I. REFORM PROGRESS

Following administrative delays that postponed planned FY25 missions, implementation accelerated in FY26 and delivered a set of core building blocks to support African Continental Free Trade Area (AfCFTA) implementation, revenue protection, and regional integration. Outputs included: (i) a phased digital interoperability framework for origin documentation, outlining a practical pathway toward AfCFTA-wide electronic certification, data exchange, and eventual integration with national single windows; (ii) a finalized AfCFTA–Regional Economic Communities (REC) rules of origin how-to note, currently being prepared for publication; (iii) standardized, risk-based standard operating procedures (SOPs) to operationalize exporter qualification, origin certification, verification, and monitoring, designed for adaptation at the country level; and (iv) a concept note to support the Central African Economic and Monetary Community (CEMAC) and West African Economic and Monetary Union (WAEMU) tax administrations in adapting procedures to tariff dismantling and strengthening domestic revenue systems.

Delivery was complemented by a regional Southern African Customs Union (SACU) workshop that piloted data-driven customs information exchange and declaration matching, strengthening cooperation, risk management, and safeguards against origin-related irregularities. Stakeholder engagement was further advanced through the 38th Annual Conference of CREDAF (Association of French-speaking Tax Authorities) (Kinshasa, June 2025), where participants underscored the importance of AfCFTA-related support, and CEMAC and WEAMU agreed to pilot the initiative.

Next steps in FY27 will focus on publishing and disseminating the how-to note; validating and rolling out the SOPs, including through a regional workshop; piloting selected elements of the digital interoperability framework; and launching the tax-administration workstream by establishing a working group and preparing a guidance manual for CEMAC and WAEMU. A continental workshop will bring together technical experts and senior decision makers to present results, discuss AfCFTA-related risks and opportunities, and promote replication across subregions.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: A conceptual framework for a phased digital system enabling interoperability of origin documentation was completed, outlining a practical roadmap toward integration with national single windows. A comparative how-to note on AfCFTA and REC rules of origin was finalized and is undergoing publication. A concept note was prepared to support tax administrations in CEMAC and WAEMU in adapting to tariff dismantling and strengthening domestic revenue systems. A regional workshop piloted data-driven customs information exchange and declaration-matching techniques among SACU members, strengthening cooperation, risk management, and safeguards against origin-related irregularities under the AfCFTA. In addition, standardized, risk-based SOPs were developed to operationalize exporter qualification, origin certification, verification, and monitoring, with flexibility for country-level customization. **Previous Progress**: As planned missions during FY25 were shifted owing to administrative delays, no activities were carried out before FY26.

Next Steps: Upcoming activities will focus on finalizing and publishing the AfCFTA–REC how-to note, validating the SOPs for customs administrations, and conducting a regional workshop. In parallel, implementation of the tax-administration component will begin, including establishing a working group and drafting the guidance manual for CEMAC and WAEMU. A continental workshop is planned to convene technical experts and senior decision-makers from across Africa's subregions to present and discuss project results, highlight key AfCFTA-related risks and opportunities, and foster engagement to replicate and adopt these practices in support of regional integration. Together, these efforts will strengthen regional integration, promote consistent application of AfCFTA provisions, and enhance coordination between customs and tax administrations across Africa.

RM III: Revenue Module III – Training and Peer Learning

Key Progress in FY26: The 38th Annual Conference of CREDAF, held from June 17–20, 2025 in Kinshasa, the Democratic Republic of the Congo, provided a platform to present the project to central and West African nations, along with other stakeholders including representatives from approximately 30 countries, international organizations, and academic institutions. During the session dedicated to international taxation, participants concurred that supporting the effective implementation of the AfCFTA is of critical importance. Representatives from CEMAC and WAEMU consented to pilot the initiative.

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

Key Progress in FY26: Four analytical works have advanced the project's objectives. First, a conceptual framework for digital interoperability of origin documentation was completed, proposing a phased approach toward AfCFTA-wide electronic certification and data sharing. Second, a study compared the rules of origin under the AfCFTA with those of the major RECs, with a focus on how differences in origin regimes impact customs procedures. A how-to-note was finalized and is being prepared for publication. Third, a concept note on adapting tax procedures in WAEMU and CEMAC to tariff dismantling was also completed. Fourth, standardized, risk-based standard operation procedures were developed to operationalize exporter qualification, origin certification, verification, and monitoring under the AfCFTA, with flexibility for country level customization. Together, these deliverables support improved trade policy analysis, revenue protection, and regional integration.

Previous Progress: No analytical or research activities were completed prior to FY26.

Next Steps: In FY27, focus will shift to finalizing and disseminating the AfCFTA–REC how-to-note and the SOPs, validating the proposed digital interoperability framework through pilot initiatives, and initiating the tax-administration guidance workplan. A continental workshop is planned to convene technical experts and senior decision makers from across Africa's subregions to present and discuss project results, highlight key AfCFTA related risks and opportunities, and foster engagement to replicate and adopt these practices in support of regional integration. These efforts will consolidate analytical achievements into actionable tools to enhance trade data reliability, protect government revenue, and support increased intra-African trade.

III. LOGICAL FRAMEWORK

Country – African Continental Free Trade Area		
RM II: Objective − Improved customs administration functions (SDG 17.1)		**Rating - 2**
Outcome	**Rating**	**Narrative**
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	SOPs have been developed to strengthen information exchange and cooperation among customs administrations, while a regional workshop (November 2025) further enhanced coordination and demonstrated the potentialities of data-sharing among customs administrations.
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	The forthcoming publication of the how-to-note comparing AfCFTA and REC rules of origin, together with the development of AfCFTA-related SOPs and the November 2025 workshop on customs information exchange, strengthen the consistent application of international standards for valuation, origin, and tariff classification, improving the accuracy of customs declarations.
Foreign trade operators better comply with their reporting and payment obligations	2 Partially Achieved	The development of AfCFTA-related SOPs and the November 2025 regional workshop on customs information exchange are advancing the alignment of customs procedures with international standards and regional integration objectives. The how-to-note comparing AfCFTA and Regional Economic Communities' rules of origin further supports this process by promoting procedural harmonization and compliance across member administrations.
Trade facilitation and service initiatives better support voluntary compliance	2 Partially Achieved	The comparative study of AfCFTA and REC rules of origin, together with the development of SOPs and related guidance, is helping clarify certification and verification procedures for traders. These efforts will enhance transparency and engagement with the trade community, thereby promoting voluntary compliance under the AfCFTA.
RM II: Objective − Strengthened revenue administration management and governance arrangements - (SDG 17.1)		**Rating - 2**
Outcome	**Rating**	**Narrative**
Effective implementation of a new tax or modernized legislation	2 Partially Achieved	Preparatory work toward the development of a tax procedure code is underway.

RM IV: Objective – Support African customs administrations in implementing the FAD recommendations for the successful implementation of the AfCFTA		Rating - 2
Outcome	**Rating**	**Narrative**
Increased trade volumes between African countries. Protection of government revenue through better customs procedures. Improved trade policy research and AfCFTA monitoring with accurate data reporting.	2 Partially Achieved	Analytical outputs, such as the digital interoperability framework, comparative how-to-note on AfCFTA and Regional Economic Communities rules of origin, and draft SOPs, have laid a strong foundation for improving trade data reliability, protecting government revenue, and supporting AfCFTA monitoring and regional trade integration. Additionally, a standardized, risk-based SOP was developed to operationalize exporter qualification, origin certification, verification, and monitoring under the AfCFTA, with flexibility for country-level customization.

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.
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.

Description	Rating	Mitigation Measures
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

Authorities are exploring reforms to strengthen non-hydrocarbon tax revenues. Value added tax (VAT)—currently the largest source of non-hydrocarbon revenue—remains well below its potential, largely due to numerous and costly exemptions. In parallel, the fiscal regime for the mining sector requires a comprehensive overhaul, both to secure a fairer share of revenue for the state and to provide a more predictable and attractive framework for investors. On both fronts, the authorities have sought capacity development (CD) support from the IMF's Fiscal Affairs Department (FAD): VAT was the subject of a 2023 engagement, followed by additional work in 2024, while mining taxation was reviewed during a dedicated engagement in 2024. In 2025, progress was achieved in VAT reform implementation, particularly territoriality rules and VAT refunds. In FY26 (April 2026), support was provided on small business taxation and, again, on VAT rules for territoriality, VAT in the real estate sector, and rules for VAT exemptions.

A possible next step would be to formalize a medium-term revenue strategy (MTRS) to anchor and sequence these reforms.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: On VAT, legal drafting was proposed on territoriality rules and VAT refunds through specific assistance delivered in March 2025. In FY26 (April), more assistance was requested and delivered on VAT rules (territoriality, exemptions, real estate) and taxing small and medium enterprises (SMEs). On territoriality, as authorities are taking steps to collect VAT on cross-border services and e-commerce (a specific portal for VAT registration is being developed), these adaptations of the tax system are deemed important to clarify VAT taxing rights and collection mechanisms.

Previous Progress: CD support was provided on VAT and mining taxation, respectively, in November and December 2024. On mining, The FARI model was extensively utilized to simulate various policy options. The main recommendation of the mission, the introduction of a progressive profit-based royalty, was extensively discussed with the DGI and was well received on a technical level – but was still under review as of April 2026, as authorities seem inclined to prioritize the stability of the tax system at this point. SME taxation, and its implications on VAT could lead to a significant reform of the main taxation system for micro-enterprises (Impôt Forfaitaire Unique), although it is too early to conclude on effective impact.

Next Steps: More assistance could be requested on VAT legal drafting (which would then be coordinated with the IMF's Legal Department), and possibly on an MTRS – although that is still being reviewed by the authorities.

III. LOGICAL FRAMEWORK

Country – Algeria		
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	CD support was provided on VAT and mining taxation, respectively, in November and December 2024. Follow-up on VAT delivered in March 2025 (territoriality rules and VAT refunds). On VAT, follow-up assistance has been requested, indicating interest in implementation reform. This follow-up was delivered in April 2026, together with new assistance on SME taxation reforms.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Moderate risk for this tax policy project.	Low	Not applicable.
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.	Medium	Consultation with relevant internal and external stakeholders to help ensure reflect broad consensus across government.
Management and Technical Staff Support and Commitment		
Close coordination across senior level staff in relevant counterpart agencies (ministry of finance, ministry of 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.

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

This Global Public Finance Partnership (GPFP) project provides capacity development (CD) support to Armenia on tax policy, revenue administration, and public financial management (PFM).

Recent and ongoing tax policy reforms include: (1) in the mining sector, a 2022 tax policy engagement by the IMF's Fiscal Affairs Department (FAD) contributed to a major reform of the fiscal regime adopted in 2023–24, shifting toward a more progressive and balanced system; (2) a 2023 review of tax expenditures is now leading to the introduction of a capital gains tax as part of a broader reform package, which was the focus of a follow-up FAD engagement in 2025; and (3) the October 2024 review of road transport taxation proposed a vehicle feebate to replace regressive value-added tax (VAT) and import-duty incentives, with subsequent discussions in March 2025 centered on implementation issues. Repeal of the VAT exemption and adoption of a rebate system—consistent with FAD recommendations—are planned for inclusion in the 2027 budget. In FY26, follow-up work on tax policy included CD on the legislative process of tax policy changes.

In revenue administration, progress was made in further implementing technical advice earlier provided by FAD. This mainly included strengthening the State Revenue Committee's (SRC) analytical capacity to assess tax compliance gaps, but also to systemically treat detected tax non-compliance. Following FAD advice and practical support, the SRC has built an internal analytical capacity to assess tax compliance gaps and matured its compliance improvement processes. However, there is still a lot to do to strengthen compliance risk management (CRM) in SRC, including expanding similar approach to customs operations, while improving tax and customs information exchange.

Armenia has been advancing its public investment management (PIM) and budget reforms. Recent progress in PIM includes strengthening the legal and institutional framework, introducing new arrangements for project appraisal, assurance and prioritization, and undertaking public procurement reforms; central PIM oversight has been reassigned to the Ministry of Finance (MOF), which was a key institutional change during 2025. Supported by the previously completed and the recently approved country programs (the IMF's Stand-by Arrangement, or SBA), Armenia revised its PIM legislation by introducing amendments to the Government PIM Decree, clarifying the definition of public investment projects, standardizing appraisal and prioritization procedures, and strengthening centralized oversight by the MOF.

On the budget side, the MOF launched a comprehensive reform in 2024 aimed at strengthening the strategic focus of the Medium-Term Expenditure Framework (MTEF), including better alignment with medium-term macroeconomic forecasts, the introduction of broad expenditure ceilings, and efforts to improve the overall efficiency of budget preparation. To achieve this, the Government adopted amendments to the Budget System Law in 2024 and updated supporting decrees, reinforcing the MTEF and improving the legal basis for integrating public investment projects into the annual budget and medium-term fiscal planning.

Armenia's work on strengthening its fiscal risk management continues and focuses on deepening analysis and disclosure of risks from state-owned enterprises, public-private partnerships, budget loans, and guarantees. Recent efforts focused on the application of IMF fiscal risk toolkits, and clarifying legal requirements for reporting contingent liabilities.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: Interaction with government was positive with strong collaboration. CD has contributed to stronger ownership, policy change, and improvement of outcomes—on road transport taxation and capital gains taxation. Coordination with other donors (particularly the World Bank), as well as the implementation of the ongoing IMF program (the repeal of the VAT and customs duties exemption on electric vehicles is a structural benchmark) support implementation of structural reforms on road transport and capital gains taxation. Changes to electric vehicle taxation are being implemented through the 2027 budget law. In FY26, follow-up work included CD support on the legislative process of tax policy changes. **Previous Progress**: In FY25, with follow-up in FY26, CD was delivered on capital gains taxation, which is expected to be implemented in the 2027 budget. **Next Steps**: Not further CD on tax policy is planned in FY27.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: While there were no GPFP-financed CD activities delivered during FY26, the SRC continued improving tax administration processes as recommended during earlier periods. During May 2025, the Tax Administration Diagnostic Assessment Tool (TADAT) evaluation performed by FAD in collaboration with other development partners (Sweden and France) confirmed positive developments in several tax administration key performance areas, notably in tax compliance related processes. **Previous Progress**: The SRC has made good progress during FY25 and earlier in maturing their CRM framework and developing analytical capacity for measuring tax compliance gaps. **Next Steps**: TADAT assessment identified several areas for potential CD going forward: access to and use of third-party data, strengthening CRM, performance and outcome measurement, and large taxpayer payment compliance—particularly for VAT. The exact areas of engagement will be confirmed with the authorities in the nearest months.
SM II: Spending Module II – Managing Public Finance
Key Progress in FY26: FAD's first GPFP-funded activity in February 2026 to support the authorities included combined public investment management assessment (PIMA) Update and Climate PIMA missions. Staff noted improvements in Armenia's infrastructure governance and climate-sensitive PIM since 2018. As a result of these missions, current gaps and persisting challenges were identified including fragmented infrastructure planning, lack of investment strategies, a disconnect between PIM and the budget process, issues in project implementation, including procurement, portfolio monitoring, and asset maintenance. These hinder investment efficiency and capital budget execution. **Next Steps**: In FY27, FAD support will focus on strengthening budget processes and implementation of PIMA and C-PIMA recommendations.

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	In FY26, follow-up work included CD on the legislative process of tax policy changes. Authorities are considering changes to that process, including through the development of a medium-term revenue strategy.
RM II: Objective – Strengthened revenue administration management and governance arrangements - RAM		**Rating - 3**
Outcome	**Rating**	**Narrative**
Corporate priorities are better managed through effective risk management	3 Largely Achieved	SRC has made very good progress in implementing CRM Framework to better manage tax compliance through effective risk management. However, there is still more to do to have a fully operational international good practice CRM Framework. The 2025 TADAT showed significant improvement in effective risk management.
RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD		**Rating - 3**
Outcome	**Rating**	**Narrative**
A larger proportion of taxpayers meet their filing obligations as required by law	3 Largely Achieved	2025 TADAT reveals P4-12 has moved from a 'D' rating in 2016 to a 'B+' rating in 2025.
A larger proportion of taxpayers meet their payment obligations as required by law	3 Largely Achieved	2025 TADAT reveals P5-18 results improved from 'D+' to 'B' since 2016 to 2026. Further improvement is needed in aged arrears over 12 months.
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	1 Not Achieved	CD support in customs has not yet been provided.
SM II: Objective – Build Sustainable Fiscal Institutions - SFI		**Rating - 2**
Outcome	**Rating**	**Narrative**

Strengthened capacity to plan, implement and sustain infrastructure governance	2 Partially Achieved	PIMA and C-PIMA were completed. Assessments identified current gaps and persisting challenges in PIM processes, including fragmented infrastructure planning, lack of investment strategies, a disconnect between PIM and the budget process, issues in project implementation, including procurement, portfolio monitoring, and asset maintenance.
Strengthened capacity to plan, implement and sustain reforms in strategic areas, including climate, gender, and SDGs	2 Partially Achieved	On climate matters, progress was acknowledged with the adoption of new Climate Law, with report identifying areas for improvements in reflecting climate issues into sectoral strategies and construction regulations, asset maintenance and management, and expanding the frameworks for disaster risk management.
SM II: Objective – Strengthen Budget Management - SBM		**Rating - 1**
Outcome	**Rating**	**Narrative**
Strengthened annual budget process for more efficient and effective use of resources	1 Not Achieved	No CD has been delivered yet. Missions are planned to start in FY27 with strategic HQ assessment and setting of reform priorities and implementation actions.
Strengthened medium-term budget frameworks	1 Not Achieved	Same as above.
SM II: Objective – Strengthen Macrofiscal Frameworks - SMF		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	No CD has been delivered yet under GPFP. Fiscal risks workstream has been advancing under the intervention of the IMF's Caucasus, Central Asia and Mongolia Regional Capacity Development Center (CCAMTAC), and partially achieved the desired outcome.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: CD delivery interrupted due to health crisis. Significant regional (border) tension.	Medium	Known techniques for virtual engagement and delivery of CD, if needed. Border tension reduced with peace treaty.
SM II: 2022-26 have been characterized by regional tensions, tight global financial conditions, a slowdown in major trading	Medium	Agree with the authorities on potential of remote activities in case of adverse events. Ensure proper coordination of PFM CD with the IMF's Middle East

Description	Rating	Mitigation Measures
partners—including Russia, as well as rising global food and energy prices, including most recent conflict in the Gulf Region.		and Central Asia Department (MCD), so that it can be resumed following any disruption.
Political Support		
RM I: 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.
RM II: Political leadership has not always motivated the SRC in progressing with reforms.	Low	Considered unlikely under current SRC chair, who was former deputy finance minister. If needed, engage MCD country team to assist in securing additional political support.
SM II: Armenian economy remains vulnerable to external shocks. In case of any further external factors or political instability, the MOF commitment to PFM reform implementation could deteriorate.	Medium	The IMF-supported SBA structural benchmarks are anchoring important PFM reforms. Engage regularly with the Finance Minister, relevant deputy ministers, and MOF technical staff to foster and monitor government ownership of reforms. Leverage MCD 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 mitigation, including proportionately reduced CD or active management of milestones.
SM II: Commitment and capacity in different aspects of PFM reform have progressed overall, but there remain weak areas in implementation.	Medium	Proactively engage with MOF leadership and technical staff, explain the importance and prioritization of PFM reforms, following up on the progress and providing regular check-ins. Regularly update status of PFM reforms, coordinate with other donors to ensure complementary capacity development activities

Description	Rating	Mitigation Measures
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 that CD complements the authorities' ongoing work. Staffing options will be explored early in the project.
RM II: Resources available do not allow us 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.
SM II: Armenia's demand for IMF CD resources on PFM continues to be high, while insufficient technical capacity and human resources limit CD absorption capacity	Medium	Ensure CD plans include sufficient capacity building, training elements and prioritize CD to priority or highest risk areas where resources are limited.
Other Risks		
RM II, SM II: Multiple donors are providing technical assistance on revenue administration reforms, which may result in overlaps.	Low	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. COUNTRY REFORM PROGRESS

On revenue administration, tax revenues rose by 0.5 percentage point, from 13.2 percent of GDP in 2024 to 13.7 percent in 2025, driven by higher collections from both international and domestic taxes. This improvement reflects stronger growth in 2024 and well-identified revenue administration measures, including the continued application of transaction values at customs and the digitalization of core tax processes. The authorities considered that the medium-term revenue strategy (MTRS), developed with significant involvement from the IMF's Fiscal Affairs Department (FAD), has been instrumental in supporting recent revenue gains. They have expressed interest in the new capacity development (CD) framework, suggesting scope for re-anchoring engagement around a more strategic framework. In this context, considering the strictly demand-driven CD approach adopted by the authorities, activities have been scaled down, with only one activity planned for the next fiscal year to seize expected opportunities for re-engagement, ideally through an HQ-led tax and customs administration mission, mindful of the April 2026 presidential elections and potential changes in the Ministry of Finance.

Per the previous report, work has been paused in the areas of tax policy and public financial management. FAD remains open to future engagement if there is further interest from the authorities.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Administration
Key Progress in FY26: To date in FY26, there have been no field activities related to revenue administration. The planned field visit in March 2026 that was indicated in the mid-year report was postponed. Issues surrounding subsidy conditionality have prompted authorities to raise concerns regarding FAD CD, resulting in a slowdown of the revenue administration CD program. According to the Ministry of Finance's letter from November 2024, as confirmed during the FAD Staff Visit in December 2024, the authorities have implemented a strictly demand-driven approach to CD: activities will only proceed upon receipt of a formal request outlining scope, revenue objectives, anticipated impact, milestones, and indicators; no such request has been submitted thus far. Concurrently, the FAD-supported MTRS continues to progress, as reflected in recent unverified reports. It is noteworthy that the MTRS, developed with significant FAD engagement, appears to have played a pivotal role in enhancing revenue performance. **Next Steps:** Looking ahead, it is essential to clarify ownership before allocating resources. Formal written confirmation from the authorities regarding CD priorities should be sought as a prerequisite for any decision on the continuation or recalibration of the current multi-year CD engagement.

III. LOGICAL FRAMEWORK

Country – Benin		
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	Per the Ministry of Finance's letter of November 2024, confirmed during the FAD Staff Visit in December 2024, the authorities have adopted a strictly demand-driven CD approach: no CD activity proceeds without a formal request specifying scope, revenue objectives, expected impact, milestones, and indicators; no such request has been received to date. In practice, we have therefore not provided CD support for almost two years.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	Same as above.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Same as above.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Same as above.
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 capacity development, 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.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Resurgence of pandemic hinders CD delivery and changes CD priorities.	Medium	Build on progress achieved with remote delivery of CD.
Political Support		
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, and close consultation with the IMF's 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.	Low	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, including in particular its Travel Policy.
Other Risks		
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.
Since 2025, country authorities have adopted a strictly demand-driven approach to capacity development under which CD 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 CD delivery and affecting project outcomes.	Medium	Engage regularly with authorities to identify and shape emerging CD needs. Offer scoping missions to help define requests where needed.

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I. COUNTRY REFORM PROGRESS

The IMF's Fiscal Affairs Department (FAD) conducted a repeat Tax Administration Diagnostic Assessment Tool (TADAT) evaluation in July 2025 in collaboration with the Inter-American Development Bank (IDB) and the Inter-American Center of Tax Administration (CIAT). The assessment reveals significant progress in the taxpayer registry, which now incorporates information from related entities and ultimate beneficiaries. Enhanced analytics and a formal governance framework have advanced compliance risk management (CRM). Voluntary compliance functions have been consolidated, and tax arrears are now classified by collectability, in line with FAD guidance. The assessment also noted that further progress is needed to improve timely filing and payment, strengthen audit effectiveness, and reduce VAT refund delays, alongside addressing persistent weaknesses in internal and external controls and public trust.

Following recent elections, authorities reaffirmed their commitment to advancing the modernization agenda, using the TADAT findings and recommendations from previous FAD support as a baseline to address ongoing challenges in a tight economic and social context. They also agreed to resume support from the Global Public Finance Partnership (GPFP) in FY27, building on these findings ensuring close coordination with other capacity development (CD) providers, particularly IDB, CIAT, and the World Bank.

Recent changes in the tax administration's leadership and senior management, coupled with high staff turnover, suggest a likely need to extend the project by at least one additional fiscal year to increase the probability of achieving the anticipated milestones and outcomes. In parallel, a scoping mission on customs administration—requested by the authorities—has been scheduled for June 2026 to identify and prioritize areas for reform and modernization. These areas are expected to be incorporated into the project as a customs component, in line with the structural reforms envisaged by the new authorities.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration
Key Progress in FY26: The second TADAT assessment demonstrated significant progress in the taxpayer register, tax arrears management, and compliance risk management (CRM). However, substantial challenges remain in the audit function, as well as in transparency and accountability, particularly with respect to internal audit controls. *Servicio de Impuestos Nacionales* (SIN) has strengthened its CRM framework by assessing risks related to mining export income, although further efforts are required to improve access to mining data and to refine the risk catalog methodology. In addition, the audit manual was revised to incorporate international good practices, including the integration of TADAT Key Performance Indicators for the audit function. The core modules of the new IT system—developed in line with international good practices—have been fully operational since June 2025. CD activities temporarily slowed amid the presidential elections and government changes until December 2025 but restarted in January 2026 in support of the design of a new Strategic Plan for 2026–30 and delivered a workshop to disseminate international good practices, strengthen engagement with FAD, and support the continuation of CD activities. The workshop covered topics such as CRM, core tax administration processes, and digitalization

challenges. It also emphasized the importance of strengthening managerial capacity and soft skills, including ethical leadership among tax officials, to support ongoing modernization efforts.

Previous Progress: SIN has made notable progress in strengthening its CRM, including the development of both strategic and tactical Key Performance Indicators, as well as in tax arrears management through advanced debt segmentation. In the area of VAT refunds, SIN has designed a risk-based scoring system to better detect noncompliance. In close coordination with the project, the IDB supported the development of a data lake to enhance analytical capabilities, while CIAT assisted in strengthening transfer pricing audits through the development of a dedicated risk matrix.

Next Steps: Future CD will focus on strengthening voluntary compliance through a CRM-based approach, improving taxpayer services and core functions—particularly audit and tax arrears management—advancing digitalization (including data governance and security), and enhancing the structure and performance of the Large Taxpayers Office, while supporting the design of a Strategic Plan for 2026–30 and a framework to better manage human capital risks. In response to a request from the Minister of Finance, the IMF will also support the assessment of potential updates to tax and customs legislation and the modernization of the National Customs Service, including through a dedicated customs mission to identify and prioritize reform areas, with selected measures integrated into the project; close coordination will be maintained with other development partners, notably the World Bank, IDB, and CIAT.

III. LOGICAL FRAMEWORK

Country – Bolivia		
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	3 Largely Achieved	The 2025 TADAT results show further progress, with scores improving from C to B for POA 2 3 and POA 2 4, and from D to C for POA 2 5. After slower activity related to elections, the authorities have confirmed their commitment to continuing the implementation of CRM as a key strategic priority, including its incorporation into the Strategic Plan for 2026–31.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	The main modules of the new IT system—registration, tax return filing, taxpayer accounts, and payments—have been fully operational since June 2025. However, SIN continues to face significant challenges related to data migration issues and limited progress in the automation of audit and tax arrears management processes. The new authorities have requested support to strategically review the next steps in modernizing IT

		systems and advancing the digitalization agenda, including data governance and security.

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	3 Largely Achieved	With FAD support, the VAT refund process has been reviewed. A set of criteria and rules was defined to develop a risk-based model for the refunds process, particularly for exporters, which the new authorities consider a key priority. The authorities are committed to taking the next steps, including adopting a clear regulatory framework and enhancing the automation process through IT system modernization, in line with FAD recommendations
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	According to the recent TADAT assessment conducted in July 2025, the tax administration has made modest progress in improving the audit function. Significant challenges remain in standardization, quality monitoring, and measuring the effectiveness of the audit function. The new authorities have agreed to strengthen this function in line with international good practices.

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 may negatively impact the implementation of reforms, considering the expected changes in government following the second round of the presidential elections in October 2025 and the likely appointment of new authorities in late November 2025.	Very High	A strong focus on strategic advice and hands-on capacity building will be essential to achieve a more lasting impact. Additionally, strengthening engagement with the forthcoming authorities will be crucial.
Management and Technical Staff Support and Commitment		
Lack of trained managers and staff´s rotation undermine the absorptive capacity.	Very High	The missions will work with stable staff and officials encouraging authorities to implement administrative reforms that contribute to a more stable staff.

Description	Rating	Mitigation Measures
Resource Adequacy		
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 SIN and MoF are underpinned by comprehensive strategic plans, and the project results from the respective governments' strategic decision to reduce noncompliance 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 IDB and CIAT.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Cabo Verde's economy kept its growth trajectory in 2025, supported by strong tourism demand, resilient private consumption, and solid investment performance. The authorities have maintained prudent macroeconomic policies, preserving fiscal stability while advancing priority structural reforms. Real 2025 GDP growth is estimated at 5.5 percent while inflation has remained low, and inflation stood at 2.3 percent (annual average).

The 2025 fiscal balance exceeded IMF program targets, driven by lower primary expenditures and strong tax revenue growth. Tax base broadening through lower tax expenditures and stronger revenue administration raised the tax-to GDP-ratio to 22 percent in 2025. Current primary expenditure closed 2025 at 22.2 percent of GDP, nearly one percentage point higher than 2024 but about ¾ percent of GDP below program projections due to the partial phase-in of the already approved public servants' salary increase and a slower growth in spending on goods and services. The 2025 primary balance registered a record-high surplus of 3.1 percent of GDP and, if adjusted for one-off factors, the 2025 primary balance was 1.4 percent of GDP, 0.1 percent of GDP above the 2024 level.

This capacity development (CD) work by the IMF's Fiscal Affairs Department (FAD), financed by the Global Public Finance Partnership (GPFP), has supported reforms in revenue administration, spending, and public financial management (PFM). In revenue administration, the project has focused on domestic taxes. With the tax administration (*Direção Nacional de Receitas do Estado* – DNRE) achieving significant progress through digital transformation and the modernization of core business functions, the domestic tax collection increased by 17 percent year-over-year, raising the tax-to-GDP ratio to 22 percent in 2025 – 1.6 percentage points over 2024. In November 2025, the government approved a law creating the *Autoridade Tributária e Aduaneira de Cabo Verde* (a Semi-Autonomous Revenue Authority - SARA). As the authorities have up to November 2026 to deploy the SARA, it became a high priority for the tax administration and for the CD program.

The spending policy module delivered targeted technical assistance to Cabo Verdean authorities, directly supporting reforms in electricity, water, and wage bill management to enhance spending efficiency and fiscal sustainability. Guided by IMF CD, authorities are in the process of adopting tariff adjustments and data-driven wage bill reforms, improving the targeting of social benefits, and strengthening of the ministry of finance (MoF) leadership in ensuring the financial sustainability of public utilities. Work with the World Bank and LuxDev expanded the Unique Social Registry and reviewed tariff methods and data, contributing to improved utility cost-recovery and enhanced targeting of social benefits to those in need.

