakeholder expectations. Embracing a structured change management

		approach and establishing realistic timelines will be essential for gaining staff support throughout the journey.
SM II: Objective – Frameworks to Build Sustainable Fiscal Institutions and Frameworks - FIF		Rating - 2
Outcome	Rating	Narrative
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	3 Largely Achieved	PIMA update and Climate-PIMA was delivered during November 6-19, 2024. These assessments will identify opportunities to improve the efficiency of public investment in Zambia and to ensure climate considerations are appropriately incorporated in public investment practices.
Strengthened capacity to plan, implement and sustain infrastructure governance	3 Largely Achieved	PIMA update and CPIMA was delivered during November 6-19, 2024. These assessments identified opportunities to improve the efficiency of public investment in Zambia and to ensure climate considerations are appropriately incorporated in public investment practices.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: Deterioration of fiscal situation may impact availability of resources to finance reforms.	High	Careful alignment of reforms with the main priorities of the government. Reforms at ZRA and Ministry of Finance are underpinned by comprehensive strategic plans, and the project results from the respective governments' strategic decision to reduce non-compliance and modernize its risk management capabilities.
SM II: Volatility in commodity markets, trade policy and donor funding, and climate events and spillovers from crises in other countries could have domestic impacts that may impact CD delivery	High	Flexible CD delivery.
Political Support		
SM II: Large number of competing reform priorities may impact political commitment to Climate related reforms	Medium	Coordinate closely with the IMF's African Department (AFR) and other development partners (donor troika) on the ground to ensure political commitment. Engage with senior political officials on actions to implement.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
RM I, RM II: Continuous rotation of managers and staff undermines the absorptive capacity and provokes permanent discontinuity.	Low	Encourage authorities to implement administrative reforms that contribute to a more stable staff. Continual/regular high-level engagement and monitoring.
SM II: Risk to the level of commitment by the authorities' staff and their supervisors to undertake the desired tasks, take decisions, and follow-through with recommended actions provided under the CD.	Low	Coordinate with AFR.
Resource Adequacy		
RM I, RM II: Resources are misused, not properly accounted for, do not achieve value for money.	Low	Project resources will be employed in accordance with the Fund's policies and procedures, including in particular its Travel Policy.
SM II: The adequacy of human and financial resources and/or suitable physical infrastructure (buildings and equipment) and technology within the targeted unit(s) to conduct the desired function	Medium	Continue stressing allocating resources in priority areas that require immediate attention and invest in training programs to enhance the skills of existing personnel.
Other Risks		
RM I, RM II: Multiple donors are providing technical assistance on CRM topics; and gaps, or overlaps may arise as a result.	Low	Take an active role in engaging with other donors to ensure support is well coordinated, especially with GIZ.

V. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Zimbabwe is making significant strides in implementing essential reforms focused on improving fiscal management and fostering sustainable economic development. A recent scoping mission on expenditure policy pinpointed key priority areas, resulting in an initial spending diagnostic that will guide future actions. In the realm of revenue administration, the Zimbabwe Revenue Authority (ZIMRA) has advanced its tax administration capabilities through the effective implementation of the Tax Administration Revenue Management System (TARMS), with the completion of Release Three enhancing operational efficiency. Furthermore, initiatives aimed at leadership development have strengthened interactions among executive staff, while a recent Tax Administration and Diagnostics Assessment Tool (TADAT) evaluation has laid a solid foundation for forthcoming reforms.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: ZIMRA has continued with the implementation of the TARMS. Release Three has been implemented, commissioning several modules. Release Three allows ZIMRA staff to perform back-office functions entirely within the system. Prior support provided on leadership has fostered staff cohesion. A TADAT assessment was conducted, highlighting strengths and weaknesses in the tax administration system and setting baselines for future reforms. A post-TADAT reform setting mission has been requested. In line with its ongoing modernization of customs functions, ZIMRA aims to strengthen the management of customs clearing agents and has benefited from specific support in this domain.

Previous Progress: Efforts were made to evaluate the implementation of the TARMS project activities. The successful launches of Release 1 and Release 2 occurred in December 2023 and February 2025, respectively. Feedback from taxpayers was positive, indicating significant improvements in functionalities, features, ease of use, availability, reliability, and responsiveness of the services. Leadership development initiatives were executed to enhance leadership capabilities for effective reform management at ZIMRA. In customs matters, ZIMRA received support to manage and control the profession of customs brokers (clearing agents). Weaknesses in the status of these intermediaries between the administration and economic operators were identified, including inaccuracies in declarations, facilitation of fraud, and integrity issues. Recommendations were proposed for a new regulatory framework, in compliance with international standards.