The PFM module focused on strengthening public investment management (PIM) and integrating climate considerations across the capital project lifecycle. Support enabled the MoF to establish a national project list (capital investment registry), which the authorities have committed to progressively expand to cover all projects across the investment cycle. Once fully operational, the registry will serve as the central platform for project selection and execution monitoring, enhancing the quality of projects selection and thereby the efficiency of public investment. The development of a pipeline of pre-appraised projects, including green and resilient investments, is a key reform under Cabo Verde's Resilience and Sustainability Facility (RSF) arrangement and an integral part of the authorities' climate financing strategy. This CD marks the final support provided under the RSF framework.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: After five years of discussion, the country established a SARA on November 5, 2025, to ensure greater autonomy in tax administration. SARA is expected to become operational on November 5, 2026. The institution is advancing a robust modernization agenda focused on enhanced taxpayer services and IT solutions, underpinned by a compliance risk management (CRM) approach. In FY26, (1) an HQ-led mission supported the SARA implementation; (2) CD supported the deployment of a communication strategy and support functions for the SARA; (3) a new VAT gap analysis identified risks related to the offsetting of VAT credits that need to be addressed; (4) CD support was provided to enhance compliance with electronic invoicing by taxpayers; (5) an audit manual was developed; and (6) the annual audit plan was revised to align the audit function with international good practices and the CRM strategy.

Previous Progress: GPFP has supported the implementation of CRM as the backbone of DNRE institutional transformation and the modernization of core functions, with a particular focus on improving timely filing and payment compliance. An HQ led mission recommended aligning the audit function with the CRM strategy, which is currently under implementation. The GPFP project also supported the modernization of the VAT law, which is now under parliamentary review.

Next Steps: CD will continue to support SARA's implementation, particularly in the areas of support functions (IT and HR), change management, communication strategy, and organizational design. Additional CD on risk management and internal audit is in the pipeline. Discussions on establishing a center of excellence in data analytics are ongoing; if implemented, this initiative could enable a fully data driven approach to tax administration.

SM I: Spending Module I – Spending Policy

Key Progress in FY26: The spending module delivered CD to Cabo Verdean authorities that focused on three key spending policy areas: electricity, water and sanitation subsidies, and the wage bill. In FY26, a spending review mission provided the first comprehensive evaluation of the ongoing, complex, multi-year wage bill reform, which has had substantial fiscal consequences. By quantifying the reform's impact and recommending measures to ensure fiscal sustainability, the mission provided authorities with data-driven insights and actionable strategies to manage public finances and mitigate potential risks. Additionally, the mission worked in close collaboration with the World Bank, sharing its assessment of the reform and identifying targeted areas for practical support on wage bill management that would offer the greatest benefit to authorities following this major reform

Previous Progress: In the area of subsidies, the mission sought to quantify the gap between service delivery costs and tariffs and provided recommendations to eliminate subsidies. This engagement helped bridge the fiscal and macroeconomic perspective of the MoF with the technical and engineering approach of the sectoral ministries, improving the MoF capacity to spearhead reforms, and fostering a shared understanding and a more coherent reform path. Implementation of the recommendations is advancing well. With the support from LuxDev, progress has been made in estimating the cost of service for subsequent application of the tariff methodology to adjust tariffs accordingly. Additionally, collaboration with the World Bank has led to expanded coverage of the Unique Social Registry to improve the targeting of social assistance programs.

Next Steps: Looking ahead, pension reform has been identified as a critical area for CD support to address ongoing fiscal pressures, with a mission planned in late 2026.
SM II: Spending Module II – Managing Public Finance
Key Progress in FY26: In September 2025, FAD supported the authorities in developing a list of screened green and resilient capital projects. The authorities committed to this list as Reform Measure (RM) No. 4 under the RSF. In addition, in the framework of the same CD mission, FAD (1) suggested an investment project concept note template incorporating climate adaptation elements; and (2) proposed financing options for feasibility and pre-feasibility studies. **Previous Progress**: In FY25, the project was instrumental in supporting the authorities in achieving key milestones under the RSF. The assistance contributed to strengthening the Fiscal Risk Statement, including the incorporation of a dedicated section on climate-related fiscal risks. It also supported amendments to the public-private partnership (PPP) legal framework and the development of operational guidance to integrate climate considerations across the different stages of the PPP project cycle. The September mission marked the conclusion of RSF-related support, consolidating progress in enhancing the country's resilience to climate shocks through the integration of climate considerations into PFM and PIM systems. **Next Steps**: During FY27, additional support will be provided to further strengthen PIM practices, while carefully considering the impact of the presidential and legislative elections scheduled for the 2026 calendar year on the authorities' reform commitments.

III. LOGICAL FRAMEWORK

Country – Cabo Verde		
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	DNRE continues to regularly monitor its KPIs, though some KPIs are still dependent on making timely information available.
Corporate priorities are better managed through effective risk management	3 Largely Achieved	CRM is fully implemented, and FAD is supporting the review of institutional risks.
Organizational arrangements enable more effective delivery of strategy and reforms	3 Largely Achieved	The SARA was promulgated and was created on November 5, 2025, after the Council of Ministers approved the bill of a Revenue Authority, which was promulgated by the President.

Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	The SARA was created in November 5, 2025, with implementation measures underway and support functions being created through November 2026.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	CD to support the achievement of this outcome is ongoing. Plans for a center of excellence in data analysis are under discussion with the authorities, who benefited from a short-term expert visit to support the ongoing project to enhance the electronic invoice 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	Progress in enforcing tax debtors through automated control and electronic notifications have supported increased tax compliance. A new IT module for payment in instalments was deployed. A new measurement will be taken during the 2026 Tax Administration Diagnostic Assessment Tool (TADAT) evaluation but may be postponed due to the Revenue Authority implementation.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	A review of core functions was delivered in FY25, but this outcome requires a set of measures to be implemented up to 2027. A new measurement will be taken during the TADAT assessment scheduled for early 2026.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	DNRE advanced reforms in the audit function by developing a manual of audit procedures and reviewing the annual planning process to align with CRM strategies. The audit manual review by the Legal team was impacted by the SARA implementation.
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	DNRE still has limited IT developers in place to modernize the IT system (i.e., SGP) as needed to enhance taxpayer services through online processes. With the SARA implementation, a recruitment process for IT developers is ongoing, supported by GPFP.
SM I: Objective − Strengthen Expenditure Policy Formulation and Design - EPD		**Rating - 3**
Outcome	**Rating**	**Narrative**
Reduce subsidies while mitigating impact on vulnerable households	2 Largely Achieved	Progress has been made in extending the coverage of the Unique Social Registry to 100 percent of poor and vulnerable households. Cooperation with development partners (i.e., LuxDev) on tariff is advanced, including

		estimating cost-recovery rates and conducting a full tariff review in both the water and electricity sectors.
Government pay and employment are more competitive and consistent with fiscal constraints	3 Largely Achieved	The mission quantified the fiscal impact of major recent wage bill reforms and identified recommendations to contain its costs. The reforms increased wage bill by about 1 percent of GDP, but it is expected to trend softly down over the medium term under current policy assumptions.
SM II: Objective – Build Sustainable Fiscal Institutions – SFI		**Rating - 4**
Outcome	**Rating**	**Narrative**
Strengthened institutional and legal frameworks	4 Fully Achieved	The PPP Law and associated manual have been approved. The law and manual include climate considerations.
Strengthened capacity to plan, implement and sustain infrastructure governance	4 Fully Achieved	The capital investment plan including climate and resilient capital projects has been developed. A new project concept note and mechanism to finance project appraisals are currently under consideration of the authorities
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	4 Fully Achieved	Same as above.
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 authorities formulated a CD request at the October 2025 Annual Meetings seeking support in this area. The activity is planned for FY27, with the exact timing to be agreed with the authorities, taking into account the 2026 electoral cycle.
SM II: Objective – Strengthen Budget Management – SBM		**Rating - 1**
Outcome	**Rating**	**Narrative**
Strengthened medium-term budget frameworks	1 Not Achieved	CD to enhance capacities and models to forecast key macroeconomic 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	Work with the IMF's Cash Flow Forecasting and Analysis Tool has not started yet.
SM II: Objective – Strengthen Macrofiscal Frameworks – SMF		**Rating - 4**

Outcome	Rating	Narrative
Strengthened identification, monitoring, and management of fiscal risks	4 Fully Achieved	The Fiscal Risk Statement includes an assessment and quantification of the fiscal risks associated with natural disasters.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
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.
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: Subsidies removal and wage bill reform are often 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. Quantify fiscal pressure from wage bill through projections to illustrate risks.
SM II: Other pressures on the MoF can impact capacity for PFM reform. Parliamentary and presidential elections will take place in 2016.	Medium	Focus on strategic PFM/PIM reforms possibly connected with the RSF and the IMF's Extended Credit Facility (ECF) to increase traction.
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.
SM II: The December 2024 municipal elections provided early indications that the outcome of the 2026 elections remains highly uncertain. In this context, institutional capacity—and particularly commitment to reforms—will be weakened.	High	Focus on strategic PFM and PIM priorities, closely aligned with the ECF-supported program and RSF reform agenda, to strengthen traction and reinforce authorities' commitment.

Description	Rating	Mitigation Measures
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.
SM II: Other pressures on the MoF 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

The Global Public Finance Partnership (GPFP) project for Cameroon continued to support capacity development (CD) activities by the IMF's Fiscal Affairs Department (FAD) to strengthen revenue administration and budget execution.

The tax administration's performance, as reflected in the April 2025 Tax Administration Diagnostic Assessment Tool (TADAT) evaluation (with "A" scores ranging from 2 to 11; "B" from 3 to 6; "C" from 6 to 7; and "D" from 18 to 8), indicates solid progress, underpinned by sustained reform efforts supported by strong leadership and high-level political commitment. Key reforms initiated under the post-TADAT action plan include reorganization of local offices; adoption of a mechanism identifying and addressing main tax risks; numerous initiatives to promote tax compliance; widespread adoption of online filing and payment; digitalization of audit and litigation procedures, online issuance of administrative documents; broadening of the tax base through extensive data cross-referencing and the launch of local tax reform. In addition to this project supported by the GPFP and the IMF's Regional Technical Assistance Center for Central Africa (AFC), the implementation of these reforms also benefits from the support of other capacity development (CD) providers: the European Union, France, Germany, and the World Bank.

Following the conclusion of the presidential elections and the confirmation of the authorities, policy dialogue resumed. During the year, the authorities advanced reforms in public financial management (PFM) and public investment management, including improving the transparency of budget preparation by reducing the use of common budget chapters and rationalizing Treasury correspondent accounts. The decree establishing the public investment project maturation guide was finalized and posted online; among other changes, the guide requires that climate change considerations be integrated at several stages of the process. Finally, COLEPS (the government's electronic procurement system) has been deployed in 37 ministries, with the objective that all contracts be processed through the platform in the near term.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: GPFP support enabled the authorities to use the 2025 TADAT findings to develop a post-TADAT action plan and a 2026–28 tax administration strategic reform plan, while advancing local tax reform. With the plan adopted, implementation began in 2026 and is progressing across three core priorities: improving the timely payment of taxpayer obligations (reflected in rising on-time payment rates and declining arrears); strengthening risk-based audit planning (with a sound audit plan covering the main taxes); and enhancing the management of corporate priorities through more effective risk management. **Previous Progress**: The authorities continue to use the post-TADAT action plan to improve the taxpayers' compliance improvement plan, tackle the issue of inactive taxpayers, launch the local tax reform and expand the digitalization of payment of local taxes in close collaboration with the Public Treasury.

Next Steps: Future support will focus on (1) following up on the strategic reform document and the post-TADAT action plan with a view to preparing the third TADAT exercise expected in 2028; (2) strengthening the medium-sized taxpayers management; and (3) advancing local tax reform and expanding the taxbase.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: A follow-up assessment of budget execution was conducted in March 2026 by a short-term expert, as part of a mission supporting the monitoring of state-owned enterprises (SOEs). The assessment recommended (1) strengthening discipline in the implementation of budget execution processes; (2) making IT adjustments to ensure the proper use of multi-year commitments; and (3) tightening regulations governing the use of special accounts.

Previous Progress: An assessment of budget execution was conducted in December 2024. It identified important issues in budgeting that impact negatively budget credibility. It also presented a list of reforms that would help improve the control of expenditure. The main recommendations of the report were presented under a format compatible with the PFM reform action plan of the government.

Next Steps: Future support will focus on the implementation of a public investment management assessment (PIMA) and Climate PIMA during the second semester of 2026. This assessment provides a structured diagnostic of weaknesses and strengths in public investment institutions across the full investment cycle and will allow the authorities to identify priority reforms that improve investment efficiency, fiscal discipline, and transparency. The climate component builds on this framework by assessing how climate mitigation, adaptation, and resilience considerations are integrated into public investment decision-making, with the objective of embedding climate risks and objectives systematically across the investment cycle. The authorities agreed with the objectives of this technical assistance.

III. LOGICAL FRAMEWORK

Country – Cameroon		
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	4 Fully Achieved	Support was provided in September 2025 to the authorities in using the TADAT (April 2025) main findings to design the tax administration 2026-2028 strategic reform plan and helped advance local tax reform.
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	2 Partially Achieved	Reforms in this area started in 2026, after the adoption of the 2026-28 tax administration strategic reform plan

Corporate priorities are better managed through effective risk management	2 Partially Achieved	Improving the management corporate priorities through effective risk management is one of the top priorities of the 2026-28 tax administration strategic reform plan
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	4 Fully Achieved	Improving the rate of timely payment of obligations by taxpayers remains of the top priorities of the 2026-28 tax administration strategic reform plan. Rates have been steadily increasing, and the stock of outstanding debts has decreased over time.
Audit and other verification programs more effectively ensure accuracy of reporting	3 Largely Achieved	Improving the tax audit program based on risks assessment remains one of the top priorities of the 2026-28 tax administration strategic reform plan. A sound tax audit plan covering the main taxes was developed by the authorities
SM II: Objective – Build Sustainable Fiscal Institutions - SFI		**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 – Strengthen Budget Management - SBM		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened identification, monitoring, and management of fiscal risks	1 Not Achieved	A mission on fiscal risks linked to SOEs took place but was funded by another project.
Strengthened annual budget process for more efficient and effective use of resources	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

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
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	N/A
Political Support		
SM II: Lack of political support for reforms	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 of the 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 proactively and explain the importance of improving fiscal transparency.
Resource Adequacy		
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

This capacity development (CD) project supported with Global Public Finance Partnership (GPFP) resources focuses on helping the Central African Economic and Monetary Community (CEMAC) Commission and member states strengthen revenue administration and public financial management (PFM) policies and processes.

The CEMAC Commission has continued to coordinate implementation of the regional PFM directives through the regional action plan. IMF CD resources have focused on practical guides that translate the directives into operational reference materials for member states. During FY26, drafting progressed on the regional practical guides on fiscal risks management, annual financial statements and year-end processes, medium-term fiscal frameworks, and value added tax (VAT) refunds. Building on sustained engagement by headquarters in collaboration with the IMF's Regional Technical Assistance Center for Central Africa (AFC), this support is helping to operationalize the regional directives and promote more harmonized PFM practices across CEMAC member states.

Noteworthy to highlight as a concrete result of this project was the January 2026 joint regional seminar on revenue administration and PFM, financed under GPFP and AFC, which brought together revenue administration and treasury officials from CEMAC member states. At that seminar, participants discussed the main tax and accounting issues and agreed on the roadmap for the updated regional practical guide on the tax and financial processing of VAT refunds. This joint work has helped align revenue administration and PFM perspectives on VAT refund processing and reflects the coordinated approach between the two GPFP workstreams under the CEMAC project. The broader design of the project also provides for continued coordination between IMF headquarters, AFC, and the CEMAC Commission in developing, reviewing, and validating the practical guides.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: The regional domestic revenue mobilization (DRM) strategy, developed with support from the IMF's Fiscal Affairs Department (FAD), has been adopted, and a steering committee has been established under CEMAC leadership. Implementation is progressing unevenly, with customs-related activities postponed at the Commission's request due to resource constraints and other actions delayed pending the appointment of the customs union director and staff. **Previous Progress:** The regional DRM strategy's vision, strategic objectives and regional performance indicators were developed, and the steering committee of this regional strategy was set up under the leadership of the CEMAC Commission. The draft of the teaching guide of the Directive of the Community Tax Procedures Code is ready to be used for its dissemination. **Next Steps**: GPFP support continues on key harmonization topics: GPFP support continues to focus on key harmonization priorities: (i) adopting the regional tax identification number designed in January 2026; (ii) disseminating the Directive establishing the Regional Tax Procedures Code, together with its teaching guide; and (3) finalizing the joint revenue administration/PFM VAT refund guide developed.

SM II: Spending Module II – Managing Public Finance
Key Progress in FY26: Drafting of regional practical guides has progressed during FY26 and constitutes the main activity under the project for the benefit of CEMAC Member States to improve their PFM processes in line with the regional PFM Directives and three-year rolling PFM action plan. The guide on fiscal risks management has been finalized and is ready for approval while the guide on financial statements and end of year processes is undergoing review by the Commission and member states. Drafting of the guide on VAT refunds is underway, jointly with the revenue administration, following a joint revenue administration and PFM workshop in January 2026 that validated the principles and the main tax and accounting issues to be addressed in the updated practical guide for tax and financial processing of VAT refunds. **Next Steps**: Reflecting the coordinated approach between the revenue and spending components of the GPFP project for CEMAC, an updated draft regional practical guide on administration and accounting of VAT refunds will be finalized to reflect content validated by member states during the January 2026 joint revenue administration and PFM workshop. The regional practical guides on annual financial statements and end-of-year processes will incorporate member states' comments and will be finalized for validation. The draft regional practical guide on medium-term fiscal frameworks will also be finalized. It is expected that during the next meeting of CEMAC PFM experts, in addition to validating the practical guide on fiscal risks management, these experts will update the triennial action plan for the implementation of PFM reforms that will prioritize additional practical guides for development. Drafting the practical guide on budget orientation debate had been prioritized and will commence before the action plan update.

III. LOGICAL FRAMEWORK

Country – CEMAC		
RM I: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		**Rating - 4**
Outcome	**Rating**	**Narrative**
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	4 Fully Achieved	The regional tax administration reform strategic plan has been adopted 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	1 Not Achieved	Activity postponed upon CEMAC Commission and member countries' request.
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	4 Fully Achieved	The Directive of the Community Tax Procedures Code (CTPC) was adopted in October 11, 2024. The teaching guide is currently being revised by the CEMAC Commission. Next steps agreed with the CEMAC Commission and country members would be its

		dissemination during FY27. In addition, a joint PFM/RA regional seminar held in January 2026, launched the preparation of the VAT refund guide.
RM I: 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 objectives and outlines of the regional tax identification number (RTIN) project were defined during a regional seminar held in January 2026. Member countries agreed to finalize the text establishing the RTIN before the end of 2027.
RM I: 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.
SM II: Objective − Improve Fiscal Transparency and Reporting - FTR		**Rating - 3**
Outcome	**Rating**	**Narrative**
Comprehensive, timely, and high quality fiscal reports	3 Largely Achieved	Drafting of the regional practical guide on VAT refunds will continue with a broader scope, including both the revenue administration and public financial management aspects. Expected comments from the CEMAC Commission and CEMAC member States on the first draft of the practical guide on financial statements will contribute to its finalization and approval.
SM II: Objective − Strengthen Budget Management - SBM		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened annual budget process for more efficient and effective use of resources	2 Partially Achieved	Drafting of the regional practical guide on fiscal risks management has been completed and the guide awaits validation by the meeting of CEMAC PFM experts and the guide on medium term fiscal frameworks is also being finalized.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II: CEMAC country member commitment to reform tax and customs administration.	Low	Develop and adopt a regional revenue mobilization reforms roadmap.
SM II: Delays and challenges with implementation of reforms at country level.	High	Provide targeted CD to CEMAC Member States in line with regional PFM reform priorities as part of individual CEMAC Member States country projects supported by the GPFP and other funding vehicles (e.g., AFC).
Political Support		
RM II: 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.	Low	Engage regularly with the Commissaire in charge of the Common Market to ensure ownership of reforms and commitment.
SM II: Lack of political support for PFM reforms within the Commission and within Member States.	Medium	Provide targeted CD aligned with regional priorities and engage at various fora with senior officials on regional reform priorities to seek buy-in and support.
Management and Technical Staff Support and Commitment		
RM II: Management commitment is strong. However, there is a critical need to enhance reform management capacity.	Medium	Provide ongoing training to build the skills of CEMAC Commission's staff and define the profiles of new technical officers to be recruited.
SM II: Staffing and capacity constraints within the public finance directorate at the CEMAC Commission.	Medium	Consistently invite CEMAC Commission staff to all regional and inter-regional training events.
Resource Adequacy		
RM II: 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.	High	Ensure CD plans include sufficient training and prioritize CD to risks areas where resources are limited.
SM II: Financial resource constraints not allowing the CEMAC Commission to ensure follow-up with Member States.	High	Prioritize activities within resource envelope and advocate for increased resources.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Recent reforms for the Central African Republic have focused on strengthening domestic revenue mobilization through targeted tax administration and digitalization measures. Tax revenues increased from 7.4 percent of GDP in 2024 to 7.7 percent in 2025, reflecting early gains from the rollout of an integrated IT system, deployment of ASYCUDA World, and adoption of a new tax compliance framework. Progress has been uneven, however, with limited advances in rationalizing exemptions and strengthening audit functions. Capacity development (CD) from the IMF's Fiscal Affairs Department (FAD) has been instrumental in supporting these efforts. CD interventions were closely aligned with commitments under the IMF-supported program and complemented by targeted capacity-building recommendations to strengthen institutional sustainability. Coordination with development partners (World Bank, European Union, African Development Bank) has been strengthened through the development of a donor intervention matrix to map and monitor ongoing support on digitalization, organizational structure and procedures.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration
Key Progress in FY26: In FY26, the mission completed manual cross-checks of over 600 taxpayer files and proposed corrective compliance actions. It also addressed e-Tax system weaknesses, reviewed tax clearance procedures, and established a donor coordination matrix. **Previous Progress**: Earlier work identified key weaknesses in tax data quality, procedures, and compliance, aligned with IMF program priorities. Diagnostic engagement with the tax administration helped define concrete reform areas for follow-up. **Next Steps**: The tax administration will monitor taxpayer responses, continue data cross-checks, and regularly update the donor intervention matrix. Ongoing coordination and training will support implementation and mitigate capacity and compliance risks.

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	3 Largely Achieved	The tax administration is currently undertaking a taxpayer re-registration exercise. Early indications suggest significant progress in broadening the tax base and updating the taxpayer register.

A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	According to performance reports, filing compliance has been broadly satisfactory, with on-time filing ratios reaching 77 percent, up from 70 percent in the same period last year. Nevertheless, performance continues to fall short of the 85 percent objective.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Performance reports indicate that payment compliance remains problematic, with the payment ratio declining from 62 percent to 58 percent over the same period last year, well below the project target of 75 percent. Weak detection of non-payment, delayed follow-up, and underutilization of legal enforcement tools (e.g., asset seizure, third-party collection) contribute to persistent arrears and low payment ratios.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Audit activities progressed from preparatory to operational readiness, with validated data-matching tools enabling the identification and consolidation of taxpayer discrepancies for targeted follow-up despite persistent location challenges.
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	Although notable progress has been made, challenges remain in fully realizing the objectives of revenue administration reforms. The necessary investments in IT infrastructure and human resources are ongoing and have yet to be finalized.

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.

Description	Rating	Mitigation Measures
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.

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Chad has made tangible progress in strengthening tax administration in recent years, supported by reforms implemented under the Fund-supported program. These advances have been accompanied by a 22.8 percent increase in non-oil domestic tax revenues between 2024 and 2025. Key reforms include the broadening of the tax base and the strengthening of the reliability of the taxpayer register, through the deployment of E-TAX, the new IT system. The rollout of e-filing, e-payment, and e-invoicing has helped reduce compliance costs while enhancing transparency. In parallel, expanded data-matching capabilities have supported more targeted and accurate tax audits. Institutional efforts to improve the segmentation and monitoring of large and medium taxpayers have intensified, alongside initiatives to strengthen risk-based compliance management.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration
Key Progress in FY26: Work carried out in FY26 supported continued broadening of the tax base and strengthened the integrity of the taxpayer register. Digital tools were further reinforced, notably through the expansion of e-filing, electronic payment, and electronic invoicing, which helped reduce compliance costs and enhance transparency. These gains were supported by the signing of several data sharing protocols with banks and public administrations. In parallel, strengthened segmentation and monitoring of large and medium taxpayers, combined with the introduction of risk-based compliance approaches, contributed to improved institutional effectiveness. **Previous Progress**: Since its launch in 2024, the project funded by the Global Public Finance Partnership (GPFP) has strengthened taxpayer identification processes through digitalization, reduced administrative compliance costs for taxpayers, and supported improved tax compliance. The project has also facilitated enhanced data matching with external sources, including financial institutions and public administrations, thereby improving the accuracy, consistency, and effectiveness of compliance and control activities. **Next Steps**: Forthcoming initiatives are designed to further advance digitalization, lower administrative costs for taxpayers, and support efforts to broaden the tax base and address existing loopholes.

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	3 Largely Achieved	The adoption of the July 2025 ministerial decree on the “known taxpayer” enabled the launch of the automation of the taxpayer register. Progress is advanced, with 13 of 18 planned

		functionalities completed (72 percent), including identity authentication through the National Agency for Secure Documents and contact detail verification via one-time codes.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	On-time filing performance remains stagnant, with fewer than 25 percent of value-added tax (VAT) returns submitted on time. In contrast, e-filing adoption has improved marginally, reaching 54.1 percent of VAT taxpayers by end December 2025 (source: DGI). This situation largely reflects the low level of tax compliance culture among taxpayers recently reclassified into the large and medium taxpayer segments, notably following the application of coercive fiscal measures by customs administration, including the 15 percent withholding on imports for non-known taxpayers.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	On-time payment performance is very weak, with fewer than 5 percent of VAT returns paid on time. In contrast, e-payment adoption has improved marginally, reaching 20.4 percent of VAT taxpayers by end December 2025 (source: DGI). This situation largely reflects the low level of tax compliance culture among taxpayers recently reclassified into the large and medium taxpayer segments, notably following the application of coercive fiscal measures by customs administration, including the 15 percent withholding on imports for non-known taxpayers.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	The contribution of tax audits to total tax revenue remains very limited, accounting for less than 2 percent as of December 31, 2025 (source: DGI). The ongoing Automated Desk Audit project is expected, over the medium term, to address this weak performance that reflects inaction, procedural delays, and reliance on obsolete manual processes.
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	Although digital reforms have satisfactory advanced, objectives are not yet fully achieved, reflecting incomplete investments in IT infrastructure and human capital.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
External climate/conditions, including social protestations, armed conflicts, insufficient telephone networks or internet connections, can slow down or even stop reforms implementation	Medium	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events
Political Support		
Limited political support, political instability or weak coordination between cabinet and tax administration may delay or even stop reforms implementation of objective	High	Limited political support, political instability or weak coordination between cabinet and tax administration may delay or even stop reforms implementation
Management and Technical Staff Support and Commitment		
Senior management and senior technical staff are not sufficiently committed, lack leadership and change management capacity to create impulsive and implement key reforms in a sustainable way. Limited familiarity with data governance among mid- and senior-level managers could slow adoption and IT reforms' implementation	Very High	Strengthen efforts to enhance commitment, leadership, and change management culture, as well as to monitor reforms, including building capacity in data governance. Include awareness-raising and capacity-building activities targeted at managers throughout the project
Resource Adequacy		
Insufficient funding for necessary IT infrastructure. Scarcity, misuse, inadequacy relative to needs, and continual rotation of human resources hinder absorption capacity and cause inefficiency and permanent discontinuity	Very High	Engage early with technical and financial partners to mobilize financial and technical resources; explore phased implementation options to align with available funding and prioritize high-impact, cost-effective components. Strengthening human resources and training, and initiate a real forward-looking management of jobs and skills to prepare the administration of tomorrow
Other Risks		
Other risks, including inadequacy or insufficient tax administration's IT systems to support reforms, as well as overlapping activities with other CD providers	Medium	Enhance the adaptability and flexibility of tax administration to address unforeseen challenges, and maintain ongoing coordination with other capacity development providers, particularly

Description	Rating	Mitigation Measures
		regarding IT-related matters. Strengthen the local partner coordination structure, jointly led by the World Bank and the IMF
Absences and quarantines due to a potential resurgence of pandemic can slow down or even stop reforms implementation	Low	Implement a business continuity and recovery plan and build on progress achieved with remote CD delivery

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The tax policy module was approved during the January 2025 Global Public Finance Partnership (GPFP) Steering Committee meeting. To date, two capacity development (CD) activities have been delivered, focusing on the identification, quantification and reporting of tax expenditures and the provision of training to the newly established tax policy unit (TPU). This CD has helped authorities build foundational knowledge on tax policy analysis, which ultimately supports improvements in institution building, governance, and domestic revenue mobilization.

On the revenue administration side, the GPFP project has closely supported advancing tax (improving large and medium taxpayers' compliance, broadening the tax base, tackling tax fraud by crosschecking tax and customs data, adopting a tax arrears collection strategy and preparing for the digitalization of core tax procedures) and customs administrations (cleansing customs duties arrears, introducing performance contracts, setting up the tariff in SYDONIA). These were structural reforms and benchmarks established by the IMF's Extended Credit Facility (ECF) lending program. Since June 2025, the resident advisor based in Moroni, financially supported by the GPFP project, ensures on site the coordination of interventions from the IMF's Fiscal Affairs Department (FAD) and the Regional Technical Assistance Center for Southern Africa (AFS) with those of other CD providers (such as France, the World Bank, and the OECD).

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: The first year of meaningful substantive engagement on tax policy showed promising outlook but evidenced institutional fragility justifying sustained engagement to the extent possible. A key milestone was the production of the country's first tax expenditures report. A second milestone was dedicated training provided to the newly established TPU, which would benefit from additional support to ensure that it can meaningfully contribute to the assessment of tax policy reform options. **Previous Progress**: Previous engagement in FY25 focused on supporting the preparation of the tax expenditures report, which was finalized in October 2025. **Next Steps**: Additional support on tax expenditures is being planned for summer 2026, after which the priority for the next engagement (also planned for FY27) will be determined.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: A compliance improvement plan (CIP) is now in place and produced significant increases in on-time filing and payment among large and medium taxpayers and a reduction in outstanding tax debts between 2024 and 2025 for large and medium-sized taxpayers. Progress on tax base expansion is evidenced by field census work and data cross-checks with customs, which helped register new taxpayers. The number of active large and medium taxpayers increased from 677 to 831 between 2024 and 2025. **Previous Progress**: The capacities of the large and medium-sized taxpayers' office were strengthened, and a CIP was developed. Hands-on support from the GPFP tax resident advisor and AFS's short-term expert

visits helped the tax administration to improve tax and customs' data cross-checking, improved tax audit planning and modernizing tax forecast capacities. On customs, FAD and AFS visits took stock of CD provided and assessed the ongoing needs with the new customs management.