Next Steps: A headquarters mission will assist ZIMRA in prioritizing and sequencing reforms aimed at addressing weaknesses identified from the TADAT assessment and Revenue Analysis Gap Administration Program mission. Further support is envisioned to continue leadership development. A headquarters scoping mission will specifically address ZIMRA's needs related to the modernization of customs and discuss support priorities for FY26 and FY27.

SM II: Spending Module I – Spending Policy

Key Progress in FY25: A medium-term expenditure policy programmatic engagement will support sustainable, efficient, and adequate spending. A scoping mission occurred April-May 2024, which identified priority topics (wage bill, subsidies, social safety net, and investments/SDGs) and presented an initial spending diagnostic. Initial discussions are underway for support on the wage bill.

Previous Progress: This is the first programmatic engagement.

Next Steps: A wage bill mission is expected in the coming six months, which would support sustainable wage bill spending. The authorities need to confirm the timing.

III. LOGICAL FRAMEWORK

Country – Zimbabwe		
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 3
Outcome	Rating	Narrative
Corporate priorities are better managed through effective risk management	3 Largely Achieved	The compliance risk management framework exists, and a CIP has been developed at Domestic Taxes.
Support functions enable more effective delivery of strategy and reforms	3 Largely Achieved	TARMS system has been implemented. Additional work is required for leadership development.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	There is ongoing work to cleanse the taxpayer register.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	The rates for on-time filing are below the TADAT standard for a 'C' rating.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	The payment rates are still below the TADAT standard for good practice. However, data integrity issues impact the statistics for on-time filing.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Some work has been done to improve the accuracy of reporting. Additional work is planned for the next financial year.

RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 2
Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	The rates for post-clearance audits are yet to be determined.
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	ZIMRA has a weak capacity to manage and control clearing agents. This weakness is a niche for bad practices and non-compliance. A visit assessed the gaps against international standards and provided recommendations to align the control over clearing agents to international standards. The full implementation of the recommendations will require the support of the government to change the guarantee system applied to clearing agents.
SM I: Objective - Strengthen Expenditure Policy Formulation and Design - EPD		Rating - 2
Outcome	Rating	Narrative
Public expenditure is fiscally sustainable and efficient	2 Partially Achieved	A wage bill mission may occur in the coming months. An initial scoping mission was undertaken April-May 2024. The authorities expressed enthusiasm and strong commitment for the new medium-term programmatic CD on expenditure policy. They expressed appreciation for the envisaged FAD support highlighting the pertinence of proposed topics for their reform agenda. The mission agreed with Director Mupuriri that CD activities will focus on wage bill management, subsidies, SSNs, and investments/SDGs with the wage bill being the top priority.
SM I: Objective - Strengthen Policy Evaluation and Institution Building - PEI		Rating - 2
Outcome	Rating	Narrative
Authorities have an understanding of opportunities to enhance the adequacy, efficiency, and sustainability of public expenditure	2 Partially Achieved	A wage bill mission may occur in the coming months. An initial scoping mission was undertaken April-May 2024. The authorities expressed enthusiasm and strong commitment for the new medium-term programmatic CD on expenditure policy. They expressed appreciation for the envisaged FAD support highlighting the pertinence of proposed topics for their reform agenda. The mission agreed

		with Director Mupuriri that CD activities will focus on wage bill management, subsidies, SSNs, and investments/SDGs with the wage bill being the top priority.
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IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II, SM I: Risk that external events create a more challenging environment to implement reforms.	Medium	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events.
Political Support		
RM II, SM I: Lack of political support for reforms inhibits required actions or resources being allocated that are needed to enhancements to fiscal risk management of institutions and practices.	Medium	Ensure CD is focused on priority areas and engage regularly with ministers and senior management to ensure government ownership of reforms.
Management and Technical Staff Support and Commitment		
RM II, SM I: Low commitment of management and staff in finance, other ministries, and revenue administration to adopt and implement fiscal risk management practices.	Medium	Engage with senior management and technical staff proactively and explain the importance of strengthening fiscal risk management.
Resource Adequacy		
RM II, SM I: 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.
Other Risks		
RM II, SM I: Multiple donors are providing technical assistance on fiscal risk topics and gaps, or overlaps may arise as a result.	Medium	Take an active role in engaging with other donors to ensure support is well coordinated.

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