Next Steps: The authorities plan to modernize the tax procedures code and will continue to broaden the tax base, notably by increasing the number of active large and medium taxpayers by 20 percent from January to December 2026. An extension of the GPFP project for customs is underway. This support will allow us to continue providing help to implement the performance contract and strengthen internal control.

III. LOGICAL FRAMEWORK

Country – Comoros		
RM I: Objective − Objective – Improve Tax Policy Design - TPD		**Rating - 2**
Outcome	**Rating**	**Narrative**
Increased/decreased revenue quantity	2 Partially Achieved	Comoros initiated the repeal of some of its tax expenditures including tax exemptions related to the Consumption Tax, the *Accompte sur les Impôts,* and Excise Duties.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	Reforms intended to address existing distortions to consumption, investment, savings, and labor market decisions have not yet been implemented.
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	Reforms intended to improve equity (mostly through amendments to income taxes) have not yet been implemented.
RM I: Objective −Strengthen Policy Monitoring, Evaluation and Institutions - TPM		**Rating - 3**
Outcome	**Rating**	**Narrative**
Improved transparency and outreach	3 Largely Achieved	Comoros finalized its first tax expenditures report by end-October 2025, consistent with the deadline for this Structural Benchmark under the IMF Program. As for writing time, the report has not yet been made public although expectations are that this will likely happen in the near future.
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	2 Partially Achieved	In view of the very limited capacity of the tax administration, priority has been given for the time

strategic management framework adopted and institutionalized		being to strengthen core functions, including broadening the tax base. This activity benefited from hands-on support provided by the tax resident advisor.
Corporate priorities are better managed through effective risk management	4 Fully Achieved	A CIP based on main risks and targeting large and medium-sized taxpayers is in place and monitored with the support of the tax resident advisor.
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	2 Partially Achieved	In view of the very limited capacity of tax administration, priority has been given for the time being to strengthen core functions, including broadening the tax base. However, reform of the tax procedures code will begin in FY27. An initial review of the texts has already been carried out.
RM II: Objective −Strengthened core tax administration functions (SDG 17.1) - TAD		**Rating - 3**
Outcome	**Rating**	**Narrative**
The integrity of the taxpayer base and ledger is strengthened	4 Fully 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 increased by 23 percent at end December 2025. The GPFP project will continue to assist in broadening the tax base. Taxpayer's database cleansing work is still in progress.
A larger proportion of taxpayers meet their filing obligations as required by law	3 Largely Achieved	Large and medium taxpayer's TCA and PAYE withholding returns submitted at due date increased significantly in 2025.
A larger proportion of taxpayers meet their payment obligations as required by law	3 Largely Achieved	Number of large and medium taxpayers paying TCA and PAYE withholding increased significantly in 2025. The amount of outstanding debts owned by large and medium taxpayers decreased between 2024 and 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	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 a structural benchmark of the ECF.

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.	Medium	Engaged with the staff of the local branch of tax administration located in Ndzuwani and Mwali. Ensure CD plans include sufficient training for staff of these two islands.
Political Support		
RM I: Obtain needed leadership from the Minister and sufficient buy-in from the whole government to enact meaningful legislative reforms.	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 the analysis and recommendations. Work closely with 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 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.	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.
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 FAD revenue administration colleagues.

Description	Rating	Mitigation Measures
RM II: Insufficient technical capacity and human resources necessary to implement reforms are limited.	High	Ensure CD plans include sufficient training and prioritize CD to risks areas where resources are limited.
Other Risks		
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.	Medium	Ensure that the IT system (SIGIT) is interconnected, developed a clear job description, and engaged regularly with the local authority during CD missions.
RM II: Multiple donors are providing intense technical assistance on tax area and contradictory recommendations, or overlaps may arise as a result.	Low	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.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The Global Public Finance Partnership (GPFP) has supported the authorities in strengthening domestic revenue mobilization through both tax policy and revenue administration measures. These interventions aim to simplify the tax system, enhance transparency, and promote more data-driven decision-making to improve revenue performance and governance.

Regarding tax policy, it was agreed with the authorities during an October-November 2025 mission that this capacity development (CD) program will now focus on non-tax revenue drafting and mining taxation to pursue current work on the transparency of the tax system and improve revenue collection, respectively. A proposal to that effect was endorsed by the GPFP Steering Committee Meeting in March 2026. Other topics (tax expenditures, excise taxes, parafiscal charges and provincial taxation) will now be on a follow-up mode. The work on mining taxation will consist of a single mission, likely in the fall of 2026, and cover cobalt valuation and international taxation provisions—significant preparatory work will be required for this mission. The prospects for more missions on mining taxation will be assessed at that point. Non-tax revenue drafting covers revenue from (1) Domain (mining, environment, etc., roughly two-thirds to three-fourths of non-tax revenue); (2) Administrative fees; (3) Judiciary fees; (4) Portfolio fees; and (5) non-tax procedures. Drafting of Domain is completed (save a few details), and the mission aims to complete non-tax procedures and perhaps Portfolio fees in CY2026, toward inclusion in a new Tax Code to be adopted by end-2026 (World Bank project). Given resource availability, this effort will start in May 2026 and require significant efforts (four one-month short-term expert missions). Financing for completing Administrative and Judiciary fees will be contemplated at end 2026. Non-tax revenue represents by far the greatest source of opacity and corruption in the Congolese tax system.

Regarding tax administration, in December 2025, an HQ mission helped the authorities develop a sustainable, data-driven tax administration strategy. FY26 focused on designing this strategy, recommending unified taxpayer information, better risk management, and performance-based compliance, with no implementation yet. In FY27, efforts will shift to putting the strategy into action, starting with an implementation roadmap outlining reform priorities, sequencing, governance, and monitoring. As requested, a joint mission by long-term resident advisors from the IMF's Fiscal Affairs Department (FAD) and Regional Technical Assistance Center for Central Africa (AFC) will support tax arrears management, a core strategy element. Other areas such as audit modernization, risk mapping, and compliance management will be addressed sequentially based on progress.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key progress in FY 2026: A November 2025 assessment concluded that objectives of this CD program were met on tax expenditures and provincial taxation, and substantially met on excise taxes; further progress in these areas would be difficult given the annual publication of the tax expenditures report (since 2019), the drafting of 8 provincial tax laws, and excise increases in the 2025 budget. The authorities have also put in place a new organization to undertake a reform of parafiscal charges, as recommended by the mission. It was therefore decided to focus this CD program on non-tax revenue drafting, toward the inclusion of this work in a new tax code by end-2026, and to put other topics on a follow-up mode. In addition, new

needs emerged on mining taxation (cobalt valuation, transfer pricing, support to mining revenue forecasting). The CD program was modified accordingly.

Next steps: Given resource constraints, FAD will resume the work on non-tax revenue in May 2026 and prepare for a mining mission in late 2026.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The GPFP project enabled the country to generalize the standardized value added tax (VAT) billing system and adopt a post-Tax Administration and Diagnostic Assessment Tool (TADAT) revenue mobilization plan, meeting key requirements of its economic program. With FAD support, authorities are increasing revenue by recovering taxes, implementing the VAT system, and activating the Commission for unpaid customs claims.

Previous Progress: Progress was constrained by the escalation of conflict in the eastern regions, which delayed implementation of the CD program and necessitated a reprioritization of reforms. With FAD support, the authorities, therefore, focused on revenue-preserving measures to strengthen compliance and address unpaid tax and customs liabilities, despite acute security and capacity constraints.

Next Steps: Upcoming activities will promote digitalization to protect revenue and improve compliance in the short and medium term.

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	Following the conclusions of a November 2025 mission, this CD program now focuses on non-tax revenue drafting and mining taxation (reference prices for cobalt and international taxation). Other fields are now on a follow up mode (tax expenditures, excise taxes, provincial taxes and parafiscal charges). Due to resource constraints, drafting missions will resume in FY2027 (May). Mining missions are tentatively scheduled for November 2026 (with earlier preparatory work).	
RM II: Objective − Strengthened core tax administration functions (SDG 17.1) - TAD			**Rating - 3**
Outcome	**Rating**	**Narrative**	
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	Monitoring of taxpayer registers has progressed. The reform of the standardized invoicing system has been an effective catalyst for improving the quality and maintenance of the taxpayer register.	

A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	Filing compliance has been good. The share of active taxpayers filing their returns on time meets the established milestone.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Payment compliance has been broadly satisfactory. However, progress has been limited: only 65 percent of active taxpayers pay on time, against a target of 70 percent (April 30, 2026). The DGI continues to face challenges in improving timely payments, contributing to a growing stock of tax arrears.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Audit coverage of nil and credit VAT returns remains low (about 56 percent annually), reflecting the incomplete implementation of the automated desk audit reform recommended by the most recent FAD mission.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Pandemic / coups	Low	Strong relationship with the authorities at the technical level makes remote work easier on legal drafting, although this is not ideal. On mining, in-country presence is necessary, but significant preparatory work can be done remotely. Events in the East of the country have had no strong impact on the program so far.
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 and technical staff are strong. However, the political process in DRC remains very complex and things can turn around rather quickly. Completing the work regarding the new tax code by end-2026 will demand significant political clout from these counterparts.
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 AFR team and the authorities.
Management and Technical Staff Support and Commitment		
RM I: Staff instability in the local working groups and significant bureaucratic interference	Medium	The modus operandi of this CD program is to initiate work and then rely on local workgroups to pursue it, putting FAD in an advisory function and relying on strong local counterparts

Description	Rating	Mitigation Measures
		(CTR and COREF) to steer the process. There are now working groups on non-tax revenue, provincial taxation, tax expenditures, and parafiscal charges, but engagement remains active only on non-tax revenue in this new phase of the program (follow up mode for other topics). The dynamic on mining taxation remains to be assessed (mission late in 2026), but it has in the past been difficult to coordinate with the ministries finance and mines on this issue.
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: Wavering political support could impact resource adequacy	Medium	Non-tax revenue drafting, which is a key aspect of simplifying the tax system, is a much longer process than expected and the mission is trying to speed up this process, in coordination with the authorities, to maintain momentum and keep the local working group intact.
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.
Other Risks		
RM I: Bureaucratic and industry resistance to reforms	High	Deadline to finalize the tax code (end-2026) and its part on non-tax revenue remains extremely challenging and will require significant efforts by the authorities and development partners.
RM II: The reform momentum is highly based on the availability of a modern IT system that can 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

This Global Public Finance Partnership (GPFP) project for the Republic of the Congo aims to improve fiscal space through improved tax compliance to mobilize revenue, and improved spending frameworks to provide spending efficiencies.

During FY26, capacity development (CD) activities were put on hold, largely due to the preparations for and the completion of presidential elections in March 2026. Envisaged activities on revenue administration include a scoping phase in June 2026 to set priorities, sequencing, and implementation plans. This phase will guide technical assistance design. The authorities are not immediately prioritizing spending issues in FY27, though CD activities are expected to resume during the second half of FY27. FAD remains ready to re-engage with the authorities and build the foundation for ongoing collaboration.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: No FAD CD activities on revenue administration took place during this reporting period. However, an explicit technical assistance request was made during the October 2025 IMF-World Bank Annual Meetings and a scoping mission is planned during FY27. **Previous Progress**: Earlier CD activities supported reform efforts of the Directorate General of Taxation and Estates (Direction Générale des Impôts et des Domaines, DGID) by advising on strengthening its strategic plan and updating the action plan to address critical weaknesses in compliance, organization, and digitalization. **Next Steps**: A field-based mission is scheduled for the first quarter of FY27. Based on the authorities' request, FAD will conduct a mission in June 2026 to develop a short-term action plan addressing six key tax non-compliance risks and a strategy for system and data integration, taxpayer registry improvement, legislative adaptation, and governance enhancement; define performance indicators and a monitoring framework; and strengthen DGID capacity to implement recommendations and allocate resources effectively. Any potential follow-on support resulting from this mission will be outlined in a future proposal for additional funds.
SM I: Spending Module I – Spending Policy
Key Progress in FY26: No CD activity took place in FY26 which overlapped with presidential elections. **Previous Progress**: Despite promising initial engagement on fuel subsidy reform, traction with the authorities has decreased with little prioritization of further structural measures to improve the energy sector's resilience or build alternative social assistance programs that would enable future reforms. **Next Steps**: Given the authorities' prioritization of public financial management and revenue administration reforms (specifically regarding the upstream hydrocarbon sector), there is no planned near-term engagement on expenditure policy issues. The IMF will maintain oversight of the project and are prepared to resume activities when requested.

III. LOGICAL FRAMEWORK

Country – Republic of the 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	The strategic plan has been elaborated. However, it has yet to be institutionalized. No activity occurred during FY26.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	The current IT system has yet to be improved to support the core functions better. No activity occurred during 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	On-time filing ratios are improving over time. No activity occurred during FY26.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Current ratio is below expectations. No activity occurred during FY26.
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	The taxpayer base has improved. No activity occurred during FY26.
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	The DGID is at the initial stage of initiatives to support voluntary compliance. No activity occurred during FY26.
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	The authorities have taken strong measures to increase transparency in the fuel sector and reduce the fiscal cost of fuel subsidies by US$15 million per year. In July 2025, they also approved the publication of the 2024 CD report on the IMF website. This publication makes accessible to the wider public an in-depth analysis of very sensitive policy issues and represents an important milestone for transparent policy formulation and prioritization.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Elevated risks of debt unsustainability across Central African Economic and Monetary Community (CEMAC) countries are pushing countries to prioritize debt management and fiscal consolidation through increased non-oil revenues	High	Early engagement with the authorities to list likely fiscal priorities, and routine checks with CEMAC country teams
SM I: Fear of imported inflation from elevated uncertainty around international market prices of critical commodities (fuel, fertilizers and food products) and likely shortages decreases appetite for fuel subsidy reform	Very High	- Stress increasing fiscal costs of existing price subsidies; - Support alternative and better-targeted support programs for vulnerable population; - Encourage the use of windfall oil revenues to build resilience and sustainability
Political Support		
Little political support for spending 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		
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 consultants). Use structural benchmarks to enforce commitments, if possible.
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		
RM II: Political interference on specific policies (e.g., excises)	Medium	- Mobilize other donors (World Health Organization, World Bank). - Use structural benchmark, if possible

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

This Global Public Finance Partnership (GPFP) project for Côte d'Ivoire worked to improve revenue mobilization to reinforce macro-fiscal stability, and mainstream climate change into the country's public financial management (PFM) and public investment management (PIM).

On tax policy, progress continued in FY26 with the implementation, through the 2026 Budget Law, of important changes to the property tax base, following advice from the IMF's Fiscal Affairs Department (FAD) provided in 2024–25. In particular, the tax base is now the market value for both developed and undeveloped properties. Some exceptions remain, however, notably for rented properties for which the rental value continues to apply. More broadly, the tax policy dialogue advanced in FY26, largely through interactions with the IMF program team, including on other tax measures included in the 2026 Budget Law (notably value added tax (VAT) in the financial sector, tourist taxes, and the streamlining of VAT exemptions). These measures are consistent with the 2024 medium-term revenue strategy (MTRS). FAD also coordinated with key development partners active in tax policy in Côte d'Ivoire, within the MTRS framework: the World Bank (on tax expenditure costing and corporate income tax (CIT) reform) and the African Development Bank (on property taxation). There was no additional capacity development (CD) on tax policy provided in FY26.

On revenue administration, overall Côte d'Ivoire has achieved meaningful and measurable progress in both tax and customs administration, supported by a clear strategic framework under the MTRS. The authorities have accelerated the digital transformation of the tax administration, a central pillar of the MTRS. A major milestone was the launch of electronic VAT invoicing in November 2025, which strengthens transaction traceability, supports risk-based audits, and is expected to improve VAT compliance over time while reducing compliance costs for taxpayers. Reforms have strengthened revenue performance, advanced digitalization, and improved institutional capacity. Going forward, consolidating digital reforms, deepening risk-based compliance management, and strengthening coordination between tax and customs administrations will be critical to sustaining gains and supporting the authorities' medium-term revenue objectives.

Under the IMF-supported Resilience and Sustainability Facility (RSF), Côte d'Ivoire has made tangible progress in integrating climate and environmental considerations into PFM and PIM. Building on IMF CD, the authorities adopted a ministerial decree in October 2024 introducing climate tagging of public investment expenditure, followed by a decree in May 2025 establishing a national transition taxonomy and climate disclosure framework. GPFP-funded FAD missions in FY26 directly supported the operationalization of these reforms, including the preparation and quality assurance of the country's first climate budget document, and a quantitative assessment of climate-related fiscal risks in the 2026 fiscal risk statement. Both documents have been annexed to the 2026 Budget Law, qualifying the country for the related RSF reform measures. These reforms were implemented in close coordination with development partners, notably the World Bank on disaster risk financing and the United Nations Office for Disaster Risk Reduction (UNDRR) on risk profiling, ensuring complementarity and avoiding duplication.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: FAD did not provide direct CD support during FY26. A mission planned on the CIT was postponed but not cancelled, reportedly to accommodate the changing TA priorities of the authorities. **Previous Progress**: The Medium-Term Revenue Strategy was adopted in May 2024, outlying key tax policy reforms on the property tax and the CIT, as well as setting goals in improving tax expenditure costing and reporting. The market value has been adopted as the tax base for the property tax on both built and unbuilt property, in line with FAD recommendations made in FY24—with the important exception of property rented out, for which the tax base remains the 'valeur locative' (rental value). In FY25, follow-up assistance was provided on a phased introduction of the reform. **Next Steps**: CD in FY27 will focus on executing the MTRS, with particular emphasis on implementing the CIT reform. The CIT CD has been delayed mainly because of the October 2025 presidential election and is now planned for late 2026.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: In September 2025, the IMF Regional Technical Assistance Center for West Africa (AFW) conducted a scoping mission to prepare future customs related project activities. At the authorities' request—aimed at allowing sufficient time to assess ongoing support from other development partners and to confirm new commitments—no additional capacity development activities in tax or customs administration were undertaken during the reporting period. **Previous Progress**: Project activities were initially planned to commence in July 2025 for tax administration and in August 2025 for customs administration. However, implementation was postponed at the authorities' request (see above). **Next Steps**: Support to the tax and customs administrations is expected to resume in FY27. Planned activities will focus on (1) the assessment of the MTRS and the tax administration's strategic reform plan, and (2) the development of a comprehensive AI and data governance framework for customs administration.
SM II: Spending Module II – Managing Public Finance
Key Progress in FY26: The GFPP project supported the Ministry of Finance and Budget (MFB) in improving the 2026 budget documentation. FAD trained staff on fiscal risk assessment for natural disasters, reviewed relevant fiscal risk statements section, and developed tools to measure government exposure. FAD also conducted quality control on the green budget document. Both documents were published as annexes to the annual budget law, helping the country qualify for related RSF reform measures. **Previous Progress**: The development of a robust quantitative model aimed at assessing fiscal risks associated with climate change-related natural disasters have been initiated to support the authorities in achieving the RSF reform measure on climate related fiscal risks. Activities benefited from coordination with the World Bank on disaster risk management and financing and with the UNDRR on disaster risk profile. **Next Steps**: The CD activities under this project will continue to strengthen staff ownership of fiscal risk management and green budget tagging methodologies, while also enhancing relevant budget

documentation. In the coming months, targeted training sessions and workshops will be organized to build technical skills among staff, focusing on the integration of climate-related fiscal risks into budgeting processes. These efforts are intended to foster a deeper understanding of the methodologies and ensure that staff are fully equipped to apply them in practice. Additionally, the project will support the revision and improvement of budget documents to better reflect climate risk considerations and green financing measures.

III. LOGICAL FRAMEWORK

Country – Cote 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 initialed following FY24 TA and was continued FY25. No activities in FY26.
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	Implementation of the MTRS is ongoing, alongside continued implementation of the tax administration strategic reform plan. However, the planned evaluation of the first two years of MTRS implementation could not be carried out during FY26 as no formal request was submitted by the authorities. Similarly, the framework for the Joint Domestic Resource Mobilization Initiative (JDRMI), aimed at strengthening support from the World Bank Group and the IMF, has not yet been formally endorsed as of that time. With the electoral period concluded and the government formed, the environment is expected to be more conducive to engagement in FY27.
Digital technologies are better aligned with strategic objectives	1 Not Achieved	The project planned for customs administration has not yet started due to unresolved governance and coordination issues between key directorates competing over data ownership and control. The absence of unified data and AI governance framework has prevented the establishment of the institutional conditions required to launch technical activities. The recent AFW mission focused on addressing these structural constraints as a prerequisite for project implementation

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	The absence of a unified data and AI governance framework has prevented the establishment of the institutional conditions required to launch technical activities. Addressing these structural constraints is a prerequisite for project implementation and constitutes the next step.	
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	Same as above	
Foreign trade operators better comply with their reporting and payment obligations	1 Not Achieved	Same as above	
SM II: Objective – Objective – Build Sustainable Fiscal Institutions - SFI			**Rating - 3**
Outcome	**Rating**	**Narrative**	
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	3 Largely Achieved	With support from FAD missions, a fiscal risk section on natural disasters has been added to the 2026 Annual Fiscal Risk Statement. Additionally, FAD performed quality control of the first green budget document. Both documents were included in the 2026 budget documentation, qualifying the country for the related RSF reform measures.	

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II: Tax administration component - External climate/conditions, including social protestations, armed conflicts, insufficient telephone networks or internet connections, can slow down or even stop reforms implementation	Low	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events

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 AFR 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.
RM II: Tax administration component - Limited political support, political instability or weak coordination between cabinet and tax administration may delay or even stop reforms implementation	High	Focus on both strategic advice and hands-on capacity development to improve operational impact. Maintain close coordination with the AFR Department and the authorities to resolve coordination challenges between the cabinet and the tax administration, thereby preventing impasses, including those related to engagement with the MTRS
RM II: Customs administration component - Change in political priorities or leadership could deprioritize customs digitalization or shift focus to other reforms	Medium	Engage key stakeholders early; align the project with national development and digital transformation strategies; ensure visible results in the short term to maintain interest
Management and Technical Staff Support and Commitment		
RM I: Lack of coordination across senior level staff in relevant counterpart agencies (ministries of finance, 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.
RM II: Tax administration component - Senior management and senior technical staff are not sufficiently committed, lack leadership and change management capacity to create an impulsion and implement key reforms in a sustainable way	Low	Strengthen efforts to enhance commitment, leadership, and change management culture, as well as to monitor reforms, including building capacity in data governance and artificial intelligence
RM II: Customs administration component - Limited familiarity with data governance and AI tools among mid- and senior-level managers could slow adoption and implementation	High	Include awareness-raising and capacity-building activities targeted at managers from the beginning of the project; conduct workshops on the benefits and use cases of AI in customs
RM II: Customs administration component - Inadequate internal coordination between	High	Establish a dedicated Data Governance and Processing Committee to centralize the management

Description	Rating	Mitigation Measures
departments (e.g., IT, risk management, operations) may impede project execution		of customs data, facilitate coordination across departments, and ensure the application of consistent governance standards and procedures.
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 organized with short notice	Medium	Organization of remote meetings with authorities in charge of receiving missions. Organization of remote discussion with the help of the AFW long-term resident advisor
Resource Adequacy		
RM II: Tax administration component - Scarcity, misuse, inadequacy relative to needs, and continual rotation of resources hinder absorption capacity and cause inefficiency and permanent discontinuity.	Low	Strengthen resources, training and initiate a real forward-looking management of jobs and skills to prepare the administration of tomorrow
RM II: Customs administration component - Insufficient funding for necessary IT infrastructure	Medium	Engage early with technical and financial partners to mobilize financial and technical resources; explore phased implementation options to align with available funding and prioritize high-impact, cost-effective components
Other Risks		
RM II: Tax administration component - Other risks, including inadequacy or insufficient tax administration's IT systems to support reforms, as well as overlapping activities with other CD providers		Improve tax administration's adaptability to unexpected challenges and coordinate continuously with other development partners under the local structure led by the WBG and EU at the ministerial level, particularly regarding IT-related matters
RM II: Tax administration component - Absences and quarantines due to a potential resurgence of pandemic can slow down or even stop reforms implementation	Low	Implement a business continuity and recovery plan and build on progress achieved with remote CD delivery

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I. COUNTRY REFORM PROGRESS

This project was approved during the June 2024 Steering Committee meeting. Several capacity development (CD) activities have been delivered since then, including two in FY26, evidencing strong collaboration with Djiboutian authorities on assessing options for tax policy reform. Covered topics include value added tax, wage tax, investment incentives, establishing a new tax policy unit, supporting preparations for new national public consultations on tax reform (*Assises Nationales sur la Fiscalité*), and property taxes. The Global Public Finance Partnership (GPFP)-financed program complements ongoing support provided by the IMF's Middle East Regional Technical Assistance Center (METAC), which focuses on tax expenditures.

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. Authorities have also become increasingly aware of the risks associated with adopting generous tax incentives under the new draft investment code and have therefore decided to delay its implementation.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: Key progress in FY26 includes continued reassessment of the new draft investment code and achieving progress on tax expenditures reporting (workstream supported in collaboration with METAC).

Previous Progress: The project—building on previous engagement—has achieved great traction with Djiboutian authorities. The country has introduced measures consistent with our advice, including the taxation of dividends and conducting a review of the new draft investment code, and remains engaged and committed to working alongside us in exploring further areas of reform including on the value-added tax (VAT), wage tax, and property taxation. At the institutional level, the Ministry of Budget is in the process of creating a new Tax Policy Unit (TPU), which was also one of FAD's key recommendations to support institution building.

Next Steps: Two engagements planned in FY27, complemented by one activity from METAC. Topics for these engagements will be determined at a later date as authorities requested more time to assess priorities.

III. LOGICAL FRAMEWORK

Country – Djibouti		
RM I: Objective – Improve Tax Policy Design - TPD		**Rating - 2**
Outcome	**Rating**	**Narrative**
Increased/decreased revenue quantity	2 Partially Achieved	Some reforms have been implemented (for example taxation of dividends and review of draft investment code), and several others are being actively considered with final decision ostensibly postponed until public consultations have been conducted. Some positive effect on revenues, but ample scope remains for more ambitious reforms.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	Some improvements in the taxation of capital income (e.g., dividends vs capital gains), with room for further improvement. including in relation to VAT, income taxes, and investment incentives.
Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	Some improvements in the taxation of capital income (e.g., dividends), yet significant room for further improvement remains (including in relation to taxing other forms of capital income such as rents and interest).

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
World economy, security in the region, etc.	Medium	Factor authorities' priorities into our work e 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 (Minister and/or Secretary General) 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.

Description	Rating	Mitigation Measures
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 to avoid overburdening our counterparts in the *Direction Générale des Impôts*.

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The Global Public Finance Partnership (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 EAC). The EAC Partner States are Burundi, the Democratic Republic of the Congo, Kenya, Rwanda, Somalia, South Sudan, Tanzania, and Uganda.

Increased economic integration and domestic resource mobilization (DRM) are 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. 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. In furtherance of the effective use of the model tax treaty, the IMF provided training in tax treaty negotiation skills.

The current work under the GPFP is further benefiting Partner States in these respects. The tax harmonization work is now focusing on a value-added tax (VAT) directive. In FY26, the IMF prepared a background paper and led a workshop on the directive, after which a revised draft of the VAT directive was circulated to the Partner States for comments. Additional effort by Partner States is needed to finalize approval of the draft council directive for the harmonization of legislation on tax procedures and administration completed in September 2023 with IMF support. On international tax administration, EAC Partner States have created a Community of Practice (CoP) that is enhancing their capacities to manage international tax risks, building capabilities in international compliance risk management (CRM). Future work will continue 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

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: A key focus of the project has been assistance by FAD and LEG with implementation of the EAC's tax harmonization policy through developing directives for the various tax bases. The directives will contribute to better resource mobilization and more efficient and effective taxation. Two workshops have been held and a background study undertaken for a VAT directive. The most recent workshop, in June 2025, resulted in a draft VAT directive that was sent to EAC Partner States for review. A key feature of the draft directive is an innovative approach to placing guardrails on the use of the VAT system for incentives and social measures. **Previous Progress**: The IMF supported the development of four EAC products prior to FY26 through workshops and training sessions. A model tax treaty, for use bilaterally with non-EAC countries, was

developed and approved in FY24. FY24 also saw the development of a multilateral tax treaty to cover all EAC Partner States; it is going through the EAC approval process. The tax treaty products will help promote trade and investment while protecting tax bases in the region. A directive on excise tax was developed in FY23 and FY24; it is also awaiting approval from EAC ministers. FAD led a workshop in FY25 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; it will help them make best use of the treaty products recently produced. Finally, the work on a VAT directive was initiated in FY25, setting the stage for the study and workshop in June 2025.

Next Steps: The IMF stands ready to continue working on the VAT directive once Partner States provide comments on the 2025 draft. Once their comments have been received, FAD and LEG will determine whether another workshop is needed. This work could proceed in the first half of FY27 if comments are received on a timely basis. The IMF anticipates that at most one more workshop is needed before the VAT directive can be advanced through the EAC's internal processes for approval. The IMF's contributions for the excise directive and multilateral tax treaty are complete and finalization of these products now rests with the EAC.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: FAD CD has contributed to increasing skills for passing sound international tax administration reforms in EAC Partner States by training them on structured, risk-based approaches and by strengthening institutional capacity to implement these reforms effectively. FAD CD also strengthened country capacity through hands-on, practice-oriented support focused on international compliance risk management (CRM). Through targeted clinics, tax officials built practical skills to apply international tax toolkits—such as transfer pricing guidelines—in day-to-day risk identification, case selection, and audit processes. This approach helped bridge the gap between international tax concepts and operational practice, enhancing administrations' ability to manage cross-border tax risks more effectively.

Previous Progress: Under FAD CD guidance, Partner States undertook FITAS self-assessments to diagnose weaknesses in international tax administration and outline possible reform roadmaps tailored to their specific risk profiles and administrative capacity. To reinforce reform implementation and promote regional consistency, FAD CD supported the establishment of an EAC CoP on international tax administration, led by the Kenya Revenue Authority (KRA). The CoP provides a structured forum for tax officials to exchange operational experience, discuss emerging risks and administrative responses, and engage with peers and experts on international tax administration issues.

Next Steps: Looking ahead, FAD CD will build on the reforms and capacity developed to date by supporting Partner States in the preparation of an EAC Handbook on International CRM, currently under development. This handbook is intended to consolidate regional experience, good practice, and practical guidance into a durable reference tool to support sustained implementation of international tax administration reforms.

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	The IMF supported the EAC Secretariat and Partner States by completing the VAT directive study in June 2025 and discussing it with the Partner States at a workshop that month, which was also used to advance the first draft of the VAT directive. To date, Partner States have not provided comments on the draft directive. The next step is for Partner States to provide comments, after which the IMF can assist with any revisions needed. The excise directive and multilateral treaty continue to await approval by the EAC. The IMF has therefore assisted in advancing the various products, while more needs to be done by the EAC to finalize and implement them.
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	3 Largely 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 approving the draft council directive.
Corporate priorities are better managed through effective risk management	3 Largely Achieved	The IMF supported EAC Partner State authorities by providing structured, hands-on technical assistance to diagnose weaknesses, design reforms, and build practical capacity in international tax administration. This included FITAS self-assessments, further CD through hands-on clinics that focused on the operational application of international tax tools, and a CoP. Building on this engagement, the IMF is supporting the development of an International CRM Handbook to consolidate guidance and regional experience, with an initial set of chapters expected to be shared with Partner States in mid-April. After its conclusion, the revenue administration component of the EAC project will conclude in April 2026.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Ukraine war and conflict in Middle East may impact on the EAC through higher and more volatile commodity prices and disruptions to trading relationships, causing Partner States to focus more on domestic issues at the cost of increased harmonization.	Medium	Time the implementation appropriately so that measures can be implemented over several years, once temporary shocks have dissipated or the market has adjusted.
Certain EAC states are fragile or conflicted affected states. This may prevent normal technical assistance activities.	High	Use of alternative modes of CD delivery, such as remote assistance, and delivery of workshops in more secure member countries or outside the region.
Political Support		
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 and government authorities. Hold workshops to increase buy-in at officials' level by educating officials and resolving differences, so that the officials are willing and able to defend and promote the outputs within their own governments. Include sufficient lead time for the directives to take effect to take into account any short-term instabilities.
Management and Technical Staff Support and Commitment		
RM I: Lack of buy-in and/or technical knowledge amongst the officials of the Partner States, reflecting capacity constraints and different policy approaches and administrative practices.	Medium	Hold workshops to educate officials of Partner States about the issues being discussed and guide them to possible solutions. Encourage open discussion of country positions during the workshops to accommodate concerns and resolve differences.
Resource Adequacy		
Although the current EAC Secretariat leadership is strongly in favor of this project, there are no policy experts at the Secretariat.	Medium	Hold workshops to ensure minimum level of policy expertise within Partner States. Liaise with the Secretariat to ensure they have sufficient understanding of the issues, including excise, income, value added taxation, international taxation issues, and tax administration.
Other Risks		
Timeliness: The EAC Secretariat fails to achieve the milestones	High	The project will be delivered and monitored by IMF staff and experienced HQ experts. This includes

Description	Rating	Mitigation Measures
and deliver the expected outcomes on time and project fails.		following the progress of each deliverable (directives, treaty products) and communicating to the EAC that finalizing products is key before additional resources will be devoted to new products. The Steering Committee will be kept informed and consulted on possible changes.
Sustainability: Reform fatigue may weaken commitment.	**High**	Regular high-level engagement during IMF-World Bank Annual and Spring Meetings to reinforce importance of finalizing products and the economic benefits from increased tax harmonization.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

This Global Public Finance Partnership (GPFP) project continues to make progress in supporting the authorities' efforts in domestic revenue mobilization and modernizing the public financial management (PFM) system.

Two missions from the IMF's Fiscal Affairs Department (FAD) on tax policy reviewed Ecuador's mining fiscal regime and tax system. The June 2025 mission recommended changes to attract investors and protect revenue, most of which were adopted in December 2025, leading to expected increases in GDP revenue from mining. Subsequent missions helped authorities analyze and streamline tax expenditures, resulting in VAT reforms in April 2026. Previously, FAD assisted with tax policy design, and authorities began revising investment contracts with World Bank support. Going forward, FAD will continue helping evaluate tax expenditures.

IMF capacity development (CD) on PFM improved treasury management and prepared an arrears prevention and clearance strategy with the ministry of finance. Subsequent short-term expert missions since 2024 prepared an Excel-based cash plan, a methodology for reducing budget rigidities arising from earmarking of financing sources, and a system to improve transparency in prioritizing payments. Several benchmarks of the IMF program on budget, treasury, and fiscal risks were assisted by complementary IMF desk review. Building on this work, in April 2026, a headquarters mission worked on integrating macro-fiscal processes, budget preparation, execution and cash management, with the aim of operationalizing the fiscal rules' constraint, overcoming budget rigidities and avoiding financing pressures that may lead to creating expenditure arrears. In particular, the assistance targeted calculation of budget quotas for commitment control, supported publication of methodological differences among reports, and including accounts payable in the budget space. The mission also worked on improving institutional arrangements, such as the technical fiscal policy committee, identifying IT system modernization priorities, such as cash planning and entities' information flows.

In the next fiscal years, the PFM work will focus on the implementation of budget and treasury management recommendations and strengthening fiscal risks management through HQ-led and short-term expert (STX) missions.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: Two FAD missions analyzed Ecuador's fiscal mining regime and tax system. The first in June 2025, focused on assessing the mining fiscal regime. The mission proposed a set of recommendations to promote a fiscal regime that can attract long-term investors whilst safeguarding revenues from international tax planning by investors. Most of FAD's recommendations were incorporated in the mining regulation amendments made in December 2025. The amendments to the mining regulation are expected to yield 0.4 percent of GDP in additional revenue in 2027, and 0.1 percent of GDP going forward. In March 2026, a mission supported authorities in developing a cost-benefit analysis approach to assess tax expenditures with a view of streamlining them. In April 2026, Ecuadorian authorities reduced the number of goods subject to the VAT zero rate and have also enforced VAT on sport gambling.

Previous Progress: FAD had supported the government in enhancing tax policy design by providing feedback on reform proposals through the IMF area department. Authorities, with the support from the World Bank, started revising investment contracts with a view to assessing whether they meet their intended goals.

Next Steps: FAD will continue supporting Ecuadorian authorities in the evaluation of relevant tax expenditures and capacity building in modeling revenue in the mining sector using the Fiscal Analysis of Resource Industries methodology.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: A HQ mission in April 2026 worked on improving the link between budget preparation, execution and treasury processes, including commitment control and an action plan to implement the arrears prevention and clearance strategy. This mission took place with a delay due to the elections in 2025 and subsequent turnover in the vice ministry of finance. The mission worked on commitment control from an operational perspective and on improving treasury and budget management integration to avoid cash and financing pressures while complying with the fiscal ceilings. It identified concrete measures to improve the PFM system that were agreed with the vice minister of finance. Further support was requested for the upcoming years to accompany the reforms with this project.

Previous progress: Two missions (August-September 2024) provided CD on improving budget execution processes for public investment, a methodology for cash planning, and the arrears strategy. The missions prepared an Excel-based cash plan with an improved methodology, and a methodology for reducing budget rigidities from earmarking of financing sources. Also, the short expert missions worked on payments automatization and prioritization to reduce human intervention.

Next Steps: Several benchmarks of the IMF program on budget, treasury and fiscal risks were assisted by complementary IMF desk review that are being followed up by this GPFP project. Missions (two STX and one HQ mission in FY27 and one HQ mission and/or STX missions in FY28) are planned on fiscal risks management, budget and treasury management, as follow up of FY26 recommendations.

III. LOGICAL FRAMEWORK

Country – Ecuador		
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	Two CD missions were conducted in June 2025 and March 2026 to review the country's fiscal mining regime, tax expenditures and efficiency of the tax administration. The 2025 FAD mission recommended the authorities implement a sovereign adjustment mechanism, as outlined in the Constitution, to help ensure appropriate revenue collection from mining activities.

		Ecuadorian authorities revised the Mining Regulation in December 2025 to incorporate these changes. The amendments to the mining regime are estimated to provide a yield of approximately 0.4 percent of GDP in 2027. Authorities are actively reviewing tax expenditures. A 2026 FAD mission supported the development of a cost-benefit approach to assess tax expenditures and provided a set of recommendations to improve the design of these measures. In addition, Ecuadorian authorities are revising the tax incentive system for investment contracts with support from the World Bank. The planned changes will introduce stricter conditions for accessing tax incentives. In addition, authorities are evaluating existing investment contracts to determine if the specified conditions have been met; if not, they will recover forgone revenues and terminate the relevant contracts.
SM II: Objective – Strengthen Macrofiscal Frameworks – SMF		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	Ministry of Economy and Finance created a Fiscal Risk unit inside the Public Finance Department and has initiated the coordination process to conduct risks assessments. Initial risk assessment is being conducted by this unit and reported in the medium-term fiscal framework fiscal risks section. FAD will provide CD in FY27 on fiscal risks analysis and reporting. Training was provided through the IMF regional capacity development center during FY26 outside of this project.
SM II: Objective − Strengthen Budget Management – SBM		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened asset and liability management processes	3 Largely Achieved	Coordination in the vice ministry of finance has improved in 2026, the top-down process is working well, and the financial plan is a working document while arrears reporting and clearance improved. A mission delivered on a methodology on revenue and expenditure forecast on a cash basis and helped prepare the treasury financial plan in FY25. FY26 CD focused on integrating budget and treasury processes to help prevent arrears and manage cash and budget pressures.
Strengthened budget execution and control processes	3 Largely Achieved	In FY25, the CD worked on reducing budget execution financing earmarking rigidities. It also assisted in preparing the financial plan, the arrears' strategy and automating the payment system (as structural benchmarks).

		In FY26, CD focused on the implementation of the PFM Law to improve commitment control and prevent arrears. This CD will be followed in FY27 with STX missions. Some progress made in 2026 on top-down commitment control and clearance of GAD and IESS accounts payable through agreements.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
Political Support		
RM I: Increased political instability and security concerns could make passing critical legislation more uncertain	Medium	Work closely with the IMF 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.
SM II: Elections in April 2025 and change in the vice minister of finance prompted delays in CD activities. Overall commitment to reforms is maintained under the program.	Low	Consultations with IMF country team help the authorities to recognize the relevance of PFM reforms. The new vice minister of finance in 2026 has renewed contact with FAD and CD is ongoing.
Management and Technical Staff Support and Commitment		
RM I: 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 area department in the context of the Extended Fund Facility program's priorities and structural benchmarks.
SM II: Competing demands for key staff's attention might result in lower engagement. Turnover in directors' positions.	Medium	Discuss with authorities to establish clear priorities. Coordinate with IMF area department. A new IT system needs to be in place and represents an opportunity for reforms' integration.
Resource Adequacy		
RM I: Staff turnover may limit CD absorption.	Low	Disseminate CD materials and ensure there is a wide audience.

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I. COUNTRY REFORM PROGRESS

El Salvador has advanced several important public financial management reforms over the past year. A new Fiscal Sustainability Law has been enacted, introducing fiscal rules that strengthen the medium- and long-term fiscal policy framework. In parallel, the medium-term fiscal framework (MTFF) has been published, restoring a key instrument for fiscal planning and transparency after a prolonged interruption.

Progress has also been made in fiscal reporting and oversight of the public sector. Several financial statements of state-owned enterprises have been published, improving transparency and accountability, although coverage gaps remain, particularly for subsidiaries. Addressing these gaps remains an important next step to achieve a more comprehensive view of public sector finances.

Public investment management (PIM) has emerged as a critical reform area, particularly in light of plans to scale up public investment to around 4 percent of GDP. Recent progress has focused on strengthening project prioritization and selection processes, helping ensure that increased capital spending translates into higher-quality and more efficient investment outcomes. Improving PIM is therefore central to safeguarding fiscal sustainability and maximizing the growth and service delivery impact of higher investment levels.

On the reform agenda, efforts are underway to unblock the prolonged paralysis in the modernization of the government's digital ecosystem, which has constrained progress in reforms such as program-based budgeting and broader integration of fiscal processes.

Additionally, the IMF's Fiscal Affairs Department (FAD) is supporting treasury and cash management reforms, with particular attention to arrears management, liquidity forecasting, and short-term cash management practices. The authorities continue to make gradual progress toward adoption of International Public Sector Accounting Standards (IPSAS). A stocktaking exercise with the IMF's Regional Technical Assistance Center for Central America, Panama and the Dominican Republic (CAPTAC-DR) is planned to assess the current status of IPSAS implementation and define next steps.

II. PROJECT DELIVERY HIGHLIGHTS

Spending Module II – Managing Public Finance
Key Progress in FY26: The project began in September 2025 and activities started immediately. Support to public investment management, particularly project prioritization, has been especially productive. Two short-term expert missions were conducted: the first reviewed progress since the 2019 PIMA, and the second helped secure authorities' buy-in for strengthened project selection methodologies. This work resulted in agreement on prioritization parameters to be incorporated into the new public investment management system being developed with support from the European Union (EU). While no dedicated resources were allocated to the MTFF, close desk-based collaboration with the authorities, IMF's Institute for Capacity Development and the Western Hemisphere Department (WHD) supported the republication of the framework in December 2025, after a suspension since 2019. Close

coordination with the EU and the Germany Agency for International Cooperation (GIZ) has been effective, particularly on (PIM) and fiscal transparency.

Next Steps: Looking ahead, the Fiscal Transparency Evaluation is confirmed for FY2027, and the Digital Modularization mission is expected later in 2027 following leadership changes and staff availability. PIM progress has been strong, and additional short-term expert support could be beneficial, although this may be difficult to accommodate within the current CAPTAC-DR workplan that is focused on treasury and accounting reforms.

III. LOGICAL FRAMEWORK

Country – El Salvador		
Objective − Build Sustainable Fiscal Institutions - SFI		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened capacity to plan, implement and sustain digitalization	2 Partially Achieved	Activities related to the project have begun, additional follow-up is required for completion.
Objective − Improve Fiscal Transparency and Reporting - FTR		**Rating - 2**
Outcome	**Rating**	**Narrative**
Comprehensive, timely, and high quality fiscal reports	2 Partially Achieved	The project was approved in September 2025. The Fiscal Transparency Evaluation is expected to take place during the second half of 2026.
Objective − Strengthen Macrofiscal Frameworks - SMF		**Rating - 3**
Outcome	**Rating**	**Narrative**
Strengthened medium-term fiscal frameworks	3 Largely Achieved	While there has not been a formal activity under the project, FAD has kept close engagement with the authorities and WHD team regarding the publication of the new Fiscal Sustainability Law (published in June 2025) and the new MTFF (published again in December 2025 after a suspension since 2019).
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	FAD engaged with the authorities as they prepared the MTFF, which had not been produced since the pandemic. The MTFF was finally published in December 2025, which included a basic fiscal risks statement. This publication is the baseline for improvement.
Objective − Strengthen Budget Management - SBM		**Rating - 2**
Outcome	**Rating**	**Narrative**

Strengthened annual budget process for more efficient and effective use of resources	2 Partially Achieved	Support for PIM, particularly project prioritization, has been especially productive. Two short-term expert missions were conducted: the first reviewed progress since the 2019 PIMA, and the second helped secure authorities' buy-in for strengthened project selection methodologies. This work resulted in agreement on prioritization parameters to be incorporated into the new PIM system being developed with support from the EU.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
Political Support		
The finalization of the current SAFI II (the integrated financial management system) project has already been in the works for a decade. Political support is required to carry the project forward to conclusion. There is a reform exhaustion in some departments of the ministry related to this topic.	Very High	The mission will provide a thorough technical analysis and convey the relevance to the new authorities. The mission will need to work with the different departments of the ministry to ensure that each department's needs and views are considered and reflected in the analysis. An enterprise architecture to avoid siloed development of EU-supported PIM system is urgent.
The project will need to navigate across the developments and negotiations of the IMF's Extended Credit Facility.	High	The development partners of the country will need to coordinate to help finance the finalization of the project. There is currently limited capacity.
Resource Adequacy		
The development of the software requires investment.	Medium	Maintaining a clear communication of technical assistance support will be relevant to ensure that CD is not impacted by the complications in the program. A good and fluid communication with WHD has facilitated mitigating this risk.

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The Ministry of Finance (MoF) remains committed to establishing a tax policy unit (TPU). While administrative hurdles are overcome, the Directorate of Fiscal and Monetary Affairs is working in partnership with the IMF's Fiscal Affairs Department (FAD) to develop tax policy analytical capacities, revenue forecasting, costing of policy reforms and the development of a research agenda that supports the country's reform agenda.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy
Key Progress in FY26: In January 2026, the first CD mission under this Global Public Finance Partnership (GPFP) project assisted the MoF in its efforts to establish a TPU. The mission trained the MoF's department on fiscal affairs in tax policy principles, tax policy analysis, including costing of tax reforms and distributive analysis, and revenue forecasting. The mission also supported the development of a research agenda which will guide Eswatini's reform agenda. **Next Steps**: Two missions are planned for FY27. One will support the development of income taxes microsimulation models. The other activity will provide CD on international taxation and taxation of natural resources.

III. LOGICAL FRAMEWORK

Country – Eswatini		
Objective – Strengthen Policy Monitoring, Evaluation, and Institutions		**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	A workshop to support the MoF's objective of establishing a TPU took place in January 2026. The CD mission focused on tax policy principles, tax policy analysis, including costing of tax policy reforms and distributive analysis, and revenue forecasting. FAD also supported the development of a tax policy research agenda that will guide their tax reform efforts going forward. The Director of the Fiscal Department at the MoF envisages some administrative hurdles to the creation of a formal TPU, notwithstanding the Director expressed his commitment to instituting a de facto TPU, for the time being, that can perform all of the functions of a formally established TPU.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
External shocks (social, political, economic, etc.) impact government revenue.	Medium	Work with the IMF country team and other IMF departments to analyze emerging fiscal risks and propose potential fiscal policies to minimize fiscal risks
Political Support		
Lack of political support may prevent the formal creation of a TPU and slow down reforms	Medium	Continue working at both the technical and political level in developing sound analysis to support reform needs and better inform stakeholders.
Management and Technical Staff Support and Commitment		
Resistance to change and low commitment of management to enact necessary changes within the Ministry of Finance and implement reform measures.	Medium	Engage with senior management and technical staff pro-actively to support the development of an implementation plan (and monitoring) while CD support is provided on an on-going basis.
Resource Adequacy		
Insufficient technical capacity and human resources necessary to absorb technical support and implement reforms.	High	Ensure CD plans include sufficient capacity building and training elements that are tailored to the country's needs and prioritize CD in areas where capacity is limited.

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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. In FY26, the authorities implemented many of the income tax recommendations from the NMTRS; this has been 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. The United Kingdom's Foreign, Commonwealth & Development Office (FCDO) supported the authorities to develop a consolidated reform strategy that identifies specific gaps and the appropriate development partner to provide targeted technical assistance to close them. The authorities have established a task team, led by the Prime Minister's office, to oversee the process of addressing the identified gaps. The overall impact of these initiatives is to have a more efficient and effective tax system, increase government revenues (the tax-to-GDP ratio was 7.8 percent in FY2024/25 and is projected to reach 10.5 percent in FY2027/28) and strengthen 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 of Ethiopia (MOF), such as the ability to estimate tax expenditures. Increased tax policy capacity will improve the fiscal planning and monitoring within the ministry, supporting domestic resource mobilization (DRM).

The GPFP-funded work fits into the broader picture of donor-supported technical assistance and capacity building. Staff of the IMF's Fiscal Affairs Department (FAD) maintain contact with counterparts in other technical assistance partners such as the World Bank, FCDO, and France's Agence Française de Développement (AFD) 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 FY26: In summer 2025, FAD responded to requests from the authorities for assistance in finalizing the income tax amendments that were subsequently passed by Parliament and which will improve the efficiency of the income tax system and increase revenues. A structural benchmark was added to Ethiopia's Extended Credit Facility in January 2026 related to tax expenditures. FAD is responding to a request from the authorities for capacity development (CD) related to the tax expenditures structural benchmark, including consulting with the World Bank. The first focus will be on corporate tax incentives, to increase transparency and policy-making capacity for this critical part for the tax system. The regional advisor contributed to training on revenue forecasting as part of a broader mission including expenditure forecasting in January 2026. This initiative will benefit the authorities by increasing their understanding of impacts of existing measures and ability to assess revenue impacts of possible future changes.

Previous Progress: Previous TA identified areas for improvement to Ethiopia's tax policy and suggested a roadmap, which was reflected in the NMTRS developed with FAD help and published in 2024. The NMTRS demonstrated political commitment to move forward with legislative changes that fit within FAD's recommendations for a more efficient, effective, and fair tax system. A key step forward was the implementation of a new VAT law in 2024 that was originally drafted by the IMF, is reflected in the NMTRS, and has already been followed by increased VAT revenue collections. In March 2025, a joint mission by FAD and the IMF's Legal Department provided advice and drafting assistance to the authorities on revisions to the income tax proclamation, to implement recommendations in the NMTRS; this led to the changes in the income tax law in FY26. On CD, 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, which is dependent on the authorities making available the necessary data, which they have not yet done.

Next Steps: FAD will be ready to assist the authorities in meeting the structural benchmark on tax expenditures reporting by end-June 2026. FAD is also expecting to assist the authorities with developing tax rules for capital markets, which will support the liberalization of financial markets in Ethiopia.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Building upon insights from a TADAT assessment that highlighted key strengths and weaknesses, the Ministry of Revenue (MOR) successfully developed and launched a targeted Domestic Revenue Reform Strategy. This strategy, co-created with leadership from FCDO and active participation from the IMF and development partners such as the World Bank, aligns closely with the NMTRS. The MOR also received support to enhance its revenue mobilization capacity through improved taxpayer segmentation and more effective Large Taxpayer Office (LTO) arrangements. Complementary technical support from the IMF's Regional Technical Assistance Center for East Africa enabled the updating of operational manuals and comprehensive staff training, particularly in excise auditing and sector-based auditing techniques, resulting in increased audit effectiveness

Previous Progress: A TADAT assessment was carried out in August 2024 to further diagnose gaps in the revenue administration system. Ethiopia approved their MTRS in September 2024 and this informed the reform strategy that was later developed with assistance from FCDO. The Domestic Revenue Reform Strategy was concluded in August 2025. This strategy identified the areas that needed to be addressed, and the authorities attempted to allocate those areas to the many development partners involved.

Next Steps: Building up on the TADAT and weaknesses identified in the assessment; support is planned to assist the MOR to develop and commence implementation of the compliance improvement plan (CIP). This is a structural benchmark due in December 2026. Other support will focus on strengthening cross-cutting areas such as data analytics, use of AI for compliance in customs, and development of an international tax function to deal with transfer pricing issues.

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	Structural benchmark on tax expenditures was added to IMF's Extended Credit Facility in January 2026. FAD is providing CD support through the GPFP to assist with meeting the structural benchmark, with a completion date of end-June 2026. The IMF-GPFP support will lead to improved capacity for estimating revenue impacts of specific tax measures.	
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	4 Fully Achieved	IMF support, including through the GPFP, has contributed to a modernized and more efficient VAT, and a revised income tax proclamation that makes the tax system more efficient and equitable.	
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	1 Not Achieved	MTRS draft was approved in September 2024. The authorities opted to work the FCDO, and FAD participated in the process of formulating the revenue administration reform plan, which was based on the TADAT.	
Corporate priorities are better managed through effective risk management	1 Not Achieved	Mission dates are pending confirmation with authorities	
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.	

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
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, including US tariff changes and the risks of renewed conflicts with neighboring countries. Consider additional measures to generate domestic resources if currently proposed measures do not meet revenue targets.
Political Support		
Coordination between MOF and MOR on MTRS has improved.	High	Seek support from the country team to coordinate meetings between these ministries 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. Provide capacity building training (e.g., in revenue forecasting).
RM II: Minister of Revenues may not be aligned with the stated CD priorities.	Medium	Continue well-coordinated CD and engagement with authorities and development partners
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: MOF needs to allocate resources for implementation of ITAS.	Medium	With the minister, continue to raise the issue of its impact on compliance in fora such as the IMF-World Bank Spring and Annual Meetings.
Other Risks		
Delays in putting in place active and effective governance structures for NMTRS between MOF and MOR are a threat to the country's DRM efforts.	Medium	Engage the IMF Resident Representative and other development partners to assist in coordinating between the MOF and MOR to ensure timely implementation of the NMTRS (e.g., the World Bank and AFD are active in the tax area.
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. Promote country-led donor coordination.

V. PROJECT MANAGERS: CONTACT INFORMATION

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ICD Fiscal Sustainability Course in CAPTAC-DR

FY26 Final Progress Report (May 1, 2025–April 30, 2026)

I. COUNTRY REFORM PROGRESS

The analysis of public debt has been at the forefront of policy discussions after COVID-19 pushed public debt to historically high levels, and governments continue to face challenging economic conditions and increased spending pressures. Against this background, this course aimed at strengthening participants' capacity for producing public debt projections and analysis. The course emphasized hands-on exercises using real data from all participating countries (Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, and Panama), and it facilitated peer learning, as participants prepared and presented a thorough analysis of the public debt projections for their countries. Participants were highly engaged throughout the course and demonstrated interest in applying the knowledge they acquired in their jobs, as noted in their comments, where they mentioned they will use what they learned, for example, "to calculate some fiscal adjustment measures", "for the preparation of reports and the preparation of realistic projections", "to strengthen the debt report".

II. PROJECT DELIVERY HIGHLIGHTS

SM III: Spending Module III – Training and Peer Learning
Key Progress in FY26: The course team delivered the single workshop planned for this project financed by the GPFP: an in-person Fiscal Sustainability course in Costa Rica during March 16-20, 2026. The course was very well received (with overall score of 4.8) and recorded significant learning gains (31.3 percent). Absolute learning—measured as the proportion of participants scoring above 60 percent—rose from 12.5 percent in the pre-test to 79.2 percent in the post-test. The course was delivered in Spanish and allocated ample time to hands-on workshops using the DDT, DDT_GFN, and ND-DDT. Participants prepared and presented a thorough analysis of public debt projections for their countries. Following the successful delivery of this workshop, this project is concluded.

III. LOGICAL FRAMEWORK

Country – Fiscal Sustainability Course in CAPTAC-DR		
Objective − Participants effectively acquire knowledge and skills taught in the Fiscal Sustainability (FS) course and use them subsequently on the job or in their interaction with the Fund. – FSU		**Rating - 4**
Outcome	**Rating**	**Narrative**
The participants value this training.	4 Fully Achieved	Participants found the material delivered on this course highly relevant for their work. This was noted in their comments where they mentioned they will use what they learned, for example, "to calculate some fiscal adjustment measures"; "for the

		preparation of reports and the preparation of realistic projections"; "to strengthen the debt report".
Participants demonstrate that they have effectively acquired knowledge and skills at the Learning Gain level as measured by pre- and post-course test	4 Fully Achieved	The learning gain was 31.3 percentage points.
Participants demonstrate that they have effectively acquired knowledge and skills at the Absolute Learning level as measured by pre- and post-course test	4 Fully Achieved	Absolute learning—measured as the proportion of participants scoring above 60 percent—rose from 12.5 percent in the pre-test to 79.2 percent in the post-test.

IV. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

This project was approved during the January 2025 Steering Committee meeting. To date, three capacity development (CD) activities have been delivered, including two in FY26 focusing on wage tax modeling and reform options, as well as the design of a fiscal regime for the mining sector. Earlier engagement in FY25 focused on tax treaties.

CD under this project has helped: (1) build foundational knowledge in tax treaty negotiations, personal income tax (PIT) micro-simulation, and the use of discounted cash flow models to assess mining fiscal regimes; (2) facilitate internal collaboration and dialogue (e.g., between the Ministry of Finance/Economy, the Ministry of Foreign Affairs, and the Ministry of Mining); and (3) identify potential reform options as well as actionable measures that can be taken at the technical level to improve outcomes in the three core areas covered so far. The project has resulted in the development of a draft model tax treaty for Gabon, which is expected to greatly assist future tax treaty negotiations, as well as a draft PIT micro-simulation model to help authorities assess the fiscal and distributional impacts of tax reforms.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy
Key Progress in FY26: There is very strong collaboration with Gabonese officials at the technical level, including on the modeling of potential reforms to the PIT and the design of an appropriate fiscal regime for the mining sector. We are looking forward to continuing this productive engagement in FY27 and beyond. **Previous Progress:** Previous support focused on tax treaties (FY25), with considerable capacity building provided including a new draft model treaty specific to Gabon. **Next Steps:** Authorities requested additional support on PIT reforms, focusing on the identification of a reform package that could raise revenues, increase progressivity and protect lower income households. A mission on this topic is being planned for Summer 2026. Resources should allow a second CD engagement in FY27, with the topic of engagement yet to be determined.

III. LOGICAL FRAMEWORK

Country – Gabon		
Objective – Improve Tax Policy Design - TPD		**Rating - 2**
Outcome	**Rating**	**Narrative**
Increased/decreased revenue quantity	2 Partially Achieved	Gabon's 2026 Budget includes several measures aimed at increasing tax revenues. This includes amendments to (1) value-added tax (VAT) (progressive increase in tax rates

		for several commodities); (2) excise taxes (increase in tax rates plus taxation of new products); (3) capital gains tax (rate increase); (4) export taxes (rate increase); and (5) property tax (broadening of the tax base).
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	Gabon's 2026 Budget includes tax measures, including some that are likely reduce economic distortions (for example convergence toward a single VAT rate and reduction in exemptions).
Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	Gabon's 2026 Budget includes tax measures, none of which significantly impact the PIT (the main redistributive instrument within the tax system). However, amendments to the capital gains tax, property tax and VAT do improve equity.
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	CD supported the creation of a new tax treaty model for Gabon (March 2025), a new PIT micro-simulation model (June 2025), and provided training in a discounted cashflow model to assess the sharing of profits under alternative mining fiscal regimes. These are noteworthy deliverables, but more is needed to ensure full institutionalization of the models including additional training if possible.

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 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 (e.g., Directeur Général des Impôts, Directeur de Cabinet, Ministre) 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

Description	Rating	Mitigation Measures
		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		
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 revenue administration division colleagues to avoid overburdening our counterparts in the Direction Générale des Impôts.

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

During the reporting period, The Gambia continued to advance a reform agenda focused on mobilizing domestic revenue, strengthening expenditure policy, and supporting climate-related fiscal reforms. IMF capacity development (CD) under the Global Public Finance Partnership (GPFP) has helped authorities translate diagnostics into concrete policy actions.

On the revenue side, significant progress in revenue mobilization has already been achieved, with tax-to-GDP in 2025 reaching 12.9 percent, compared to less than 10 percent in 2023. Moreover, the Cabinet's adoption of the domestic revenue mobilization strategy (DRMS) in the fourth quarter of 2025, informed by extensive input from the IMF's Fiscal Affairs Department (FAD), provides a medium-term revenue policy roadmap that aims to increase tax-to-GDP to 15 percent by 2030, and anchors ongoing work to modernize the tax system. Consistent with this direction, amendments to The Gambia Investment and Export Promotion Agency (GIEPA) Act, have been tabled in parliament to rationalize investment tax incentives—moving away from profit-based incentives and eliminating tax holidays—thereby helping reduce distortions and protect the tax base. In parallel, the Ministry of Finance (MOF) and the Tax Policy Unit have progressed toward greater transparency by preparing the country's first tax expenditure (TE) statement and initiating amendments to the Income Tax and VAT Acts, including extending VAT to digital supplies, reflecting recommendations delivered through recent CD support.

On the spending side, early-2026 missions on electricity subsidies and the government wage bill provided the MOF with a clearer diagnosis of key fiscal pressures and practical reform options, strengthening the authorities' capacity to incorporate these cost drivers into annual budget setting and prioritization. This work builds on the earlier expenditure policy diagnostic and is expected to inform follow-up engagement on wage bill management and broader expenditure policy analysis.

On climate policy, GPFP-supported advice has contributed to implementation of measures related to the IMF's Resilience and Sustainability Facility (RSF), including delivery of technical support on a carbon-based excise and analysis of the fiscal impacts of natural disasters, with strong authorities' ownership of recommendations. Coordination has continued with the IMF country team and other development partners to ensure coherence of advice across reform areas, mitigate risks of overlap, and support sustained momentum on politically and technically challenging reforms.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: DRMS was adopted in October 2025, providing a roadmap for tax policy until 2030 and aiming to increase tax-to-GDP to 15 percent, reflecting FAD's extensive input. Amendments to the GIEPA Act are tabled in parliament as of March 2025, moving the investment tax incentive regime away from profit-based incentives, removing tax holidays altogether, in line with FAD advice. The authorities prepared their first TE statement, following FAD advice and review at several stages. They also commenced amendments to the Income Tax and VAT Act, notably to extend VAT to digital supplies, in line with FY25 mission recommendations. During November 2025 mission, capacity on The Gambia's Upstream Petroleum Framework (UPFRA) was strengthened via training and policy recommendations. During the February 2026

mission, land and property tax regimes were reviewed and recommendations provided to enhance revenue mobilization and other objectives.

Previous Progress: FAD's extensive input and recommendations during the February 2025 mission to develop and refine the DRMS helped create a credible and coherent strategy. Drafted amendments to the GIEPA Act largely reflect recommendations from a FY25 mission, with a move away from profit-based incentives. FAD's input was reflected in progress on TEs, with a TE Policy to guide the governance of TEs across ministries, departments and agencies. The February 2025 mission provided detailed guidance for commencing TE reporting in The Gambia.

Next Steps: A property tax workshop will follow-up on recommendations from the February 2026 mission. CD will be provided to assist with final drafting of UPFRA and further develop TE reporting, which will support TPU analytical capacity. VAT modernization support is possible in future. All these activities support revenue mobilization and enhancing economic efficiency.

SM I: Spending Module I – Spending Policy

Key Progress in FY26: This GPFP project on spending policy started in late FY26, with the delivery of CD missions on electricity subsidies (January 2026) and the wage bill (March 2026). While there were constraints with data, both missions provided country authorities with a diagnosis of key issues and areas for reform. The mission on electricity subsidies equipped the MOF with the technical insights necessary to understand the drivers of fiscal pressures in the sector, empowering them to take a more proactive and informed role in initiating and guiding essential sectoral reforms. The government wage bill mission built on earlier work, with a particular focus on regular wage setting and the training of Ministry of Economy and Finance staff.

Previous Progress: This work builds directly on an expenditure policy diagnostic CD mission in March 2025. This mission reviewed all key issues in government spending and identified particularly issues in electricity subsidies and the government wage bill.

Next Steps: Discussions are ongoing with the authorities on the next steps for support, which is likely to focus on further technical support on wage bill management and training on general expenditure policy analyses.

RM I (CP): Revenue Module I – Climate Policy

Key Progress in FY26: This GPFP project is supporting the implementation of two reform measures under the RSF and has delivered missions on carbon-based excises (August 2025) and macro-fiscal impact of natural disasters. The mission on carbon-based excises assessed the impacts of their implementation across several variables, including fiscal revenue, economic growth, energy prices and impact across the income distribution. In addition, the mission provided advice on how to engage with key stakeholders, including through policy recommendations, to build political support for the reform. The mission on macro-fiscal impact developed a standalone module that provides the MOF with a tool to understand what potential deviations fiscal variables could experience if extreme weather events of different severity materialize, contributing to the overall improvement of budget credibility. These missions conclude the climate policy module of this project.

Previous Progress: The work builds directly on the climate policy diagnostic mission undertaken in 2024 and provide key inputs to successfully achieve RSF reform measures.

Next Steps: The climate policy module of this project will conclude and no reporting will be provided going forward. Recent volatility due to the US war in the Middle East complicates the implementation of a carbon-based excise. Staff is providing continuous support to authorities under other funding arrangements to incorporate the impacts of extreme weather events into the medium-term economic and fiscal framework.

III. LOGICAL FRAMEWORK

Country – The Gambia		
RM I: Objective − Improve Tax Policy Design – TPD		**Rating - 3**
Outcome	**Rating**	**Narrative**
Increased/decreased revenue quantity	3 Largely Achieved	Tax-to-GDP increased to 12.9 percent in 2024, against 9.6 percent in 2023. Some of this is due to nominal GDP revisions and a reclassification of nontax revenue, but higher corporate income tax, VAT and excise duty revenues also contribute. The DRMS has been adopted by the cabinet and aims to reach a tax-to-GDP ratio of 15 percent by 2030. Legislation to streamline investment tax incentives has been adopted by the cabinet and now goes to parliament. The authorities prepared an inaugural TE Report, as well as draft legislation to incorporate VAT on digital supplies.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	The DRMS, now adopted by the government, emphasizes the importance of reforming the tax system to increase economic efficiency. The amended GIEPA Act recently adopted by the cabinet will reduce economic distortions across sectors and taxpayers, and amendments underway to apply VAT to digital supplies will help to address a tax advantage that currently exists for such supplies. The authorities have compiled a draft TE inventory—this will provide a basis for identifying further reforms that reduce distortions in future.
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 policy unit is heavily engaged in various recent tax policy initiatives. They led the development of the DRMS and revisions to the GIEPA Act, which has been adopted by the cabinet. The tax policy unit also made commendable progress towards their first TE Report. A draft chapter shared with FAD in September proposed

		benchmark tax systems and identified TE provisions for the country's major tax types.
SM I: Objective− Strengthen Expenditure Policy Formulation and Design – EPD		**Rating - 3**
Outcome	**Rating**	**Narrative**
Government pay and employment are more competitive and consistent with fiscal constraints	3 Largely Achieved	A mission on the public sector wage bill mission occurred in March/April. This provided advice on best practices in cost-of-living adjustments, the management of the payroll of subvented agencies and it will uptake the earlier analysis on the wage bill for 2026 budget information. This was approved by the GPFP Steering Committee; however, internal IMF resources were used to advance CD activities aligned with GPFP priorities, allowing GPFP funds to be preserved for follow-up work and continued delivery of project activities.
Medium-term expenditures in line with the required spending needs in the areas of health, education and selected infrastructure (SDGs 3, 4, 6, 7, 9).	3 Largely Achieved	A public sector wage bill mission has been undertaken. The mission provided advice on best practices in cost-of-living adjustments, the management of the payroll of subvented agencies and it will uptake the earlier analysis on the wage bill for 2026 budget information.
Public expenditure is fiscally sustainable and efficient	3 Largely Achieved	A mission on electricity subsidies occurred in January/ February 2026. While limited by data quality and availability, the team assessed the scale of electricity subsidies in The Gambia and provided advice on the next steps for reform (including the collection of data).
RM I (CP): Objective − Improved fiscal policies and institutional frameworks to combat climate change and its impacts (SDG 13) – CLM		**Rating - 4**
Outcome	**Rating**	**Narrative**
Authorities have a baseline understanding of how well fiscal policies and institutional frameworks support environmental sustainability and opportunities for increase alignment	4 Fully Achieved	The climate policy diagnostic was completed and it successfully informed the design of the RSF program in The Gambia. Most reform measures were taken from the diagnostic. Authorities have started implementation with the support of the IMF, the World Bank and the French Development Agency.
Improved fiscal policy for climate mitigation	4 Fully Achieved	CD was successfully delivered and provided specific recommendations on the design of the carbon-based excise, broader measures to secure efficiencies along the supply chain, and legal drafting for the implementation of a carbon-based excise. Authorities are still waiting for the right moment to implement, with low probability of implementation in the short term given

		the volatility in energy markets owing to the US war in the Middle East.
Enhanced use of fiscal policy for building resilience to climate and disaster risks	4 Fully Achieved	Completed in early February. Authorities have started the incorporation of the potential impact of extreme weather events as part of the 2027 budget process. Staff is providing continuous remote support to ensure completion of the reform measure.

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.
CP: Volatility in energy markets that complicates domestic implementation that would further increase energy prices	Low	Wait for international volatility to fade out and use declining prices as an opportunity to implement the tax.
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. Presidential elections in December 2026 may create frictions for tax reform.	High	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.
SM I: The implementation of the recommendations from the mission is politically costly.	High	Follow-up CD on the wage bill and electricity subsidies will explore alternative implementation options that could overcome political economy constraints.
CP: Lack of political support for mission recommendations from key stakeholders.	High	Provide inputs to the authorities so they engage in effective negotiations with key stakeholders and can socialize the reforms with the general public
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.
SM I: Information system and data are not adequate to conduct the analysis.	High	Engage management and technical staff early on.

Description	Rating	Mitigation Measures
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, in line with country engagement strategy.
Other Risks		
RM I: Multiple donors providing technical assistance, leading to overlaps and/or conflicting advice.	Low	Ensure sufficient flexibility in project execution and allow for ability to adjust activities in the case of adverse events.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The publication of the country's first medium-term revenue strategy (MTRS) in December 2024 marked a milestone, following support provide by the IMF's Fiscal Affairs Department (FAD) earlier that year. In 2025, parallel joint work with the IMF's Legal Department (LEG) has focused on forthcoming changes to the tax treatment of financial markets, notably the expiration in early 2026 of a key exemption for non-resident investors. Regarding the major reform of the mining fiscal regime—on which FAD delivered capacity development (CD) assistance in 2024—authorities reported in late 2025 that they are still considering its implementation. No further CD was delivered in FY26.

FAD continues to coordinate closely with the World Bank on tax policy analysis and recommendations.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy

Key Progress in FY25-26: A follow-up presentation on the reform of the fiscal regime in the mining sector was delivered in November 2025, at the request of authorities. On the taxation of revenue accruing to non-residents from listed securities, the exemption was renewed for two years, as recommended by FAD. There were no further activities in FY26.

Previous Progress: CD on mining taxation was delivered between May and July 2024. Mining—particularly of gold, copper, and manganese—is a key economic sector in Georgia, yet revenues have been low by international standards. The mission's key recommendations were as follows: (1) Replace the specific fee structure with a low, ad valorem, price-based royalty on sales, proposing rates of 5 percent for gold and 2.5 percent for copper and manganese; (2) Introduce a progressive royalty on operating profits, with three bands defined by increasing profit margins, featuring rates ranging from zero to 25 percent of operating profits. These recommendations were discussed with the Ministry of Finance (MoF) and the National Agency of Mineral Resources of Georgia (NAMR) and were broadly well received. Policy discussions are ongoing. More broadly, the project's timeline has been impacted by the political situation in the country and the suspension of the IMF program. Despite these challenges, an initial MTRS was finalized and published in December 2024 and follow-up assistance was provided on capital markets taxation (as a follow-up to 2023 CD).

Next Steps: The mining reform is still under consideration by the authorities and could be implemented in the coming period. As for the taxation of capital income, following the 2025 FAD intervention on the treatment of nonresidents (see above), a comprehensive review of the personal income tax was recommended, but the authorities have not yet requested such support.

III. LOGICAL FRAMEWORK

Country – Georgia		
Objective − Improve Tax Policy Design - TPD		**Rating - 2**
Outcome	**Rating**	**Narrative**
Increased/decreased revenue quantity	2 Partially Achieved	Mining taxation. The 2024 mission recommended shifting to ad valorem royalties and introducing a profit-based progressive royalty. FAD presented the reform again in November 2025, and it remains under consideration by the authorities, as of March 2026. Capital markets taxation. Follow-up CD addressed a specific exemption on portfolio income paid to non-residents. The main recommendation—to renew the exemption for non-residents on listed securities—was adopted.

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.

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Ghana is an established mining and petroleum producer, but it needs to ensure that it remains an attractive destination for investment. It must also ensure the fiscal regimes are flexible enough so that the country benefits from good price scenarios without relying on changes to the fiscal regimes. Assistance from the IMF's Fiscal Affairs Department (FAD) focused on consolidating and modernizing the elements of the fiscal regime for both mining and petroleum, ensuring both regimes are robust in tax planning, progressive and internationally competitive through a new Extractives Industries Fiscal Regime Act (EIFRA) that was very close to completion. While the Minister of Finance voiced his full support for the EIFRA, new mining royalties (proposed by a different ministry) were passed in March 2026 that are not consistent with FAD recommendations. Therefore, additional capacity development (CD) support is needed to reconcile the draft EIFRA with the legislated mining royalties and finalize the EIFRA. On the petroleum side, there are no divergences. CD has also been delivered to build Ministry of Finance (MoF) staff capacity to forecast petroleum revenues; staff are now able to update and use the model on their own and include revenue projections in the budget. Looking forward, it is important to keep building staff capacity on using the revenue model and developing a similar model for the mining sector. A recent Fiscal Transparency Evaluation conducted for Ghana discovered significant gaps in transparency in the mining sector, which will also be addressed in future CD.

The authorities reviewed the value-added tax (VAT) law in collaboration with the IMF's African (AFR) and Legal (LEG) Departments, assessed VAT compliance with the support of the IMF's second Regional African Technical Assistance Center for Western Africa (AFW2), and adopted a VAT compliance action plan. Procurement constraints affecting the integrated tax administration system (ITAS) were resolved, and implementation is going relatively well, with stronger governance, improved senior management buy-in and stronger accountability. Coordination with development partners continued through collaboration with AFW2 and included engaging with development partners during missions, providing updates on scope and outcomes of the missions, and participating in Development Partner Group meetings organized by the United Kingdom's Foreign Commonwealth & Development Office (FCDO). All key stakeholders of revenue reforms were met during missions, including the civil society organizations community, chambers of commerce, taxpayer agents and customs clearing agents.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: FAD CD on extractives continued to enjoy good traction with authorities, with good engagement from technical staff and support from high-level staff, including the MoF. On petroleum revenue forecasting, CD to assist in the calculation of the 2026 petroleum Benchmark Revenue calculations was delivered and the calculation was sent for inclusion as part of the 2026 budget. On mining sector support, FAD and authorities have discussed the next steps for developing a mining sectoral model, but the main roadblock continues to be the lack of data available from the Minerals Commission. This model would support authorities in mining revenue forecasting, in identifying risk in mining tax administration and compliance, and in analysis and design of mining tax policy. CD was delivered to bring the new EIFRA very close to completion. The EIFRA will centralize and modernize all fiscal elements for mining and petroleum activities. The new Minister has voiced his full support for the EIFRA, but new mining royalties were passed

in March 2026, not consistent with FAD recommendations – an in-person mission planned for June 2026 will try to reconcile the EIFRA with the legislated mining royalties and finalize the draft EIFRA. **Previous Progress**: FAD assistance was delivered previously under a MNRW-funded project. CD was delivered to progress the EIFRA and to assist in petroleum revenue forecasting. Authorities are now able to update and use the revenue forecasting model on their own, with minimal FAD assistance, but it is important to continue building capacity of additional staff to prepare for staff turnover. Revenue projections are included in the annual budget. **Next Steps**: FAD will continue to provide assistance in finalizing the EIFRA, drafting supporting documents, and producing implementing regulations and practice notes. FAD will also continue to assist in updating the petroleum revenue forecasting model and in building capacity of key staff in using and updating it. FAD will continue to drive toward the creation of the mining sectoral model.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: The VAT law was reviewed by FAD teams, in collaboration with AFR and LEG. The authorities also carried out an assessment of VAT compliance and adopted an action plan for enhanced VAT compliance with support from the project in collaboration with AFW2. Issues related to procurement of an ITAS were resolved and its implementation is ongoing under improved governance arrangements and better top management buy-in. The project also helped the authorities to engage with key stakeholders to the revenue reforms, including civil society organizations, chambers of commerce and industry and trade organizations, taxpayer agents and customs clearing agents and freight forwarders. **Previous Progress**: The authorities approved and published a medium-term revenue strategy (MTRS) in FY24, launched MTRS implementation governance arrangements, procured an ITAS, and agreed new priorities for CD to enhance revenue mobilization. The project collaborated with AFW2 to ensure joint IMF support and coordinated participation in the Development Partner Group meetings organized by the FCDO to better organize CD support. **Next Steps**: Future CD support will focus on MTRS implementation, in particular, the resuscitation of MTRS Steering Committee and Secretariat, which were not properly onboarded in the new government

III. LOGICAL FRAMEWORK

Country – Ghana		
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	Ghanaian authorities continue to benefit from FAD assistance. The Minister of Finance has voiced his full support for the EIFRA, but new mining royalties were passed in March 2026, not consistent with FAD recommendations – an in-person mission planned for June 2026 will try to reconcile the EIFRA with the legislated mining royalties and finalize the draft EIFRA. The authorities

		have signaled their intentions of tabling the EIFRA to Parliament in late 2026.
RM I: Objective − Strengthen Policy Monitoring, Evaluation, and Institutions – TPM		**Rating - 3**
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	FAD delivery has continued to be well received by authorities from Ghana. FAD has continued to assist in improving petroleum revenue forecasting, in particular in updating the Benchmark Revenue calculations. Encouragingly, most of the update work is done by MoF staff. However, further CD needs to be delivered to build capacity of additional staff. Work on developing a mining sectoral model is expected to become more important once the EIFRA is passed.
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	MTRS was approved in September 2023, and Steering Committee and MTRS Secretariat were formed. A mission in January 2026 observed that these governance measures were not effectively transitioned into the new government. Steering Committee lost members with the change of government, the Secretariat lost key personnel, and the role is now assumed by the Revenue Policy Division. Authorities have been guided on resuscitating the MTRS governance arrangements and keeping them effective.

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: Climate change instances increasing need for higher public spending	Very High	Support authorities to achieve MTRS revenue goals. Also strengthen risk management to ensure business continuity in case of climate related disasters.
Political Support		
RM I: Not enough support from high-level authorities for the mission's outcomes	Medium	Ensure that meetings with high-level authorities are included in the mission

Description	Rating	Mitigation Measures
RM II: Inadequate support and political interference in revenue administration reforms and operations	Very High	Authorities guided on strengthening MTRS high-level sponsorship. Implementing agencies guided on engaging political stakeholders for continued MTRS support.
Management and Technical Staff Support and Commitment		
RM I: Potential staff turnover and lack of specific capacities hinder adoption of policy recommendations	Low	Ensure junior staff are included in CD activities early on.
RM II: Frequent changes at Ghana Revenue Authority (GRA) executive management	Very High	Government advised reviewing entire GRA governance and HR regime and to ensure stability at the GRA top management level.
Resource Adequacy		
RM I: Insufficient technical capacity and human resources necessary to implement reforms are limited.	Medium	Ensure CD plans include sufficient capacity building and training elements
RM II: Inadequate resources provided for MTRS reforms	High	Authorities encouraged and guided to cost and prioritize MTRS initiatives.
Other Risks		
RM II: Weak governance arrangements for implementation of MTRS	Medium	Authorities encouraged to promote a whole-of-government approach to implementation and to establish and ensure effective functioning of the Steering Committee, Technical Committees, and the MTRS Secretariat.

V. PROJECT MANAGERS: CONTACT INFORMATION

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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 revenue administration in special economic zones (SEZ). It provides a basis for review of the administration 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 about 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 FY26: The RAGIA framework has been adjusted to take into consideration aspects identified during the pilot assessment in Liberia. These refinements included some reordering of measures, a limited number of additions, as well as several deletions. The comprehensive guide has also been updated. A report template has been developed to better facilitate assessment, like TADAT's Performance Assessment Report (PAR).

[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: The RAGIA assessment framework was piloted in Liberia during June 19-July 3, 2025. This pilot mission encompassed a series of engagements with Liberia Revenue Authority staff, coupled with a comprehensive assessment of the various governance features.

Next Steps: A few additional pilot assessments need to be carried out to test the robustness of the assessment framework in differing circumstances, and a workshop for HQ staff to familiarize them with the tool is planned.

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 good governance and integrity 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 MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Over the past year, Guatemalan authorities have taken initial steps to strengthen the efficiency and strategic orientation of public spending in a context of limited fiscal space and persistent social needs. Building on existing national planning and public financial management (PFM) frameworks, the reform dialogue has increasingly focused on how policy priorities can be translated into budgetary decisions and supported by more informative use of performance information in expenditure allocation.

Technical engagement so far has centered on initial diagnostics and identification of expenditure policy priorities and bottlenecks. A recent workshop on public spending quality has helped authorities align core concepts and priorities, and revealed a stronger level of policy dialogue, coordination, and commitment across fiscal, budget, and planning institutions than at the outset of the project. Importantly, discussions have gone beyond conceptual exchange and have supported authorities in identifying a forward-looking work program for the coming years aimed at enabling strategic budget allocation through systematic evaluation of spending quality.

While analytical tools, pilots, and supporting systems are still under development, the initial engagement has established a stronger foundation for coordinated reform efforts and a gradual move toward a medium-term expenditure strategy. Guatemala has been identified as a potential pilot country for the Medium-Term Expenditure Allocation and (Public Financial) Management Strategy (MTEAMS), which provides a platform to sequence IMF support, coordinate capacity development (CD) with other providers, and ensure complementarities with World Bank and other development partner assistance to the ministry of finance (MoF) and sectoral institutions, notably in education and social protection.

II. PROJECT DELIVERY HIGHLIGHTS

Spending Module I – Spending Policy

Key Progress in FY26: Through sustained policy dialogue, analytical work, and CD activities, the project has been supporting the Guatemalan authorities in establishing a work program to strengthen the quality of public expenditure. Ongoing engagement with the MoF, planning agencies and line ministries has helped advance a shared framework for assessing expenditure quality—focused on adequacy, efficiency, and fiscal sustainability—and its application in core sectors, particularly social spending. Activities to date have contributed to improved use of spending performance information, clearer articulation of program objectives and indicators, and greater attention to linking planning, budgeting, and execution. These efforts are laying the foundation for systematic evaluation of spending quality and for the gradual development of a medium-term expenditure strategy aligned with national priorities. IMF internal resources were used to advance CD activities aligned with priorities of the Global Public Financial Partnership (GPFP), allowing GPFP funds to be preserved for follow-up work and continued delivery of project objectives.

Previous Progress: This project was endorsed by the GPFP Steering Committee in June 2025; there is no previous progress to report.

Next Steps: Over the next six months, work will focus on operationalizing expenditure quality analysis through sector pilots (education) and cross-cutting diagnostics (wage bill diagnostics and distributional analysis of social spending), with the objective of embedding results-oriented assessments into budget discussions and advancing the analytical foundations for a medium-term expenditure strategy.

III. LOGICAL FRAMEWORK

Country – Guatemala		
Objective − Strengthen Expenditure Policy Formulation and Design - EPD		**Rating - 3**
Outcome	**Rating**	**Narrative**
Public expenditure is fiscally sustainable and efficient	2 Partially Achieved	Recognizing the persistent gaps in social outcomes, the government has taken important steps to improve the alignment of public spending with national priorities, paving the way for a more strategic approach to spending allocation. Authorities have launched several promising initiatives to improve the quality of public spending, including defining better indicators for evaluation of public spending quality and performance budgeting, and implementing revenue administration measures to ensure sustainable funding. These measures now need to be consolidated and institutionalized, culminating in the development of a medium-term expenditure strategy. Many of these efforts are incipient, so there is scope for continuing to provide CD, given authorities' commitment to improve public expenditure.
The adequacy, efficiency, and fiscal sustainability of social spending is enhanced	3 Largely Achieved	Guatemalan authorities have been demonstrating strong will to improve spending adequacy, quality and efficiency. Starting from low spending levels compared to peers, recent budgets have been increasing resource allocation towards priority sectors. This has improved the adequacy of spending, and while reforms to improve efficiency are still at early stages, there has been significant progress over the past year, including with sector-specific measures (e.g., the ministry of health closely monitors spending execution and performance targets at the hospital and health center level).

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
Uneven institutional buy-in and coordination may delay progress in CD and reform efforts	Medium	Early engagement with authorities and close communication with the country team. Concentrate on support **for** a limited number of priority areas, sequencing engagement gradually, and emphasizing practical and strategic analytical work to demonstrate relevance.

Description	Rating	Mitigation Measures
Resource Adequacy		
Competing demands, institutional changes, and staff turnover within the authorities could limit continuity of CD.	High	Adoption of a realistic pace and modality of engagement, relying on existing capacity, data and processes where possible, and promoting standardized analytical tools and documentation to reduce dependence on individual staff.

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Political instability in Guinea Bissau has significantly affected both the legislative reform agenda and tax and customs administration. The absence of a legislature since the December 2023 closing of parliament has prevented progress on legislative modernization. Following the November 2025 elections, a coup d'état prevented the publication of the election results and the formation of a legislature; another attempt at elections is expected by December 2026. If a legislature is formed, priority tax reform actions would include consideration of the September 2023 Bill to reform the general exemptions law and the income tax law that is currently being developed with GPFP support.

While the social situation has remained relatively calm in the absence of a legislature, instability has continued to affect the tax administration through politically driven arrangements. In particular, the previous Director-General, appointed by a political group, was replaced by a technical appointee who, one week later, was replaced by another individual who is also the president of a political party.

These political and social developments have adversely affected tax administration performance. Tax revenue collection declined from 9.2 percent of GDP in 2023 to 8.2 percent in 2024 and further to 8.0 percent in 2025. While taxpayer services have improved, enforcement remains weak. For example, the introduction of the value-added tax (VAT) in Guinea Bissau in 2025 was operationally smooth, with all key products and services made available to taxpayers on time. However, compliance with VAT filing obligations has been lower than under the predecessor tax as the General Directorate of Taxes and Contributions (*Direção Geral de Contribuições e Impostos*; DGCI*) has* not been willing to enforce filing obligations despite repeated recommendations from the IMF's Fiscal Affairs Department (FAD), and a compliance improvement plan developed with support from the Global Public Financial Partnership (GPFP) has remained pending implementation since August 2025. Some modernization has progressed in the technical side: (1) new reports have been developed to monitor and analyze tax revenue performance and tax expenditures; (2) the handover of the Kontaktu platform to newly hired IT staff has also advanced; and (3) the design of administrative procedures to manage audit cases within the IT system has enhanced transparency and accountability.

In customs, FAD has supported the modernization of administrative procedures and regulations in line with international good practices. A revamped website and a new electronic training platform have been developed. In collaboration with the IMF's Regional Technical Assistance Center for West Africa (AFW), progress has also been made in preparing human resource reforms. Addressing persistent weaknesses in staff remuneration will be essential to ensure the sustainability of these reforms.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: The authorities increased their capacity on revenue forecasting during training provided by FAD in March 2026. The workshop discussed revenue forecasting models together with practical advice and tools to improve the government's approach to revenue forecasting. The recommended empirical approach, using a combination of the effective tax rate and buoyancy models, is estimated to reduce forecast errors by as much as 75 percent in some tax categories. A draft income tax statute is being prepared remotely during the last quarter of FY26, intended for consideration by legislature. **Previous Progress**: No legislative progress on a repeal and replace income tax reform has been possible, as President Umaro Sissoco Embalo issued a decree in December 2023 closing down parliament and in November 2025 is reported to have coordinated with the military a suspension of the Constitution just before election results were scheduled to be announced. **Next Steps**: On mining taxation, there is a high risk that lack of capacity at the ministries of finance and natural resources will hamper implementation of recommendations on mining tax policy and that ongoing renegotiations of the phosphate project will not be favorable to government. Previous recommendations included the repeal of all fiscal provisions from the Mining Code as part of the income tax reform and the development of Mining Code regulations for royalty rates, mineral valuation procedures, and state participation. **Next Steps**: On income tax reform, improving the simplified approaches applied to micro and small businesses; and refining the legislative draft during an in-person line-by-line review.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: *Tax.* The political situation in the country has been instable with a coup d'etat and two changes in DGCI leadership. In tax administration, the situation did not deteriorate because of the digitalization initiative. The proximity of the elections has weakened monitoring and enforcement of tax compliance, particularly for the VAT, introduced in 2025, which requires better monitoring. Ongoing actions include: (1) support for VAT implementation, (2) support on revenue analysis monitoring and reporting, and (3) migration of the Kontaktu background software to more modern IT solutions. *Customs.* A prototype of an electronic training platform was developed and tested. A new customs website was launched, improving transparency and access to legislation. Standard operational procedures (SOPs) and draft regulations on clearance and cargo control were revised to align with the new ASYCUDA version, expected to go live in 2026. **Previous Progress**: *Tax.* The successful implementation of VAT and the development of the first module of Kontaktu for IT developers from DGCI are relevant milestones. The conclusion of the payment in installment and tax arrears collections modules were also relevant enhancements. *Customs*. Foundations were laid through the redesign of the customs website and the development of SOPs, draft regulations, and the training platform, creating conditions to strengthen compliance. **Next Steps**: *Tax.* The main priority remains to leverage the use of available information to improve voluntary and enforced compliance. VAT is the pilot on this initiative. Capacity development will focus on the use of third-party data and data matching and on strengthening monitoring and enforcement actions against non-

compliant taxpayers. *Customs.* Launching the platform, implementing the revised SOPs and regulations for the new ASYCUDA, introducing risk-based verification, expanding post-clearance control capacity, and developing electronic customs manuals.

III. LOGICAL FRAMEWORK

Country – Guinea Bissau		
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	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.
Increased/decreased revenue quantity	1 Not Achieved	The legislative modernization of commodity taxation and the general administrative framework has largely been completed, though administrative implementation and the related impacts on revenue generation remain in progress.
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 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	Consistent reference to creating a small tax policy unit within the ministry of finance has yet to gain traction with the Minister or Secretary of State.
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	Political instability (a new coup d'etat happened in November 2025) and two changes in DGCI leadership have prevented discussions on strategy.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	The solution is ready to support basic tax compliance check, but its full implementation lacks stabilization of DGCI leadership.
Effective implementation of a new tax or modernized legislation	2 Partially Achieved	Despite some challenges with filing compliance, VAT implementation continues. The design of a new income tax law started.
Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	Parliament is closed for around two years, impeding key legal measures to achieve this outcome
The participants value this training	3 Largely Achieved	The platform infrastructure is operational within the ministry of finance, with governance arrangements and technical management in place. Nine courses have been developed and are largely ready for deployment. The project is in its final pre-launch phase, with entry into production expected in the first half of 2026, subject to resolution of a server capacity constraint and formal adoption of the regulatory framework.
Digital technologies are better aligned with strategic objectives	3 Largely Achieved	DGCI has benefited from intense modernization using Kontaktu, which enabled domestic collection to

		surpass customs collections. VAT is implemented and corporate income tax in professional transportation services.
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	1 Not Achieved	An automated module to enforce timely filing has been in place for the past year, though monitoring and enforcement are still largely deficient owing to staff transitions, elections and successive changes in senior management that have interrupted advances.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Similar to above, some monitoring was implemented, but no action plan to increase the on-time payment was developed.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Internal and external information has been used to build audit programs.
Taxpayer services initiatives to support voluntary compliance are strengthened	3 Largely Achieved	All taxpayers are required to file core taxes online. A compliance improvement plan is in place to enhance voluntary compliance.
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	2 Partially Achieved	First controls on the end use of exempt goods were initiated. Post clearance audit yet to be implemented. The June 2025 FAD mission provided advice and training on end-use control of goods imported under duty exemption or suspension regimes. As of October 2025, audits are still being conducted on a limited scale, and an annual audit plan is expected to be developed for the 2026 calendar year. Border controls have been strengthened, particularly for exports, and an increase in regular export activity has been reported.
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	Although risk management principles for selecting shipments for verification have not yet been implemented, a new version of the ASYCUDA system is expected to go live in early 2026. Its deployment should introduce new import and export procedures and significantly strengthen controls, notably through the near elimination of paper-based processes. A new website for the General Directorate of Customs has been launched, providing access to all current legislation and operational guidance for customs officials and trade operators. In addition, an

		electronic training platform is being tested and is expected to become operational in early 2026 to support the training of customs officials and the general public. The development of electronic customs procedures manuals for both audiences is planned to begin in April 2026 to guide Customs and Fiscal Action Brigade (BAF) staff and support compliance by economic operators.
Foreign trade operators better comply with their reporting and payment obligations	2 Partially Achieved	An FAD mission in October 2024 provided technical assistance to develop SOPs and draft regulations on customs clearance and cargo control for imports and exports. As of October 2025, the regulations had not yet been published, and SOP implementation remained partial. The October 2025 mission revised the drafts to reflect the new ASYCUDA system version, reinforced previous recommendations on the topic, and supported the preparation of service orders to streamline customs operations and procedures. As of January 2026, the new regulations had not yet been published, and the new version of the system had not yet gone into production. Both are planned for the first quarter of 2026.

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.	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		
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: Directorate General of Environment 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		
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.

Description	Rating	Mitigation Measures
		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.
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		
Overlap of reforms with other development partners	Low	Coordinate reforms with major development partners, such as European Union and World Bank.
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.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. C

II. OUNTRY REFORM PROGRESS

Audit capacity of the oil and gas sector was strengthened through ongoing practical training, including the use of Computer-Assisted Audit Techniques (CAATs), supporting more effective tax and cost recovery audits in the oil and gas sector. The Guyana Revenue Authority (GRA) has continued to enhance its technical capabilities as the petroleum sector expands. In parallel, the program continued supporting a partnership with the University of Guyana to remedy staff shortage as the oil and gas industry absorbs a dominant share of the skilled workforce.

III. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration
Key Progress in FY26: Extractive Industries (EI). No CD activities were delivered during the second half of FY26. However, the authorities continued to apply EI expertise in conducting sector audits. In parallel, implementation of the training and internship partnership program with the University of Guyana progressed, with the first cohort currently underway. **Previous Progress**: The authorities have continued to receive practical audit training to strengthen audit capacity and technical skills, complemented by specialized training in CAATs to enhance audit effectiveness and efficiency. The Guyana Revenue Authority (GRA) is progressively improving its capabilities to conduct tax and cost recovery audits in the oil and gas sector. Additionally, the training and internship program developed in partnership with the University of Guyana has commenced. This initiative was designed to assist the GRA in addressing its staffing requirements and developing a sustainable workforce to keep pace with Guyana's rapidly expanding petroleum industry. **Next Steps**: A headquarters-led mission is planned in the first half of FY27 to assess progress, identify remaining or emerging capacity gaps, and agree on future CD priorities. The review will inform next steps for CD support, ensuring strong alignment with GRA's priorities.

IV. LOGICAL FRAMEWORK

Country – Guyana		
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 GRA is progressively improving its capabilities to conduct tax and cost recovery audits in the oil and gas sector. The authorities have continued to receive practical audit training to strengthen audit capacity and technical skills, complemented by specialized training in CAATs to enhance audit effectiveness and efficiency. Additionally, the training and internship program developed in

		partnership with the University of Guyana has commenced. This initiative was designed to assist the GRA in addressing its staffing requirements and developing a sustainable workforce to keep pace with the rapidly expanding petroleum industry in Guyana.

V. 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 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.	Low	Ensure fiscal risk 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 fiscal risk management practices.	Medium	Engage with senior management and technical staff proactively and explain the importance of strengthening fiscal risk management.
Resource Adequacy		
Deterioration of fiscal situation may impact the availability of resources to finance reforms.	Low	Careful alignment of reforms with the priorities of government. Reforms are underpinned by comprehensive strategic plans and the project results from the government's decision to reduce non-compliance.
Insufficient resources (human and infrastructure) in GRA may limit the scope and therefore the potential outcomes and benefits that this project could offer	Low	Engagement with GRA management team to establish the project requirements and develop a credible implementation plan
Other Risks		
The team fails to achieve the milestones and deliver the expected outcomes on-time and project fails.	Low	The project will be delivered and monitored by IMF staff and experienced revenue administration experts with strong skills in the specific area of risk management and compliance improvement with a focus on the EI sector.

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Haiti

FY26 Progress Report (May 1, 2025—April 30, 2026)

I. COUNTRY REFORM PROGRESS

This project, supported by the Global Public Finance Partnership (GPFP) and the IMF's Caribbean Regional Technical Assistance Center (CARTAC), aims to assist the authorities of Haiti to enhance domestic revenue mobilization through tax policy and revenue administration modernization.

There have been no country-level activities in tax policy, as the authorities of Haiti have not requested capacity development (CD) support in this area since the endorsement of the GPFP project in January 2025. The IMF's Fiscal Affairs Department (FAD) remains ready to provide CD on personal income tax (PIT) or other ad hoc revenue measures, with GPFP funding available.

Haitian authorities continue to show strong interest in FAD support on strengthening its capacity to mobilize more revenue (collecting tax arrears, using customs data to broaden the tax base and combat fraud) and to modernize the tax payment environment (tax collection via commercial banks network, implementation of e-procedures, entry into force of the new tax code). Support from the GPFP project contributes to designing and achieving certain structural benchmarks of the Staff-Monitored Program. Furthermore, close collaboration (preparation and conduct of joint remote missions, document sharing) has been established between the project and other CD providers, and notably France who also provides significant support to the Haitian tax authority.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: The GPFP project was endorsed in January 2025; however, Haitian authorities have not requested any CD support in tax policy. The new tax code, enacted in 2023, was supported by an FAD mission in April 2024 to draft its implementation laws. Reflecting the difficult security conditions, implementation of the code has been postponed from October 2025 to October 2026. The authorities are consulting key domestic stakeholders on the PIT system. **Next Steps**: FAD remains ready to provide CD on PIT or other ad hoc revenue measures, with GPFP funding available. While no such support was requested during FY26, FAD will continue to offer such support in the following year and provide it as soon as requested.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: The implementation of the new tax code has been postponed a second time, with entry into force now targeted for October 1, 2026. Despite the delay, the main implementing texts have been drafted, with remaining texts to be finalized with FAD support before September 2026. **Previous Progress**: The first set of the new tax code implementing texts and administrative forms was drafted, and the tax administration's strategic plan, which includes quick win revenue mobilization measures, was updated. This work follows the recommendations of the HQ off-site mission of October 2023 (funded by the previous Revenue Mobilization Thematic Fund.)

Next Steps: In parallel, tax administration authorities benefited from support o: (1) modernizing the tax payment through mobile phone and banks network, (2) updating the 2023–25 strategic reform plan and (3) developing the new 2026–28 strategic plan.

III. LOGICAL FRAMEWORK

Country – Haiti		
RM I: Objective − Improve Tax Policy Design – TPD		**Rating - 1**
Outcome	**Rating**	**Narrative**
Increased/decreased revenue quantity	1 Not Achieved	The project has no country-level activities yet. Although a new fiscal code was enacted in 2023, this happened prior to the GPFP project. There are no results to report for the project currently.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	No activities have been undertaken under the GPFP project so far, as the authorities have not yet requested CD support.
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	The authorities have not requested any CD support in tax policy since the approval of the GPFP project. There are no results to report
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	1 Not Achieved	This activity was rescheduled at the request of the new minister of finance.
Trade facilitation and service initiatives better support voluntary compliance	1 Not Achieved	Given the security constraints, this activity was rescheduled by the new minister of finance.
RM II: Objective −Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		**Rating - 2**
Outcome	**Rating**	**Narrative**
Tax and/or customs laws are updated, simplified, and better	2 Partially Achieved	The entry into force of the new tax code has been postponed a second time to October 1, 2026. In the

aligned with modern standards and international protocols		meantime, a roadmap for implementing tax payments through banking and mobile phone tax payments have been developed with GPFP project support.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	The strategic plan for the tax administration, developed with FAD support in 2023, has been updated, and a new strategic plan for 2026–28 is currently being prepared by the unit in charge of the reform with FAD support.
Effective implementation of a new tax or modernized legislation	3 Largely Achieved	Although the entry into force of the new tax code has been postponed from October 1, 2024, to October 1, 2026, the main texts implementing the new tax code have been drafted. The few remaining texts will be finalized with FAD support before September 2026.
RM II: Objective − Strengthened core tax administration functions (SDG 17.1) – TAD		**Rating - 3**
Outcome	**Rating**	**Narrative**
Taxpayer services initiatives to support voluntary compliance are strengthened	3 Largely Achieved	Roadmaps for implementing bancarisation of tax payment and mobile phone tax payments have been developed with GPFP project support.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: World Economy, global geopolitical tensions, Security and/or political instability in the region	Medium	Focus on strategic advice and hands-on capacity building to have a more permanent impact. Incorporate authorities' priorities into our work program and maintain flexibility in executing the workplan.
RM II: 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 speed up the digital transformation of the tax and customs administration (mobile tax, e-filling, e-payment, etc.)
Political Support		
Lack of political support for reforms inhibits resources being allocated that are needed to enhance performance and restore the credibility of the tax and customs administration.	Very High	Engage regularly with the minister of finance to ensure ownership of reforms. Ensure CD on tax policy areas is focused on the IMF Staff-Monitored Program and engage with the IMF's African Department country team to align structural benchmarks with CD recommendations.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
Weak leadership and lack of capacities combined with low absorptive capacity.	Very High	Encourage authorities to implement human resource policy reforms and a sound training plan. Continuous/regular high-level engagement and monitoring.
RM II: Lack of reliable management of the information system may prevent the evaluation of tax and customs administration performance outcomes.	High	Encourage authorities adhere to 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.	Very High	- Ensure CD plans include sufficient training and sequence CD and reform proposals to align with country capacity. - Engage regularly with the minister to ensure ownership of reforms. - Offer complementary CD in the form of follow-up engagements or support in legal drafting. - Close coordination within FAD divisions.
Other Risks		
RM I: Other development partners may be involved in Haiti's new fiscal code reform program leading to possible CD overlaps.	Low	Take an active role in engaging with other donors to ensure support is well coordinated.
RM II: 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.	High	Engage proactively with management and technical staff and explain the importance of the tax administration reform plan and strengthening tax risk management.

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I. COUNTRY REFORM PROGRESS

Under the Global Public Finance Partnership (GPFP), IMF capacity development (CD) to Honduras is being delivered through a unified, country-centered reform approach that integrates revenue administration and public financial management (PFM), that is closely aligned with the authorities' priorities and coordinated with development partners.

On the revenue side, the three-year GPFP project aims to consolidate earlier tax administration reforms to improve compliance and protect revenues, while supporting customs reform at the authorities' request. Although the tax-to-GDP ratio declined from 18.27 percent in 2023 to 17.73 percent in 2025 and the proposed tax reform bill (Ley de Justicia Tributaria) was not approved due to a challenging political environment, GPFP support helped sustain reform momentum within the existing legal framework. With assistance from the IMF's Fiscal Affairs Department (FAD), the tax and customs administrations and the Ministry of Finance jointly developed an action plan to pilot audits of tax exemptions and incentives. CD also directly informed the design of a risk-based value-added tax (VAT) refund model and follow-up work to strengthen personal income tax refunds. Progress continued on implementing the SIISAR IT system (funded by the Inter-American Development Bank), with core business modules fully operational since mid-2024. In close coordination with the IMF's Regional Technical Assistance for Central America, Panama and the Dominican Republic (CAPTAC-DR), GPFP supported the rollout of electronic signatures, strengthened tax arrears management, and the development of KPIs. Customs-related CD focused on cargo traceability, a new clearance model, and the establishment of a national intelligence and monitoring center, ensuring efficient use of resources.

On the spending side, GPFP support under the PFM module focused on strengthening budget formulation and execution and integrating climate considerations. A virtual workshop in April 2025 and a subsequent HQ mission in November 2025 helped build consensus on key weaknesses undermining budget credibility, notably frequent budget reallocations driven by constraints in the budget negotiation process. GPFP-supported CD contributed to concrete reform actions, including progress on climate budget tagging. The new conceptual framework for climate tagging—expected to apply from the 2027 budget—marks a significant improvement. Follow-up assistance to develop practical implementation manuals is directly linked to a structural benchmark under the IMF's Extended Credit Facility-supported program.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: A draft of a new customs law was reviewed to ensure alignment with international good practice. Progress has been made in defining a new traceability and customs clearance model and establishing a national intelligence center, with support from CAPTAC-DR. A comprehensive risk-based model to enhance the VAT refunds process was developed, accompanied by a joint action plan to improve monitoring and control of tax exemptions. Additionally, CAPTAC-DR provides a methodology to define KPIs for integration into the tax administration's strategic and operational planning. Best practices for tax arrears collection were also promoted.

Previous Progress: The Tax Compliance Risk Committee activities were reassumed involving operational areas in compliance risk management following FAD guidance. Additionally, based on CD activities guidance, the organizational structure to enhance the management and control of tax incentives was redefined. Also, the administrative procedure for VAT refunds was reviewed, identifying areas for improvement. Recommendations were provided to strengthen customs administration by enhancing the regulatory framework. In addition, officials received training to begin developing a risk-based compliance improvement plan. Together, these measures lay the foundation for more effective targeting of control and facilitation actions. However, between 2023 and 2025, tax authorities prioritized efforts to secure approval of the tax reform bill designed to reduce widespread exemptions, which ultimately was not approved. During this period, authorities also focused on implementing the new IT system SIISAR, which is financed by the Inter-American Development Bank (IADB), whose module-related core functions have been fully operational since June 2024. Other key modules, including risks management and interoperability, remain under development.

Next Steps: Following the November 30, 2025, presidential elections, uncertainty persisted until new tax and customs authorities were appointed in late February 2026. A staff visit is planned by May 2026 to identify priorities, reassess project objectives, and support the resumption of CD activities in the first half of FY27, including the continuation of strategic guidance to support customs modernization efforts funded by the IADB.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: A reform plan was established for the authorities during an HQ mission in November 2025, which strengthened the budget formulation process in the country. The mission addressed challenges identified during a prior mission, associated with budget preparation in the country that undermined the credibility of budget ceilings and occupied a significant share of the Ministry of Finance staff time. The mission also recommended shifting to programmatic approach by developing a pilot of 5 to 10 cross-cutting priority programs that link planning with budgeting and improve transparency. The mission recommended presenting consolidated revenue and expenditure data alongside their gross values in the annual budget law. This would improve transparency, without requiring legal changes, and align budget reporting with existing fiscal statistics and financial statements. Regarding climate tagging, Honduras has made significant progress since 2015, supported by international partners. The new Conceptual Framework for Climate Tagging (MCCGPCC), expected to be applied from the 2026 budget, represents a major improvement. To ensure effective implementation, an April 2026 mission assisted the authorities in developing practical, user-friendly, manuals to implement the climate tagging methodology within the budget units for the 2027 budget cycle. These manuals will help standardize tagging practices, improve comparability with regional peers, and integrate priorities into budget processes. This achievement is closely linked to a structural benchmark under the IMF's Extended Credit Facility program.

Previous Progress: A virtual workshop in April 2025 provided a solid platform for further collaboration with the authorities, making way for the follow-up HQ mission in November 2025 that focused on strengthening budget preparation in Honduras and the April 2026 mission that assisted the authorities in developing manuals for implementation of climate tagging in the budget cycle 2027.

Next Steps: Follow-up short-term expert visits will provide hands-on continuous support to implement the milestones comprising 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	2 Partially Achieved	A joint action plan involving customs, the tax administration, and the Ministry of Finance was developed with FAD support to strengthen the management and control of tax incentives. However, the related tax reform bill was not approved after four years of parliamentary deliberations, and the newly appointed authorities may reconsider its objectives. Presidential elections held on November 30, 2025, and subsequent post-election uncertainty delayed progress. CD activities will resume in the first half of FY27 following a staff visit planned by May 2026 to realign the project with new authorities' priorities.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	The project was approved in January 2025, with the first customs-related activities commencing in FY26. Authorities are familiar with the methodology for segmenting traders by size and risk. They have made some progress on a compliance improvement plan and on defining a Risk Committee for Customs. However, these activities remain in the early stages or have yet to be fully implemented. Regarding tax administration, a staff visit in February 2025 recommended resuming Tax Compliance Risk Committee activities to strengthen governance. However, no significant progress has been made. With CAPTAC-DR support, authorities have acknowledged the methodology to develop KPIs to better measure tax administration performance. In addition, CAPTAC-DR delivered a workshop in tax arrears management based on good practices from the IMF's Tax Administration and Diagnostic Assessment Tool (TADAT).
Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	Based on previous CD activities, the tax authorities have continued work on human risk management, making progress in the training program and improvements in remuneration. However, other activities—such as workload identification and the effective reinstatement of the Human Capital Risk Committee—have been postponed. A tightening political environment ahead of the presidential elections held on November 30, 2025, and the ensuing post-election uncertainty delayed progress. CD will resume following a staff visit in

		May 2026 to discuss the project with the newly appointed authorities
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	Some activities were carried out through Fund financing and CAPTAC-DR resources before the project's approval in January 2025. While progress is being made, it is still too early to achieve more concrete results. CD will resume with a staff visit planned by May 2026 to align the project with recently appointed authorities' priorities before activities restart in the first half of FY27.
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	3 Largely Achieved	A risk-based model to improve the VAT refunds process has been defined jointly with tax compliance risk managers. The administrative process was reviewed, and automation enhancements were recommended. The tax administration plans to incorporate new applications into the new IT system, SIISAR, based on this model and the enhanced process. Additionally, the personal income tax refund process was reviewed to identify measures for more effective management. Following discussions with the newly appointed authorities, the project will resume these activities.
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	Through Fund- and CAPTAC-DR financing, progress has been made in defining a new traceability and customs clearance model, as well as establishing a new national intelligence center. CD activities slowed amid a tightening political environment, with presidential elections held on November 30, 2025, and ensuing post-election uncertainty delaying progress.
SM II: Objective − Strengthened Budget Management - SBM		**Rating - 2**
Outcome	**Rating**	**Narrative**

Strengthened budget execution and control processes	2 Partially Achieved	IMF CD supported developing a methodological and operational manual for budget execution programming that is expected to contribute to institutionalizing budget execution programming and improving budget execution processes. Pilot ministries introduced the manual for budget execution processes in 2025. It is expected to be expanded to other ministries in 2026, once the new administration is in place.
Strengthened annual budget process, and effective allocation	2 Partially Achieved	Complementary activities (a virtual workshop in April 2025, HQ mission in November 2025 and follow-up mission in April 2026) advanced budget formulation reforms in Honduras. This support strengthened the authorities' capacity to enhance the medium-term budget framework, improve transparency through better treatment of intra-public sector transactions, and advance climate budget tagging. IMF CD helped establish a diagnosis on key weaknesses—particularly frequent budget adjustments that undermine budget credibility—and led to concrete reform recommendations, including piloting a limited number of cross-cutting priority programs to better link planning and budgeting. Progress on the new Conceptual Framework for Climate Tagging, expected to be applied from the 2027 budget cycle, represents a significant outcome, supported by sustained engagement with development partners and reinforced by IMF advice. The April 2026 mission directly contributes to implementation by supporting the preparation of practical manuals for budget units, helping translate design progress into effective execution.

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 negatively affected reform implementation. Following the November 30, 2025 presidential elections, capacity development activities were postponed until the first quarter of FY27,	Very High	A strong focus on strategic advice and hands-on capacity building will be essential to achieve a more lasting impact. Additionally, strengthening engagement with the current/forthcoming authorities will be crucial.

Description	Rating	Mitigation Measures
pending the priorities of the recently appointed authorities.		
Management and Technical Staff Support and Commitment		
Continuous rotation and lack of preparation of managers undermine the absorptive capacity.	Very High	IMF missions will work with stable staff and officials, encouraging them to implement administrative reforms that contribute to a more stable staff. Continuous/regular high-level engagement and monitoring, especially after presidential elections results.
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 the Revenue Administration Service, Customs, and MoF 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.
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, especially with the IADB that supports modernization efforts on Customs; the Inter-American Center of Tax Administrations (CIAT) that supports electronic invoicing initiatives; and CAPTAC-DR.

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I. COUNTRY REFORM PROGRESS

The IMF's Fiscal Affairs Department's (FAD) scheduled capacity development (CD) activities for FY26 year did not take place due to several constraints, including the election environment and the presence of a caretaker government. In addition, the frequent turnover of commissioners hampered effective communication with the tax administration and undermined continuity in reform efforts. Further disruptions during the first quarter of 2026 compounded these challenges, resulting in additional delays to the delivery of CD activities and implementation of planned reforms. Coordination remains ongoing with the IMF's Middle East Regional Technical Assistance Center (METAC) and the Middle East and Central Asia Department (MCD), and active collaboration continues with other development partners, including the World Bank and the German Agency for International Cooperation (GIZ).

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: Scheduled CD activities for the current fiscal year did not take place due to the election environment and the presence of a caretaker government. Moreover, the frequent turnover of commissioners hindered effective communication with the tax administration and weakened continuity in reform efforts. Additional disruptions during the first quarter of 2026 further delayed the delivery of capacity development and the implementation of planned reforms. **Next Steps:** Looking ahead to FY27, a diagnostic of the hydrocarbon sector is planned, alongside other CD activities. Coordination remains ongoing with METAC and MCD, and active collaboration continues with other development partners, including the World Bank and GIZ.

III. LOGICAL FRAMEWORK

Country – Iraq		
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	In consultation with the tax administration, FAD helped define the tax administration's priority reform areas and developed a medium-term CD plan covering a three-year period. This plan outlines areas where FAD can provide targeted support.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	The compliance risk management (CRM) approach is not implemented yet in tax administration: there is a risk unit created in the large taxpayer office but not in the whole tax administration, however this unit is still inactive. With the

		implementation of the self-assessment system approved recently by the council of ministers, the tax administration will move to adopt the risk analysis approach. FAD assisted the tax administration to define the large taxpayer criteria where the CRM approach will be applied first. Capacity building has been strengthened in the area of CRM.
Organizational arrangements enable more effective delivery of strategy and reforms	3 Largely Achieved	The current organizational structure of the tax administration is complex, outdated, and misaligned with good international practices. FAD conducted a review of the structure and proposed a new hybrid, function-based model aimed at improving efficiency and clarity of roles. As part of this effort, detailed mandates for each functional area were developed. While the proposed structure was discussed and agreed upon with the authorities, its adoption requires formal approval from the Ministry of Finance and accompanying legal amendments. To date, the new structure has not been implemented.
Objective – Improved customs administration functions (SDG 17.1) - CAD		**Rating - 4**
Outcome	**Rating**	**Narrative**
Customs control during the clearance process more effectively ensures accuracy of declarations	4 Fully Achieved	A work program for the clearance process was developed. A risk-based approach has been implemented within the customs administration; however, amendments to the primary legislation are required to fully facilitate and support its implementation. In addition, regulations allowing for the valuation of goods in line with international standards have been finalized and are available, but their implementation has not yet taken place

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Higher frequency and severity of climate-related natural disasters, which affect economic stability and growth and create large adaptation needs.	Low	Further strengthening of revenue policies to deal with natural disasters and to ensure continued and additional revenue mobilization.
Political Support		
The existence of a caretaker government is delaying the adoption and implementation of reforms.	Very High	Maintain good contact with the minister of finance and with the Council of Ministers (CoM) and ensure support from the minister and CoM to strengthen the work of the General Commission

Description	Rating	Mitigation Measures
		for Taxes and General Customs Authority. Leverage MCD country team to maintain contact and provide progress briefings with minister and CoM on priority areas as well as encourage the minister to adopt certain reforms.
Management and Technical Staff Support and Commitment		
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.
Resource Adequacy		
Outdated infrastructure and a predominantly manual operating environment for revenue administration staff, combined with frequent rotation of tax commissioners, which hampers the effective implementation of a tax strategy.	Very High	Authorities to be encouraged to provide necessary resources to the revenue administrations (infrastructure, integrated tax administration system, etc.)
Other Risks		
Multiple donors are providing assistance to the revenue administrations, which could possibly create gaps and overlaps in donors.	Low	Establish mechanisms to incorporate and coordinate all partner CD relevant to the project's implementation.

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I. COUNTRY REFORM PROGRESS

Activities to promote the use of International Survey on Revenue Administration (ISORA) data in benchmarking and planning, including peer learning workshops incorporating analysis by participants, have been successful in stimulating use of ISORA data by tax administrations. Following on earlier similar workshops, a workshop for tax administrations in the Americas and Caribbean drew over 50 participants from 27 countries. This activity was organized jointly with the IMF's Regional Technical Assistance Centers (RTACs) for the Caribbean (CARTAC) and Central America, Panama, and the Dominican Republic (CAPTAC-DR) as well as two of the ISORA partners, namely Inter-American Center of Tax Administrations (CIAT) and the Organisation for Economic Co-operation and Development (OECD). Country presentations illustrated growing use of ISORA data in assessing performance and identifying areas of improvement. In the wrap-up session, countries presented their findings from comparative analysis they had undertaken during the workshop, demonstrating skills to access and analyze ISORA data, and interpret their findings. A common refrain was the realization that the ISORA comparative database is '*our* data'.

The ISORA 2025 survey round is almost complete with data to be published through the ISORA portal in June 2026. Comparative data from over 160 tax administrations will be added to the existing database. Increasingly, during the data review process that follows data collection, administrations are providing revisions to data collected in previous rounds because of improvements to their internal data management systems. These revisions lead to more consistent time-series available for use by capacity development partners, researchers, and of course tax administrations themselves, although this comes at an increase of resources needed to administer the growing ISORA database.

The development of the International Customs Administration Survey (ICAS) advanced through three regional workshops delivered jointly with RTACs. These workshops introduced the survey's objectives, trained participants in its application, and provided a forum to propose enhancements to better align ICAS with the needs of customs administrations. This approach strengthened capacity, fostered ownership, and encouraged active engagement among customs officials from sub-Saharan Africa, Southern Africa, and the Caribbean, while optimizing resources from both the Global Public Finance Partnership (GPFP) project and the RTACs. Following the dissemination of ICAS, work also commenced on harmonizing the English, French, Spanish, and Portuguese versions of the survey, alongside progress in the design and development of the platform for collecting responses from participating customs administrations.

II. PROJECT DELIVERY HIGHLIGHTS

RM III: Revenue Module III – Training/Peer Learning and Fiscal and Macroeconomic Tools
Key Progress in FY26: The fourth workshop on *Using ISORA Data* held in Panama in March 2026 attracted participants from 27 tax administrations in the Americas and Caribbean. Participants drew data from the ISORA portal to use in comparative analysis and presented their findings to peers. Analysis using ISORA data formed a key component of presentations made in various tax administration fora. Regarding ICAS, three regional workshops were held jointly with IMF RTACs to explain the purpose and use of ICAS and to gather participant feedback for further refining the survey; 79 customs officials participated in these workshops. Work continued on fine-tuning the survey, and the versions in the four languages in which it will be available (English, French, Spanish, and Portuguese) were reviewed. Progress was also made on the design and development of the survey platform for collecting participant responses. **Previous Progress**: Peer learning workshops to raise awareness of the ISORA comparative database and its application have stimulated use of the data within tax administrations. Albeit uneven, the quality of data (completeness, consistency) provided by ISORA participants is growing. The design of the first version of ICAS was completed, and a joint workshop was delivered in collaboration with CAPTAC-DR and the Inter-American Development Bank. The workshop brought together 27 customs officials from 13 countries in Latin America and Spain for in-depth discussions on the survey's structure, content, potential benefits, and practical applications. **Next Steps**: Peer learning workshops to build capacity in using ISORA data are in planning, focusing on regions that have not been covered in the past two years. As the next cycle of data collection begins in August 2026, online training will be provided to tax administration staff involved in collating data for the survey to strengthen the quality of data contributed by each administration to the ISORA database. Based on feedback from the customs administrations that participated in the ICAS workshops, final adjustments will be made to the survey to produce the final version, which will be launched in four languages. In parallel, work will continue on the development of the ICAS platform for data collection, including dashboards and analytical tools to support participants' use of the results. The survey is expected to be launched in the second half of the year.
RM IV: Revenue Module IV – Fiscal and Macroeconomic Tools, Research, and Analytical Work
Key Progress in FY26: A publication on ISORA 2023 presenting findings on tax administration practices and performance is in the final stages of production. The Tax Administration Yield and Assessment Tool (TAYAT), based on ISORA data, is to be released for use by IMF tax administration experts in late April. Over 160 administrations have provided data in the latest survey round that is currently undergoing quality review, prior to publication of the new data (for FY24) along with revisions to older data, in late June 2026. **Previous Progress**: ISORA data compiled over the past ten years and published through an IMF-supported portal (https://isoradata.org) are being used to provide diagnostics based on comparisons among tax administrations. The increased visibility of the published data has translated into greater use in academic research as well. **Next Steps**: A 'Lessons Learned' paper will be compiled by the ISORA partners (i.e., Asian Development Bank, CIAT, IMF, IOTA, and OECD) to distill learnings gained over ten years of administering the survey. The ISORA 2026 survey will be launched in August 2026 and simultaneously, preparation will begin for the next extended survey to be conducted in FY28.

III. LOGICAL FRAMEWORK

Country – ISORA / ICAS		
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	A second ICAS workshop garnered support for the survey and further ideas on refining the questionnaire to meet the needs of customs administrations. In the most recent *Using ISORA Data* workshop, Latin American and the Caribbean countries provided concrete examples to their peers of how ISORA can be used to benchmark performance and stimulate reflection on appropriate performance measures.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	Recent ISORA data provided evidence of improved ability to utilize data that supports a strategic management framework. ICAS workshop participants from 14 countries identified survey questions that would be important for modernization and strategic decision-making.

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.

Description	Rating	Mitigation Measures
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 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.	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 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

Tax reform continues facing significant political constraints and with elections one year away, opportunities for a comprehensive tax reform in the short term are limited. Nevertheless, during this reporting period, the project significantly contributed to progress in tax reform efforts. In tax policy, personal income tax (PIT) and corporate income tax (CIT) models were developed to assess revenue and distributional impacts, with finalization pending further data updates. The value-added tax (VAT) model is now completed—including its distributional impact assessment—and is confirmed for use in preparing the FY26/27 budget, supporting policy analysis and the tax expenditure report. The Tax Policy Unit (TPU) expanded its staff and provided training on PIT and CIT for 10 new members. Continued capacity development (CD) to evaluate reform options and increase tax policy transparency remain a priority. This will help not only improve evidence-based tax policy decisions but also enhance government's capacity to improve tax reform consultations.

On revenue administration, progress has been significant. With the support of the Global Public Finance Partnership (GPFP) project and in collaboration with the IMF's Regional Technical Assistance Center for Eastern Africa (AFE), the Kenya Revenue Authority (KRA) advanced its compliance risk management (CRM) framework. It began developing a comprehensive compliance improvement plan (CIP) and is reviewing its tax arrears strategy. A governance diagnostic assessment validated priority areas, including CRM, audit, and tax arrears. Future plans focus on improving tax arrears management, VAT refund processing, digitization, audit, and CRM, while promoting a coordinated, whole-of-government approach to revenue reforms under the medium-term revenue strategy (MTRS) framework.

Collaboration with development partners such as the World Bank and the UK's Foreign, Commonwealth & Development Office (FCDO) was strengthened through regular coordination meetings and joint VAT modeling missions, notably with the UK in October 2025. Participation in the Development Partner Grouping (DPG) co-led by the IMF's Resident Representative included maintaining a development partner support matrix to facilitate coordination and prevent duplication of efforts. Bilateral engagement with FCDO ensured shared insights and alignment in designing their new CD for KRA.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: PIT and CIT models have been developed (covering revenue and distributional impacts), and data updates are being finalized. The VAT model has been finalized (including distributional impact) and authorities confirmed that it will be used to prepare the FY26/27 budget (analysis of policy options and preparation of the tax expenditure report). There is close coordination and collaboration with other development partners working on tax policy (World Bank and the FCDO), including regular coordination meetings and participation in missions (UK: VAT modeling, Oct 2025). New staff of the TPU at the national treasury built their capacity on PIT and CIT modelling. **Previous Progress**: The project contributed to strengthening the government's capacity to forecast tax revenues and policy analysis. The FAD team also reviewed the government's tax policy capacity resulting in a draft work program for the new regional tax policy advisor. The development of a VAT model started.

Next Steps: The project will continue supporting the authorities to strengthen their capacity to analyze tax policy options, including revenue and distributional impact and improve the tax expenditure report.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: With both AFE and FAD support, KRA continued to review its CRM management framework to develop a whole-of-KRA CIP and review tax arrears strategy. The project also continued to collaborate with the IMF's African Department (AFR) to align CD to country priorities and participated in DPG meetings co-led by the IMF's Resident Representative. The team collaborated with AFE to strike synergies and eliminate duplications and are collaborating bilaterally with FCDO on their new CD support to KRA. Early meetings shared the scope of both GPFP projects to ensure FCDO support complements existing initiatives. The authorities undertook a governance diagnostic assessment whose recommendations validated the priority areas for the project including CRM, audit, tax arrears and digitalization. KRA is actively strengthening its capacity in these areas with support from the GPFP project – in collaboration with AFE and in coordination with other development partners in the DPG.

Previous Progress: The authorities approved an MTRS in December 2023 and have formed a Steering Committee (SC) to oversee progress. KRA has revised its 9th strategic plan and its 5th ICT strategy to advance digitization and better support MTRS reforms. KRA has also launched review of its CRM and tax arrears management strategies.

Next Steps: FAD in collaboration with AFE shall continue to focus support on improving tax arrears management, VAT refund processing, digitization, improving accuracy of reporting, and advancing CRM. The project will also focus on strengthening the whole-of-government and coordinated approach to implement revenue reforms under the MTRS umbrella.

III. LOGICAL FRAMEWORK

Country – Kenya		
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	During this period, PIT, CIT and VAT models (including distributional impact) have been developed (VAT under the new regional tax policy advisor work program). Authorities confirmed that the models will be used for tax policy analysis during the next budget preparation.
Increased/decreased revenue quantity	1 Not 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. Inefficiencies and weakened compliance contribute to revenue underperformance.

RM I: Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 3
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	During this period, PIT and CIT models have been developed (covering revenue and distributional impacts); data updates are being finalized. A VAT model has been finalized (including distributional impact) and authorities confirmed that it will be used to prepare the next budget, including for the tax expenditure report. The team is coordinating closely with other development partners working on tax policy (World Bank and FCDO). The project will continue supporting the authorities to strengthen their capacity to analyze tax policy options, including revenue and distributional impact. New staff at the TPU of the national treasury participated in training to enhance their skills on PIT and CIT.
Improved transparency and outreach	2 Partially Achieved	In progress. The newly developed VAT, PIT and CIT models will contribute to enhance tax expenditure analysis.
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	3 Largely Achieved	The amnesty launched in September 2023 was extended to June 2025 at the end of which KRA followed with collection efforts. Despite lack of an enforcement strategy debt collection is gradually improving with KSH 141. billion collected in 2024/25 alone.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	A March 2024 mission noted weaknesses and recommended improvements to current audit approach to make it more effective. The ensuing missions in February and September 2025 both guided KRA on improvements to CRM to support better targeted audits. An audit CD strategy was developed in November 2025 with implementation to start in April 2026.
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	4 Fully Achieved	Annual CIP developed for each KRA department but no whole-of-KRA CIP is yet in place. FAD mission in March 2024 advised KRA on moving in this direction and joint FAD/AFE mission followed up to provide further guidance. February and September 2025 CRM assignments provided further guidance on development of the CIP for whole-of-KRA.

Effective implementation of a new tax or modernized legislation	2 Partially 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	2 Partially Achieved	MTRS approved and SC formed for its oversight. However, the SC does not meet regularly to monitor progress and there is no approach across government to implement reforms. Reform projects are managed the way they were before MTRS.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	KRA has developed and is implementing its 5th ICT strategy. Replacement of the previous integrated tax administration system is stalling due to lack of funding. National Data Governance Policy is developed and will be implemented from July 2026, and KRA will align practices to the policy.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
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 and provide fiscal space for climate-related spending. Continue to create a sense of urgency on strengthening DRM and tailor support as is necessary.
Political Support		
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. This risk could be exacerbated in the context of the upcoming general elections (Aug 2027).	Very High	Continue working at both political and technical levels with complementing instruments (program and CD) to reinforce the country's commitments. Authorities will be supported to increase the tax-net to help with ultimate easing of the tax burden. Comprehensive reform proposals will be supported with sound technical analysis that take**s** into consideration the changing political economy context.
Management and Technical Staff Support and Commitment		
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 ongoing basis. Provide support for better management of reforms for achievement of desired strategic outcomes.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM I: MTRS might not be fully resourced.	Very High	Ensure 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.
Insufficient technical capacity and human resources necessary to implement reforms.	High	Ensure CD plans include sufficient capacity building and training elements and prioritize CD priority or highest risk areas where resources are limited. Continue to follow up with authorities and provide guidance on development and approval of a business case for reform implementation.
RM II: Insufficient resources allocated for implementation of the MTRS.	Very High	Continue to follow up and provide support for development of a business case for implementing MTRS reforms and persuading government to make the investment needed for an MTRS in return for improved revenue performance.
Other Risks		
Multiple donors are providing technical assistance on domestic revenue mobilization 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

Lebanon is once again experiencing an extreme crisis. Following the return of hostilities with Israel, and the regional conflict with Iran, nearly one million people have been displaced (around 20 percent of the population). The fiscal position has eroded, with revenues dropping sharply since March of 2026, and fuel prices having doubled. Due to the conflicts, elections, which were planned for May, have been delayed with the government extending its mandate by two years. While the disruption caused by the conflict has stalled progress on many reforms, some progress has been made. Importantly, the Ministry of Finance (MOF) has drafted a Medium-Term Fiscal Framework which codifies many aspects of IMF advice delivered in recent years.

In tax and customs administration, new leadership is in place and financing for digitalization has been secured. In tax administration, new directors have been appointed to the MOF's tax directorates, VAT and Revenue. Similarly, a new Director General for customs administration has been confirmed, as have new members of the Higher Council for Customs. Building from IMF advice, the authorities have ratified through parliament the World Bank's "Fiscal Management Project." This project provides, among other important support, financing for the acquisition of an Integrated Tax Administration IT System, a critical enabler for integration of the two tax directorates and adoption of a new Income Tax Law.

In close collaboration with development partners, IMF capacity development (CD) continues to play a crucial role, adapting as circumstances evolve. In the next reporting period, the focus with tax administration will be supporting consolidation of regional IT assets and audit training. In customs administration, support will focus on a diagnostic and building capacity in the Risk Management Unit. These activities are coordinated with the World Bank, European Union, United Nations Development Programme, and the Embassy of France.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: A draft Income Tax Law has been submitted to the Council of Ministers. The law has been reviewed for tax administration implementation. Separately, a comprehensive digital transformation roadmap for tax administration has been prepared. The Ministry has secured some resources for its implementation, which is now ongoing. Engagement with customs administration has resumed following a pause in CD delivery since July 2024 due to security challenges and counterpart preferences for in-person engagement. **Previous Progress**: In FY25, (1) the MOF developed implementing instructions for a single large taxpayer office; (2) the Minister of Finance formalized a tax - customs cooperation mechanism; (3) a data diagnostic of direct and indirect tax databases was completed; (4) risk analysis of large businesses was improved; (5) compliance strategies for large taxpayers were refined; and (6) customs legislation was evaluated for best practices to inform operational improvements, **Next Steps**: In tax administration, the authorities have committed to consolidating regional IT assets centrally, paving the way for eventual introduction of a new Integrated Tax Administration System (ITAS). In support, CD activities will be included in the workplan to advance implementation. Additional support will be organized to deliver an audit training plan and introduce a new income tax law, in the event that it is passed.

With customs administration, dialogue is ongoing to organize targeted support in IT and risk management. In the next six months, the authorities are also anticipated requesting a full customs administration diagnostic, which could inform more comprehensive engagement.

III. LOGICAL FRAMEWORK

Country – Lebanon		
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	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 large taxpayer office, 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. However, two new directors were appointed for tax administration, one for direct and another for indirect taxes. There has been no further progress, and the reform should be considered stalled. A comprehensive set of analytical programming scripts were developed for VAT, enhancing the Ministry'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 CD support to tax administration on reform strategy and planning has been provided. This includes a recent mission to prepare a digital transformation roadmap. Resources for implementation are understood to be available from the Lebanon Financing Facility and World Bank, with a loan recently having been approved. Additionally, the Ministry has informed that it intends to establish an agile unit to pilot reforms. No progress has been achieved in customs administration.
Organizational arrangements enable more effective delivery of strategy and reforms	2 Partially Achieved	Implementing instructions for integration of a single large taxpayer office (LTO) have been prepared. However, the prior Minister of Finance did not sign the package and the Minister also elected not to sign, suggesting that the reform is stalled. Recently, two new tax directors have been appointed, one for Revenue and another for VAT, signaling another setback. Despite these developments, staff in Beirut City from both directorates have been physically co-located, which is positive.

Support functions enable more effective delivery of strategy and reforms	3 Largely Achieved	Staff presence and operational performance have improved. Several salary top-ups have reduced systemic absenteeism. Additionally, resources for IT staff will increase significantly as part of the 2026 budget. Accordingly, the risk of outright failure or collapse of systems and operations is dramatically receding.
Digital technologies are better aligned with strategic objectives	3 Largely Achieved	A five-year digital transformation roadmap has been produced. The roadmap was prepared collaboratively with Ministry staff and external stakeholders. No similar support has been provided to customs administration. However, an activity to perform a functional evaluation of ASYCUDA World was delivered November and follow-on CD support is being considered.
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	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). The authorities have confirmed a request for delivery of additional support to implement the plan, noting complex and industry audit as priorities. Recent deterioration of security is likely to delay delivery of planned support.
RM I: 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	A risk management unit in the LCA has been created and accountability for the topic transferred from the HCC. This is an important change that opens the door for significant improvements. In November 2025, a needs assessment and functional review of ASYCUDA World were both performed. Based on these, a follow-on program of CD support is being explored. However, due to the ongoing security challenges, progress with
Foreign trade operators better comply with their reporting and payment obligations	2 Partially Achieved	A functional review of ASYCUDA World was performed in November, including manifest management. Some functionality apart from seaports is now online. An immediate priority is implementing manifest functionality for goods arriving by road at Border Crossing Points (BCPs), introducing road master/house waybill types, enforcing manifest references in declarations, and creating a small

		manifest unit at BCPs to place inbound goods under temporary storage and enable automated write-offs. Follow-up with the authorities is needed to assess how the functionality will be brought online.
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. A stocktaking exercise is required to inform on next steps.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Lebanon is now into its sixth 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 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, which has recently deteriorated again. Any further stresses have the potential to negatively impact revenue collection, reforms, and delay an eventual recovery.	Very High	Missions will regularly discuss recommendations and prioritize reform actions with the authorities. Configurations allowing for remote and hybrid delivery of CD will be maintained should security deteriorate, and they be needed for continuity of the project.
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	Medium	During high level and technical discussions, staff will encourage and support full transparency and extensive communication on reform benefits, including reform costs 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.

Description	Rating	Mitigation Measures
new customs organizational design) was limited and beyond the ability of MOF leadership to influence. The current government has confirmed that political support is available to advance structural reforms that were not previously possible.		
Management and Technical Staff Support and Commitment		
New leadership has been appointed in tax and customs administration, and the motivation for reform and IMF CD engagement is not fully known. Previous concerns relating to staffing have been alleviated somewhat due to increases in salaries and allowances.	High	A field visit to meet the newly appointed senior officials will be organized as soon as possible. Staff will continually prioritize the encouragement of senior management commitment to long-term reforms, while providing CD support possible to help address immediate needs.
Resource Adequacy		
Challenges with financing for IT infrastructure have receded somewhat as the budget has included additional funding. Further, development partners have offered grants and loans to support the stabilization and eventual replacement of major IT systems in tax administration, and a World Bank loan has been recently approved.	Low	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).
Other Risks		
Sufficient donor and development partner support will be needed to implement major reforms, and its delivery could be delayed in particular due to deterioration of regional security.	Medium	Staff will continue to proactively and transparently engage with known donors and development partners to convey our understanding of priorities and requirements for support.

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Lesotho has made steady progress in strengthening domestic revenue mobilization and public financial management (PFM), supported by a programmatic approach to capacity development (CD) provided by the IMF's Fiscal Affairs Department (FAD).

On tax policy, amendments to Income Tax and Excises Acts have been pending Parliamentary approval for more than four years. Last fiscal year, main tax policy change was a targeted adjustment to personal income tax parameters to provide relief to low- and middle-income earners, and no new tax policy measures have been announced in the 2026-27 budget speech (February 2026). Limited analytical capacity and challenges with data management and modelling are hindering forecasting efforts and tax policy analysis. The new Tax Policy Unit (TPU) is now operating with three staff (Director, Manager, Analyst). The project is expected to improve tax policy capacity to revenue forecasting and tax policy analysis.

Progress is being made on addressing weaknesses in core tax administration processes identified through the Tax Administration Diagnostic Assessment Tool (TADAT) evaluation. A major step forward is the systematic application of a risk approach to defining compliance improvement plans. Revenue Services Lesotho (RSL) is institutionalizing the monitoring of taxpayer compliance monthly. However, system and data issues remain to be addressed. Staff are keen to develop their skills and technical knowledge to increase the effectiveness of the administration in domestic revenue collection.

In PFM, reforms to internal expenditure controls and key business processes have gained traction, underpinned by increased digitalization. These efforts have delivered tangible results, including improved cash reconciliation, expanded electronic non-tax revenue collection, progress in strengthening Integrated Financial Management Information System (IFMIS) controls, clearance of most verified arrears, and preparation for the introduction of digital signatures as part of the upcoming IFMIS upgrade. Fiscal risk management has been strengthened through regular disclosures of state-owned enterprises (SOEs) and the publication of government-wide Fiscal Risk Statements, enhancing fiscal oversight. Progress has also been made in budget transparency, gender-responsive budgeting, and public investment management following a public investment management assessment (PIMA). Sustaining this reform momentum will require further strengthening of the legislative framework, including enactment of a new PFM Law.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: Activities were on hold until the TPU was staffed and operating at the Ministry. Three staff have now been appointed: Director, manager and analyst. The TPU is using simple forecast models developed in close collaboration with the macro unit and RSL (December 2024). Support on data management continues to overcome challenges.

Previous Progress: A joint tax policy and administration team has supported efforts to strengthen revenue forecasting capacity through a whole-of-government approach, involving the Ministry of Finance, the Revenue Services and Licensing Authority, and the Bureau of Statistics. Simple forecasting models have been developed for each major tax category. However, further improvements in data management are necessary to finalize these models and ensure their continuous refinement over time.

Next Steps: The authorities have confirmed that support on revenue forecasting should remain an ongoing initiative, given persistent challenges, and frequent staff turnover, particularly within the newly established TPU. Support to build the capacity of the new TPU's capacity for tax policy analysis, which will require coordinated efforts with both the macro unit and RSL, will commence.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: A study tour providing for peer learning from the Rwanda Revenue Authority heightened awareness of risk management and planning linkages. A direct outcome of this learning opportunity was the development of a compliance risk management (CRM) audit plan for the forthcoming year. Cross-functional teams are seeking to resolve data management issues, to improve the quality of monthly revenue and compliance reports. A meeting was convened with the African Tax Administration Forum (ATAF) to align their future support to RSL on tax gap analysis and the IMF's support on revenue and compliance analysis.

Previous Progress: Monthly monitoring of progress against the TADAT response plan developed (following a post-TADAT mission) has been institutionalized. Gaps in the ability to monitor compliance fully due to system and data management weaknesses still need to be addressed. A change in leadership has temporarily slowed progress.

Next Steps: The authorities seek to strengthen their domestic revenue collections and have expressed interest in wide-ranging CD. Together with the IMF's Regional Technical Assistance Center for Southern Africa (AFS), prioritization of CD is underway, with likely activities to build audit capacity (AFS) and reviewing reform plans with the revenue imperative in mind, including a workshop based on the recently developed Tax Administration Assessment and Yield Tool (TAYAT).

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: The Ministry of Development Planning (MoFDP) made progress in the areas of internal controls, fiscal risk management, public investment and gender budgeting. On internal controls, the MoFDP identified that the hardware and software underpinning its IFMIS have reached end-of-life and require an upgrade to mitigate security risks and ensure continued vendor support. In response, FAD, in close coordination with AFS, pivoted its CD support to the MoFDP to assist with the upgrade, including by supporting the development of a roadmap and terms of reference for hiring an IFMIS manager to oversee implementation. Regarding fiscal risks, staff further built capacity in using the state-owned enterprises (SOE) Health Check Tool and improving the quality of fiscal risk reporting. On public investment, a PIMA provided recommendations to improve strategic planning and project appraisal, align capital budgeting with medium-term frameworks, and ensure adequate funding and maintenance of projects. On gender budgeting, FAD trained 15 staff from the MoFDP and three pilot ministries on the IMF's gender budgeting framework, tailored to Lesotho's context, to support authorities in identifying gender gaps, setting priorities, and tagging relevant budget programs.

Previous Progress: The MoFDP has improved the reporting of fiscal risks from 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.

Next Steps: CD is planned to support the IFMIS upgrade, SOE governance, and the implementation of gender budgeting, with the objective of strengthening internal controls, improving the management of fiscal risks, and advancing gender budgeting. The focus will be on building the capacity of relevant staff within the MoFDP.

III. LOGICAL FRAMEWORK

Country – Lesotho		
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	Staffing and operational issues initially delayed the project and the implementation of activities at the TPU. Despite this, FAD continued to work with RSL on data management to help the authorities overcome persistent data challenges. The authorities reported that the TPU uses daily the simple models for each tax heading developed with RSL and the macro team at the Ministry of Finance.
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	Progress against the plan developed to address weaknesses identified through TADAT is being monitored monthly by senior management.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	A compliance risk register is now centrally available, supporting risk management and monitoring.
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	1 Not Achieved	The identification of inactive taxpayers remains a challenge for RSL, although the compilation of compliance metrics has progressed.

A larger proportion of taxpayers meet their payment obligations as required by law	1 Not Achieved	Despite continuing data accuracy challenges, monthly monitoring and reporting of fling, payment, and VAT refund statistics is in place.
Audit and other verification programs more effectively ensure accuracy of reporting	3 Largely Achieved	Following the study tour to Rwanda, a CRM-based audit plan with sector-related CIPs was developed that will systematically inform audit interventions in the new fiscal year.
SM II: Objective −Strengthen Budget Management - SBM		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened annual budget process for more efficient and effective use of resources	2 Partially Achieved	The capacity of the budget department has improved to implement gender budgeting. An FAD diagnostic mission assisted them in developing a roadmap to implement gender budgeting. A follow-up FAD workshop assisted them in further developing their capacity to prepare gender statements, working directly with pilot line ministries to identify key gender equality gaps, priorities and goals for the sectors.
Strengthened medium-term budget frameworks	2 Partially Achieved	Online hands-on support is being provided by the AFS to develop capacity in the macro-economic department to produce the medium-term fiscal framework (MTFF). The department is working on producing the MTFF.
SM II: Objective −Strengthen Macrofiscal Frameworks - SMF		**Rating - 2**
Outcome	**Rating**	**Narrative**
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. MoFDP published the annual SOE Report for the FY2022/23 in August 2024. A draft FY2023/24 SOE annual report has been developed, and drafting of the FY2024/25 report is underway. 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.
Strengthened fiscal policies, frameworks, institutions, and laws	2 Partially Achieved	Based on IMF CD, follow-up support is provided by the World Bank.
SM II: Objective − Build Sustainable Fiscal Institutions - SFI		**Rating - 4**
Outcome	**Rating**	**Narrative**
Strengthened capacity to plan, implement and sustain digitalization	2 Partially Achieved	Authorities are slowly making progress in implementing internal controls. There have been improvements in securing the IFMIS, its user access, and addressing some

		configuration gaps. The key initiative to implement digital signatures to eliminate the use of paper is yet to be implemented. The Ministry of IT has decided to provide digital signature services to the Treasury. Further improvements in the hardware infrastructure are planned to support the implementation. However, the MoF has realized that the upgrade of hardware will also require an upgrade in the IFMIS version. The MoF has now taken steps to upgrade both hardware and software.
Strengthened capacity to plan, implement and sustain infrastructure governance	4 Fully Achieved	FAD conducted a PIMA with the MoFDP and identified considerable challenges. The PIMA is helping the MoFDP in prioritizing public investment reforms. The authorities have started using the PIMA to develop PIM regulations and a database of projects with the help of the African Development Bank.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
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		
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 management and technical staff capacity lead to changes in priorities and ability to absorb technical assistance	Medium	Maintain flexibility to adjust technical assistance as needed, in alignment with skills and priorities

Description	Rating	Mitigation Measures
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		
RM I, SM II: 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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I. COUNTRY REFORM PROGRESS

Following technical assistance missions in 2025, significant progress has been made in strengthening Liberia's tax framework and administration. Key reforms include the publication of the FY2023–2024 Tax Expenditure Report, the launch of the 2025–2029 Domestic Revenue Mobilization Strategy (DRMS), and the introduction of a bill for a comprehensive tax incentives framework. Budget changes, such as raising the withholding tax rate on consultancy services, further support revenue mobilization efforts. A post-Tax Administration Diagnostics Assessment Tool (TADAT) evaluation of the Liberia Revenue Authority (LRA) identified critical weaknesses, prompting initiatives such as a large taxpayer data cleansing, and governance reforms informed by a Revenue Administration Governance and Integrity Assessment (RAGIA). Preparation for value-added tax (VAT) rollout has continued. Donor engagement included high level briefings on mission findings, observations and areas identified for further capacity development (CD) after each mission. The following donors were briefed: the European Union, Expertise France, German Agency for International Cooperation, Swedish Embassy, and World Bank.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: Following FAD CD missions in 2025 on business taxation and the mining fiscal regime, the authorities advanced key reforms. They published the FY2023–2024 Tax Expenditure Report and launched the 2025–2029 DRMS. They also introduced a bill establishing a comprehensive tax incentives framework. In addition, the 2026 budget increased the withholding tax rate on consultancy services, **Previous Progress**: In February 2025, FAD conducted a CD mission to support the authorities in improving business taxation and rationalizing mining tax incentives to enhance revenue collection. Building on the inventory of mining incentives in Liberia developed during that February 2025 mission, FAD's August 2025 mission focuses on modernizing the mining fiscal regime through a detailed analysis of the existing framework. The objective was to assist the authorities in strengthening the fiscal regime to optimize revenue collection from mining activities. **Next Steps**: A CD mission is planned in FY27 to strengthen the authorities' capacity in tax revenue forecasting.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: A post-TADAT assessment was conducted at the LRA to identify root causes of tax administration weaknesses and recommended improvements. Arising from this, a data cleansing initiative was relaunched, and over 190 large taxpayer profiles were cleansed, supported by the IMF's second Regional Technical Assistance Center for West Africa (AFW2). Preparations for VAT rollout continued, with new taxpayer registrations forthcoming. A benchmarking visit was undertaken under the auspices of AFW2 to further augment lessons learnt to feed into the planned VAT roll out. A RAGIA assessment was conducted and identified governance and integrity vulnerabilities, leading to agreed follow-up actions, training for the new LRA board and senior management scheduled by the end of FY26.

An expert facilitated working sessions on risk-based origin verification, analyzed import data to uncover control weaknesses, revised key operational documents (Rules of Origin Guide, FAQs, Standard Operationa Procedures/SOPs), and held a workshop with private sector and Ministry of Commerce officials to boost compliance awareness.

Previous Progress: The current work builds on previous efforts that supported the 2024 TADAT assessment, which identified weaknesses within the tax administration.

Next Steps: The LRA is planning a major reform by introducing VAT to replace goods and services tax. Support will be provided to help the LRA strengthen their core processes and the integrated tax administration system to accommodate the VAT launch.

III. LOGICAL FRAMEWORK

Country – Liberia		
RM I: Objective − Improve Tax Policy Design – TPD		**Rating - 1**
Outcome	**Rating**	**Narrative**
Increased/decreased revenue quantity	1 Not Achieved	CD activities in 2025, assessing business taxation (February 2025) and mining tax policy (August 2025), provided recommendations to rationalize tax incentives and strengthen Liberia's mining fiscal regime, with the aim to enhance the tax system's efficiency and boost revenue collection in Liberia. Building on FAD's February 2025 mission recommendations, the authorities introduced a bill in November 2025 to establish a comprehensive tax incentives framework to streamline incentives, strengthen governance, and enhance transparency. A mission on revenue forecasting is planned for FY27 to strengthen the authorities' capacity in tax revenue forecasting and enhance budget preparation.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	Under the GPFP project, an FAD-led mission was conducted in February 2025 to assess business taxation and review tax expenditures (a structural benchmark of the IMF's Extended Credit Facility), followed by another mission in August 2025 to support reforms in mining taxation. In line with the recommendations of FAD's mission on business taxation, the authorities introduced a bill to the House of Representative to establish a comprehensive framework for tax incentives. The proposed framework aims to streamline incentives, strengthen governance, and improve transparency in granting and reviewing tax incentives. In addition, in the 2026 budget, the authorities raised the withholding tax rate for consultancy

		services towards aligning it to the standard withholding tax rate applicable to other cross-border payments to minimize distortions and enhance economic efficiency.
RM I: Objective − Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		**Rating - 0**
Outcome	**Rating**	**Narrative**
Improved transparency and outreach	1 Not Achieved	Following FAD CD missions in 2025 on business taxation and the mining fiscal regime, the authorities advanced key reforms, including publishing the FY2023–2024 Tax Expenditure Report and launching the DRMS 2025–2029. They also introduced a bill establishing a comprehensive tax incentives framework and increased the withholding tax rate on consultancy services in the 2026 budget. A mission is planned in FY27 to support capacity building on revenue forecasting for enhancing transparency in the setting of the budget tax parameters.
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 is now implemented. A corporate strategic plan commencing 2025 has been approved by the board and is also in implementation.
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. Stakeholder engagements have commenced
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.
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 is 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	During the FAD January 2026 mission, substantive technical work was undertaken to strengthen preferential origin controls, including risk-based verification analysis, revision of Rules of Origin guidance and SOPs, and identification of systemic weaknesses. However, prior recommendations have not yet been formally operationalized, and origin controls remain largely manual and not yet fully integrated into ASYCUDA or risk-based processes.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	Although no missions were conducted under the project during the reporting period, progress continued through close coordination with AW2. The Post-Clearance Audit Unit maintained risk-based audits of high-value importers and concessions, while training provided by AW2 on anti-smuggling techniques is expected to strengthen enforcement capacity and enhance the effectiveness of customs controls in ensuring compliance with customs laws.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Risk that external events create a more challenging environment to implement reforms.	High	Ensure sufficient flexibility in program execution across countries and allow for the 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	Medium	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		
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
Resource Adequacy		
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 the country engagement strategy.

Description	Rating	Mitigation Measures
Other Risks		
Multiple donors are providing technical assistance 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	High	In addition to the recommendations on the reforms that need to be implemented (the What), CD will also engage with senior leadership on how strategic change is successfully implemented and sustained.

V. PROJECT MANAGERS: CONTACT INFORMATION

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Libya

FY26 Progress Report (May 1, 2025—April 30, 2026)

I. COUNTRY REFORM PROGRESS

Libya's current fiscal path is unsustainable. Persistently large fiscal deficits are intensifying pressures on the exchange rate, international reserves, and inflation, underscoring the need for urgent fiscal adjustments. Revenues are heavily reliant on hydrocarbons, leaving fiscal outcomes exposed to volatility in oil production and exports. Domestic revenues are extremely low at less than 2 percent of GDP. Accordingly, disruptions with hydrocarbon revenues have immediate adverse impacts. At the same time, while prices for oil are currently high, if the associated revenues are spent, spending could increase vulnerabilities, as it will be difficult to adjust downwards once oil prices normalize.

While a history of reliance on hydrocarbons and political instability has impeded reforms, some recent progress has been made. Following the civil war in 2011, a fragmented system of governance has become entrenched. Strong central institutions do not exist. While the legal framework in the country is generally applied across the territory, variations in implementation are pervasive. By contemporary standards, the tax and customs administrations are weak. The large majority of operations are paper-based, and headquarters oversight is limited, allowing a high degree of regional autonomy. However, recently, Libya has passed a unified state budget for the first time in nearly a decade and introduced services for electronic payments.

In February 2026, under the Global Public Finance Partnership (GPFP), two headquarters missions provided guidance on reform plans and identified quick wins for implementation. A tax administration mission confirmed the underlying logic of Libya's current strategic plan, while encouraging that a revision be made to introduce missing principles and better sequenced implementation activities. A customs administration mission performed a diagnostic, exploring strategic, institutional, and operational issues. Following both missions, high impact capacity development (CD) activities have been planned for delivery jointly between the IMF's Fiscal Affairs Department (FAD) and the Middle East Regional Technical Assistance Center (METAC).

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: The GPFP project was launched with completion of two HQ missions on tax and customs administration, respectively. In tax administration, the authorities have developed a strategic plan that benefits from holistic thinking. While positive, they have been encouraged to refine it by including a five-year target model that commits to addressing foundational issues (for example, transition to a function-based model and self-assessment). In customs administration, a diagnostic and review of plans was performed, identifying 11 priority measures to strengthen revenue and compliance. **Previous Progress**: In FY25, under METAC, tax administration support was delivered on developing a Tax Procedures Code (TPC) and strengthening large taxpayer management. Due to a combination of factors, no support on customs administration was delivered. **Next Steps**: Activities funded under the GPFP will be increased in FY27 in collaboration with METAC. For tax administration, the priorities will be (1) operational planning; (2) launch of the E-Tax portal; and (3) launch of a Large Taxpayer Office. If further support for the TPC is eventually needed, the workplan will be revised. With customs administration, priorities for FY27 CD will be confirmed after the authorities revert on the short- and medium-term measures proposed in the recent HQ mission report.

III. LOGICAL FRAMEWORK

Country – Libya		
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	Tax and customs administration missions were executed in parallel in February 2026 to review strategic plans, perform diagnostics, and provide advice on next steps. The extent and nature of follow-on CD support is confirmed for tax administration but currently under discussion for customs.
Organizational arrangements enable more effective delivery of strategy and reforms	2 Partially Achieved	In tax administration, the organizational model reflects an absence of digitalization. It is tax-type based with little specialization by office. Because of the lack of digitalization individual offices have a great deal of autonomy and apply different procedures. Administrative rather than self-assessment is relied on. In customs administration there is severe overstaffing, a lack of digitalization (with ASYCUDA World operational in only two locations), and similar challenges with autonomy.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Regional security challenges, including spillover effects from neighboring Sudan, are likely to further impede access to counterparts in the immediate short term.	High	Hybrid delivery modalities have been agreed with the authorities and will be leveraged in instances where field-based operations are either suspended or otherwise nonviable.
Political Support		
Some administrative policy reform options might be politically difficult to implement.	High	Leverage AD to maintain contact and provide progress briefings with Minister, when possible. Explicitly account for the political fragmentation in Libya when formulating advice and timelines for its implementation.
Management and Technical Staff Support and Commitment		
Management or technical staff might not be fully committed to implementing recommended measures.	Medium	Proactively explain recommendations with the authorities giving full background, technical details and the likely benefits (for taxpayers, budget revenue and administration) from implementation.

Description	Rating	Mitigation Measures
Resource Adequacy		
The number of qualified technical staff may be inadequate to implement certain advice, particularly that relating to digitalization and specialized areas such as launch of a Large Taxpayer Office.	High	Discuss limitations with counterparts regularly and adjust advice for the circumstances, advocating for contracting of vendors and external support where possible and likely to be productive.

V. PROJECT MANAGER: 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 resident advisors (LTX) and policy advisors, on these projects:

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

II. PROJECT DELIVERY HIGHLIGHTS

Strategic DRM Design and Implementation
RM I: Revenue Module I – Tax Policy
The regional tax policy advisor (Mr. Benninger) provided support to Ethiopia, Kenya, Malawi, Rwanda, Uganda and Tanzania through 10 country visits and remote support. Key topics of assistance included general tax policy training, value-added tax (VAT) modelling and distributional analysis and revenue forecasting. The advisor coordinated closely with other capacity development (CD) providers such as the UK's Foreign, Commonwealth & Development Office (FCDO) TaxDev program and collaborated with other regional advisors based at the IMF's Regional Technical Assistance Center for East Africa (AFE).
Ethiopia: Together with AFE's macro-fiscal advisor, review of the revenue forecasting framework and recommendations for its improvements
Kenya and Tanzania: VAT modelling workstreams to build capacity for VAT policy simulation including the estimation of yields and distributional impacts from policy changes and the costing of tax expenditures.
Malawi: Capacity building for VAT modelling in preparation of the publication of the first tax expenditure report and personal income tax modelling to support policy simulation.
Uganda: Together with AFE's macro-fiscal advisor, review of the revenue forecasting framework, recommendations for its improvements and capacity building for revenue forecasting methodologies including forecast error analysis. Review of the tax expenditure calculation and development of VAT policy model to strengthen VAT tax expenditure estimation.
Rwanda: Capacity building for VAT modelling to transition to new Supply-Use-Tables and strengthen capacity for tax expenditure estimation and policy simulation. In collaboration with the FCDO TaxDev advisors, general tax policy training to onboard new staff of the tax policy unit and the Rwanda Revenue Authority (RRA).
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).
Chad: The advisor supported the implementation of the tax administration's priority revenue mobilization action plan. He notably: (1) supported short-term revenue recovery initiatives; (2) provided hands-on assistance for the rollout of an Automated Desk-Audit project; (3) supported design of an internship program to address staffing shortages in oil and gas and telecommunications; (4) assisted in recruiting a solution provider for an automated system for the collection of VAT due on digital services supplied by non-resident firms; and (5) assisted the authorities secure financial support from the African Development Bank (AfDB) for the rollout of pilot Tax Teleservice Centers to facilitate taxpayers' use of the E-Tax system.
Central African Republic: The advisor supported key revenue mobilization actions for the current fiscal year. He notably: (1) assessed the audit function and strengthened the manual cross-checking of tax data; (2) assisted in developing data cross-checking functionalities of the e-Tax system, both with optimizing its payment functionalities; and (3) developed a donor coordination matrix to improve alignment in public finance reforms.
Democratic Republic of Congo: The advisor supported two key initiatives: he (1) provided hands-on support for drafting a VAT administration modernization strategy; and (2) identified short-term high impact recovery measures to increase revenue yield during the current fiscal year.
Cross-country engagement: The advisor contributed to regional workshop led by the IMF's Regional Technical Assistance Center for Central Africa and supported the drafting of a tax administration manual to underpin reform efforts in fragile and conflict-affected states (FCS).
Regional Digitalization
RM II: Revenue Module II – Revenue Administration
The regional digitalization advisor (Mr. Wandja Fondja) provided support to CAR, Chad, Rwanda, and Senegal (duty station). His activities focused on strengthening core tax functions, and tax administration management and governance arrangements through cross-checking of data, data and IT governance, and implementation of Integrated Tax Administration Systems (ITAS). CD was provided through a mix of in-person missions and remote work. The digitalization advisor coordinated closely with advisors at AFC and AFE, and the advisor focused on tax risk management to increase the impact of digitalization of CD on tax administrations.
CAR: The advisor continued to support the implementation of the CAR Tax Administration's (DGID) strategy. In particular, he provided hands-on assistance in several key areas: (1) designing the user assistance scheme to enhance the use of the new IT system (E-Tax) by taxpayers and tax officials, which included the establishment of the Tax e-services center and the launch of tax e-payments; (2) processing the ongoing manual data cross-check analysis to tackle tax fraud; (3) fixing the loopholes in E-Tax; and (4) advising on the next version of E-Tax, SIGICA, which will serve as CAR's integrated tax administration system.
Chad: The regional digitalization advisor has supported the Chadian Tax Administration (DGI) in implementing the plan to address tax compliance risks developed in FY25. His activities focused on: (1) processing the ongoing manual data cross-check analysis to address tax fraud, and (2) supporting the

implementation of IT tools to sanitize the current taxpayer registry and to develop the Automated Desk-Audit.
Rwanda: The advisor has postponed hands-on support for implementing the RRA's digital transformation plan due to delays in RRA's internal IT operations. If confirmed by the authorities, CD would resume in FY 27, principally by developing RRA's IT architecture capacities and data management to support increasingly digitalized operations.
Senegal: The advisor has provided support to the Senegalese Tax Administration's (DGID) on several critical activities, including (1) the rollout of "FAY SAMA IMPÔT", the online tax payment through mobile operators' apps; (2) the design and implementation of the business continuity plan to strengthen the DGID's resilience; (3) the implementation of the plan to replace the outdated current ITAS, SIGTAS, with the new system SENTAX; and (4) the deployment of IT tools to facilitate participation in the Global Forum on Transparency and Exchange of Information for Tax Purposes.
Regional: The LTX has contributed to an innovative joint initiative between FAD and AFC aimed at addressing specific challenges to revenue mobilization reforms in the context of fragility and instability. He contributed to a regional seminar led by the AFC in N'Djamena, Chad, which focused on cross-checking tax data of AFC member countries.
Extractive Industries in African Region
Revenue Module II – Revenue Administration
The Extractive Industries (EI) Revenue Administration LTX, Mr. Bernard Sanya, provided CD support to Uganda, Nigeria, and Mozambique. CD activities focused on strengthening tax audit capabilities, particularly in relation to international tax risks, and on enhancing EI customs administration. Targeted assistance was also delivered on selected technical topics, including crude oil market dynamics and pricing mechanisms. Support was provided through a mix of in-person missions, virtual CD delivery, and short-term expert assignments. The advisor coordinated closely with other advisors at AFE to deliver complementary CD support to the authorities. Country-specific outcomes are summarized below, with further details presented in the respective country's progress reports.
Uganda. In collaboration with AFE's Customs LTX, two multi-agency workshops were delivered, supporting the authorities in adapting customs standard operating procedures (SOPs) to address EI-specific risks. A follow-up visit in March 2026 deepened technical understanding of crude oil market fundamentals and pricing mechanisms and supported the refinement and updating of the related standard operating procedures. On the tax side, CD activities continued to strengthen audit capabilities, with a focus on managing international tax risks, and assisted the authorities in developing harmonized administrative procedures to govern crude oil pricing ahead of the imminent start of production.
Nigeria: CD continued to address audit skills and capabilities, with a particular focus on international tax risks associated with the EI sector. A 10-day workshop provided technical training on the principles and concepts of international tax risk management, followed by case-based reviews that addressed practical issues encountered by the authorities in past and ongoing sector audits.
Mozambique: Risk matrices and EI compliance improvement plan are in place, and the authorities are engaged in comprehensive tax audits addressing complex technical issues, including transfer pricing in the EI sector. Discussions with the authorities identified four priority areas where future CD would add the

greatest value: (1) strengthening institutional capacity for mineral pricing and valuation; (2) rebuilding compliance risk management and analytical capabilities, including the development and implementation of standard operating procedures for core risk analysis functions; (3) consolidating audit effectiveness through hands-on audit training coaching and mentoring, analytics-driven support and the phased deployment of computer-assisted audit tools; and (4) undertaking a customs diagnostic mission to assess and propose a sequenced reform program to reinforce customs administration of EI operations.
Tax Administration in Comoros
Revenue Module II – Revenue Administration
Since June 2025, the GPFP tax resident advisor (Mr. Abderrahmane Raouya), was assigned to the cabinet of the ministry of finance. The past year he supported the authorities to (1) design the director general of tax administration's performance contract; (2) develop the large and medium-sized taxpayers compliance improvement plan; (3) improve tax audit planning and strengthen tax arrears collection; and (4) review core tax procedures with the aim to improve the tax payment environment and strengthen tax administration's efficiency.

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I. COUNTRY REFORM PROGRESS

Many IMF member countries are resource rich. Natural resources account for a large share of their GDP, exports and fiscal revenues. Natural resource wealth brings important opportunities but also challenges. In this context, macroeconomic management in resource-rich countries (RRCs) is critical.

This project aims to train government officials from natural RRC from Central, Eastern and Southeastern Europe, the Caucasus and Central Asia, and sub-Saharan Africa on formulating and implementing economic policies in their countries, and to build institutional capacity for addressing the economic challenges these countries face. This training also ensures that officials are better prepared to absorb technical assistance from the IMF.

These goals are accomplished through the proposed face-to-face external course Macroeconomic Management in Resource-Rich Countries (MRC). The course focuses on a series of lectures, hands-on workshops and in-depth country case studies on the macroeconomics of growth and diversification, fiscal policy management, macroeconomic policy coordination, and public-sector asset management in RRCs. The course is customized to the specific regions where it is delivered and also integrates modules from online training material.

II. PROJECT DELIVERY HIGHLIGHTS

Spending Module III – Training and Peer Learning

Key Progress in FY26:

The MRC course, organized by the *Joint Vienna Institute (JVI)* and the IMF's Institute for Capacity Development (ICD), was delivered during September 22–October 3, 2025. The course focused on the core elements of the standard, face-to-face, two-week MRC course. The course was well received by the participants. Participants appreciated a good balance between workshops and lectures, emphasizing that practical exercises increase probability of applying the newly learnt concepts at work. Several participants noted the usefulness of online data sources demonstrated during the course. The team received 153 applications for this course and invited 30 applicants to participate in the face-to-face training. Out of this pool, 23 applicants (10 of whom were women) from 10 countries confirmed their participation.

The blended course on MRC (AT25.27) was conducted at the *Africa Training Institute (ATI)* in Ebene, Mauritius during July 7–18, 2025. The course went very well, as reflected in the high rating (4.6) and considerable learning gain (23 percentage points). Participants praised the course content and counselors' aptitude, gave concrete examples of how they plan to utilize the acquired knowledge, and suggested extending the time allotted to workshops. The online component—drawn from the online MRC course—was held during June 23–July 4, 2025. It covered basic concepts during four hours of self-paced learning and two virtual office hours with counselors. The in-person course (held at the ATI during July 7–18, 2025) went very well. Participants noted the relevance of the course to their daily jobs. Many cited examples of how they plan to use acquired knowledge to the benefit of the policymaking process in their countries. Out of 196 applicants, 34 people (from 24 countries, including 11 FCS) attended the course. Participants came from finance ministries (18), central banks (8), and other agencies (8). Despite efforts made in the selection process to ensure equitable gender representation, women represented only 30 percent of participants. This is mainly due to several withdrawals ahead of the course.

Next Steps: In the first half of FY27, a two-week MRC delivery is planned at JVI from July 6–17, 2026. The course will focus on the core elements of the standard, face-to-face, two-week MRC course.

III. LOGICAL FRAMEWORK

Country – Training in Macroeconomic Management in Resource-Rich Countries		
JVI: Objective − Participants effectively acquire knowledge and skills taught in the Macroeconomic Management in Resource-Rich Countries (MRC) course and use them subsequently on the job or in their interaction with the Fund. - MRC		**Rating - 4**
Outcome	**Rating**	**Narrative**
Joint Vienna Institute (JVI)		
The participants value this training.	4 Fully Achieved	The in-person course was well received by the participants, with an overall rating of 4.7. The participants valued knowledge and skills acquired in the course (4.8), found the lecturers effective (4.7) and appreciated workshops and lectures content (4.7).
Participants demonstrate that they have effectively acquired knowledge and skills at the Learning Gain level as measured by pre- and post-course test	4 Fully Achieved	Impressive learning gain of 22 percent achieved by participants as measured by the pre-and post-tests indicates high effectiveness of delivery.
Participants demonstrate that they have effectively acquired knowledge and skills at the Absolute Learning level as measured by pre- and post-course test	4 Fully Achieved	High score of absolute learning (74 percent) exceeds the target and indicates effective knowledge acquisition by course participants.
Outcome	**Rating**	**Narrative**
Africa Training Institute (ATI)		
The participants value this training.	3 Largely Achieved	The in-person course (held at the ATI during July 7-18) went very well. It received an overall rating of 4.6.
Participants demonstrate that they have effectively acquired knowledge and skills at the Learning Gain level as measured by pre- and post-course test	4 Fully Achieved	Impressive learning gain of 23.2 percent achieved by participants indicates high effectiveness of the course delivery and knowledge acquisition.
Participants demonstrate that they have effectively acquired knowledge and skills at the Absolute Learning level as measured by pre- and post-course test	4 Fully Achieved	The share of participants scoring at least 60 percent increased considerably from about 29 percent on the pre-test to 71 percent on the post-test, indicating knowledge achievement.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
Resource Adequacy		
The ATI course has high demand from the region. For every accepted participant, 4 to 5 applications will be rejected. The high demand sometimes results in an additional course opening.	**Low**	Planning in advance to seek additional funding from GPFP and from additional funding sources.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The authorities progressed their agenda of reforms by improving the progressivity of wage taxation in the finance bill 2026 and eliminating the exemption for dividends paid to individuals in the finance bill 2025. Digitalization efforts continued in both tax and customs administration, and a new performance mechanism in the tax administration was adopted. Capacity development (CD) delivery was closely coordinated with a governance diagnostic assessment (GDA) led by the IMF's Fiscal Affairs Department (FAD), that took place in February 2025, with the IMF's African Department, and other technical partners (notably the World Bank Group and the European Union). Following social unrest and violent protests in September 2025, a new government was formed. The (interim) new authorities emphasized their readiness to work with the Fund; they stressed the need to foster an attractive business environment and enable job creation by the private sector, and emphasized their focus on transparency, accountability and the fight against corruption. However, the government was replaced again in March 2026 and it is too early to determine the impact of this event on the strategy for revenue mobilization in Madagascar.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: 2026 Finance Law introduced a new 25 percent top marginal tax rate on wages, as recommended by FAD, which will contribute to the milestones of improved distributional fairness and increased revenues. **Previous Progress**: BEPS risks were reduced by CD on transfer pricing in FY25 and on international taxation issues in FY24. However, implementation of transfer pricing documentation obligations of companies has stalled. The tax exemption for dividends was eliminated in the 2025 Finance Law, following FAD advice, which improved equity and increased revenues. The capacity of the Tax Policy Unit (TPU) for policy analysis was enhanced by models and databases on public and private wages provided to TPU by FAD. **Next Steps**: Follow up work on progressive personal income tax PIT (tax brackets, definition of base), tax expenditure rationalization, and excise tax reforms.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: The program supported customs and tax administration's strategic plan implementation, closely coordinating with the IMF's Regional Technical Assistance Center for Southern Africa (AFS), the IMF GDA mission and with other technical partners. Customs achieved the development of an agentic AI for the automation of selectivity, analyzing documents accompanying the customs declarations, and providing risk scores and control recommendations. Technical assistance supported Customs in its business process reengineering to put this AI agent into production. For tax, technical assistance supported the development of a new performance mechanism to support change management in the context of the tax administration's digitalization and HR modernization. This framework (*contrats d'objectifs et de moyens*) was formally adopted by the authorities in December 2025.

Previous Progress: Madagascar has received substantial CD from this project in FY25 and FY24 on implementing the post-Tax Administration and Diagnostics Assessment Tool (TADAT) strategy, strengthening value-added tax (VAT), international tax administration, and mobilization of data on customs. While the authorities progressed digitalization and adopted sound strategic planning, these reforms did not translate substantially in revenue yields and quality of service delivered to taxpayers. CD focus, therefore, pivoted to address the root causes of weaknesses, drawing on the conclusions of the GDA.

Next Steps: A proposed amendment, which aimed at continuing to support change in revenue administration, building on the diagnostic and initiatives taken in FY26, was approved by the March 2026 GPFP Steering Committee. FAD will continue to support tax and customs administrations on HR modernization, compliance risk management for the large taxpayer segment, AI-based risk analysis and data-driven internal control for customs.

III. LOGICAL FRAMEWORK

Country – Madagascar		
RM I: Objective − Improve Tax Policy Design - TPD		**Rating - 2**
Outcome	**Rating**	**Narrative**
Increased/decreased revenue quantity	2 Partially Achieved	Projected rise in revenues from PIT changes. Adjustments to PIT tax brackets and base would improve revenues further. It is too early to determine if revenues have been affected by the CD on transfer pricing methods. Need to rationalize tax expenditures.
Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	Increased top PIT rate is in the Finance Law for 2026; dividend tax exemption for individuals was eliminated in Finance Law 2025. Further refinements to PIT would enhance revenues and further improve fairness.
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	Some improved understanding of transfer pricing methods at the Ministry of Finance. PIT models are not yet developed. However, capacity of the TPU has increased with new databases shared by FAD.
RM II: Objective − Strengthened core tax administration functions (SDG 17.1) – TAD		**Rating - 2**
Outcome	**Rating**	**Narrative**
Audit and other verification programs more effectively	2 Partially Achieved	No CRM is in place. The large number of audits launched annually does not produce significant results in terms of revenue collection

ensure accuracy of reporting		or taxpayer behavior change. The new performance framework developed under this program draws on the conclusions of the governance assessment diagnostic to address the root causes of this underperformance, including HR modernization, oversight and effective digitalization of operations, and improved tax certainty for taxpayers.
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 should be provided.
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	With the help of this program—which encompasses business process reengineering and impact evaluation—the customs administration designed and trialed a dynamic risk analysis system using AI. Production rollout is anticipated in FY27.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Largely Achieved	Since early 2024, a dedicated unit has managed free zones. Enforcement of customs laws depends on strong internal monitoring of officers' performance and integrity. Three internal audits were carried out during FY26, drawing on the conclusions of the GDA. This program will keep supporting data-driven internal controls to maintain enforcement efficiency, in collaboration with AFS.

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 are needed for enhancements to 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.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
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.
Resource Adequacy		
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.
RM II: Deploying AI in production for automated selectivity requires sufficient computing power and an appropriate budget for on-premises implementation.	High	The IMF supports the customs administration to test frugal AI.
Other Risks		
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.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Malawi is reeling from several macroeconomic shocks. Reform ownership is weak, even after general elections in September 2025. Due to significant policy slippage, the IMF's Extended Credit Facility program for Malawi was automatically terminated in May 2025. Macroeconomic instability worsened in the context of election spending and the absence of reform. Growth is weak with high inflation and persistent foreign exchange and fuel shortages, and a high fiscal deficit. Malawi's public debt dynamics are deemed unsustainable. Against this backdrop, the new Minister of Finance has extremely ambitious near-term revenue mobilization targets in the order of 4 percent of GDP.

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 by the authorities, and multi-pronged assistance on both rationalization of income tax incentives and value-added tax (VAT) exemptions, as well as strengthening of revenue and customs administration enforcement, given persistent governance issues. Owing to scant technical resources in the government to autonomously design and implement effective revenue reforms, the Global Public Finance Partnership (GPFP) project has a pivotal role to play in making such a shift viable.

In practice, necessary adjustment continues to be delayed, with deferred implementation of revenue administration measures and keystone reforms of the VAT and Income Tax Act amendment bills, which are ready at a technical level thanks to IMF capacity development (CD) efforts in FY25 and FY26. Malawi's efforts to strengthen compliance improvement focused heavily on VAT administration, the Large Taxpayer Office (LTO), automation and data management, and core tax functions. In FY26, IMF CD helped the Malawi Revenue Authority (MRA) strengthen arrears management and taxpayer data integrity, deploy improved audit tools, and make better use of the new IT environment for compliance management. These steps improved operational control, though more traction is needed.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: A draft VAT Bill and full new Income Tax Act have been prepared through FAD CD but there are delays in implementation (still pending Parliamentary approval, in part due a new government that entered into power after elections in September 2025). Previously approved (but not implemented) VAT tax expenditure rationalization amendments were repealed by the new government in 2026. Extensive CD was provided in FY25 and FY26 reviewing the fiscal regime for mining and developing capacity on Fiscal Analysis of Resource Industries modeling of specific investment proposals, as well as tax expenditure reporting and VAT and personal income tax (PIT) microsimulation modelling. The new government will need more time to take ownership of reforms envisioned in both bills. Close coordination with the World Bank continues to ensure delivery of consistent policy messaging and inclusion in program conditionality (such as recent tax expenditure reporting).

Previous Progress: Initial tax policy support under the GPFP in FY25 focused on mining tax policy analysis, modeling, and legal drafting. The regional tax policy advisor based in Dar es Salaam has been closely involved with the authorities and provides a good cross-period and cross-administration anchor for continuity of assistance.

Next Steps: Future CD will focus on implementation support of the core set of reforms to VAT and income taxes for revenue mobilization purposes, while augmenting the analytical capacity at the Ministry of Finance and the MRA, including revenue forecasting skills.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: IMF CD support (HQ and through the Regional Technical Assistance Center for East Africa, AFE) helped the MRA strengthen its domestic revenue mobilization agenda, with concrete progress on arrears and data management and enhanced audit tools, supporting improved compliance management and implementation of the new IT environment. MRA is also on course to meet its FY25/26 revenue target, with the long-term resident advisor (LTX) continuing to monitor and report against GPFP milestones to sustain delivery focus.

Previous Progress: Under the GPFP project (May 2024–April 2027), support has been organized around four reform areas—VAT administration, LTO, automation/data management, and core tax and customs functions—complemented by AFE engagement. Earlier work helped build foundational capabilities in data analytics and audit and reinforced the shift toward fuller use of the new IT system and reduced reliance on the legacy platform.

Next Steps: CD will prioritize (i) completing migration to the new IT system, including a clear strategy and timetable to decommission the legacy system, and strengthening organizational arrangements to embed the new operating model; (ii) improving VAT control and refunds management, and reconciling VAT ledgers to strengthen revenue integrity; and (iii) deepening corporate data governance and practical audit techniques to sustain compliance gains. Continued HQ and AFE support will be aligned to these priorities, alongside continued dialogue with the authorities where priorities may shift.

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 and new Income Tax Act have been prepared but there are delays in implementation (still pending Parliament approval).

Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	Draft VAT Bill and Draft Income Tax Bill prepared, including provisions related to the mining fiscal regime. None of them have been approved yet and previous reforms have been repealed.
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	FARI model developed; authorities benefited from training on tax expenditure reporting and CD support on VAT and PIT microsimulation modelling. In-house technical capacity at MRA and the Ministry of Finance remain weak.
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 pending submission to the Board. Delayed given the installment of a Commissioner General and executive team.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	There is active monitoring of KPIs and monthly reports produced on LTO performance.
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	4 Fully Achieved	Systems are 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.
SM 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	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 ongoing to improve and maintain the accuracy of taxpayer registry. The multiple tax system is a challenge.
A larger proportion of taxpayers meet their filing obligations as required by law	3 Largely Achieved	Work in this area has advanced significantly and good progress has been made on improving filing compliance among all segments of taxpayers.
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 is largely achieved.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: 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. Severe macroeconomic constraints exacerbating fiscal risks to domestic debt and taxpayer base.
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. Authorities are implementing measures such as electronic tax invoicing and strengthening property taxes
Political Support		
RM I: Lack of political support may slow down reforms. Recent elections in September 2025 may impact reform progress or yield renewed political momentum.	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: 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 pro-actively to support the development of an implementation plan (and monitoring) while CD support is provided on an on-going basis. Provide support (jointly with FAD revenue

Description	Rating	Mitigation Measures
		colleagues) focused on better management of reforms to achieve desired strategic outcomes.
RM II: Low commitment and capacity of management to reform	Low	In-country LTX continue to work closely with senior management to ensure reform activities are on track. Monitor and report regularly to IMF HQ.
RM II: High turnover of holders of the post of Commissioner General creates uncertainties, creates a lack of ownership and slows down reform progress	Low	Strengthen management at all levels and ensure there is a project management or reform unit / team institutionalized to manage the reform programs
Other Risks		
RM I: Multiple donors are providing technical assistance on DRM and gaps, or overlaps may arise as a result.	Low	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: Implementation progress may be delayed if there is little or no political and administrative support for CD recommendations	High	Aligning reforms actions, timeline with conditions in the field - low capacity and lack of resources. Close monitoring by the in-country LTX and suggest recommendations in line with international good practices.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Under the *revenue administration* workstream, substantial progress has been achieved within the General Directorate of Taxes (GDT) and the General Directorate of Customs (GDC). Key advances include the adoption of function-based organizational structures, the preparation of separate strategic plans, and the rollout of compliance risk management (CRM) and risk-based selectivity tools in customs. Following the enactment of the Nouadhibou Free Zone Law (NFZL), a memorandum of understanding (MoU) was signed between the Free Zone Authority, the GDT, and the GDC to strengthen coordination and information sharing. The issuance of the implementing decrees has enabled the operationalization of the new Free Zone framework.

On the *tax policy* side, progress has continued through reforms to the investment code and its implementing decree, the conversion of the consumption tax into a standard excise tax, the establishment of a Tax Policy Unit (TPU) to strengthen the tax policy management framework, and enhancements to the tax expenditure assessment framework. Cooperation remains strong with IMF departments and development partners, notably Expertise France and the World Bank.

In FY26, the authorities advanced work under the *expenditure*-side stream by preparing and publishing their first domestically led spending review, building on the methodology workshop delivered in the previous fiscal year. The spending review is now informing policy discussions on expenditure efficiency. Progress was also made on reforming subsidies in the water and sanitation sector, with technical work on tariff setting supported by partners, notably AFD. This work has helped lay the groundwork for revising and publishing updated water pricing regulations ahead of the summer of 2026.

More broadly, the authorities have pursued significant *public financial management* (PFM) reforms in recent years. These include adoption of a new public investment management framework informed by the 2020 public investment management assessment (PIMA) and the 2023 Climate PIMA, with an enhanced focus on climate resilience and the introduction of climate tagging of investment projects. Reforms also encompass the enactment of a new state-owned enterprises law to strengthen governance, transparency, and central oversight. To help sustain fiscal gains beyond the IMF's Extended Credit Facility program, the authorities are reinforcing the macro-fiscal framework through the establishment of a macro-fiscal unit. In addition, the government has committed to amending the Organic Budget Law to introduce a fiscal rule anchored on the non-extractive primary balance. Effective implementation of this reform will require further improvements in forecasting capacity and the development of a robust medium-term fiscal framework to better anchor annual budgets in medium-term fiscal objectives.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: FAD's technical assistance enabled the authorities to finalize the implementing decrees for both the NFZL and the investment code, as well as to reform the consumption tax by replacing it with a conventional excise tax system. More recently, targeted capacity development (CD) on assessing the

impact of tax expenditures supported the authorities in preparing a tax expenditure rationalization plan, which is expected to be implemented starting with the 2027 Budget Law.

Previous Progress: Significant progress has been achieved. Key advances include the promulgation of the revised NFZL; the operationalization of the (TPU, which— with FAD support—prepared the 2023 tax expenditure assessment report; and substantive improvements in the tax expenditure assessment methodology and reporting. Further reforms are underway to revise the investment code with a view to eliminating *points francs* and reducing special regimes. In addition, the authorities have defined a tax policy implementation action plan, including preparatory work toward a comprehensive strategy for rationalizing tax expenditures.

Next Steps: FAD will continue to support the capacity building of the TPU and the authorities' plan to improve their tax system, including through reforming property taxes and mining taxation.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Notable progress has been achieved across several reform areas within the GDT and the GDC. Key advances include the adoption of function-based organizational structures in both administrations; the preparation of separate strategic plans for tax and customs; and the rollout of compliance risk management (CRM) and risk-based selectivity tools in customs. Following the enactment of the new law governing the Nouadhibou Free Zone, an MoU was developed and signed between the Free Zone Authority, GDT and the GDC, with support from revenue administration technical assistance. The MoU aims to strengthen inter-institutional coordination and information exchange related to the oversight of businesses operating in the Zone. The issuance of the related implementing decrees has enabled the operationalization of the new Free Zone framework. Cooperation continues with other IMF departments, including AFW and the Area Department, as well as with key development partners such as Expertise France and the World Bank.

Previous Progress: Capacity development support was initiated for the hydrocarbon sector, covering the tax and customs administrations as well as the joint unit in Mauritania. This support is ongoing and is expected to continue over the coming years. In addition, assistance was provided to the Nouadhibou Free Zone on legal, compliance, and governance aspects, and FAD continues to closely follow the effective implementation of this project.

Next Steps: Over the coming months, FAD will continue working on the Nouadhibou Free Zone (FZN) and the hydrocarbon sector, with a focus on ensuring that the implementation of reforms is fully aligned with international standards.

SM I: Spending Module I – Spending Policy

Key Progress in FY26: As a follow up of the workshop on spending reviews methodology, the authorities prepared and published their own spending review, which has become an input for policy discussions on expenditure efficiency. As a follow up of the mission on subsidies to water and sanitation sector, technical work on tariffication progressed, with the support of other partners (AFD).

Previous Progress: Previous engagement focused on building analytical foundations to undertake spending reviews including how to assess subsidies in key sectors. In the area of water and sanitation, a former 2024 mission analyzed subsidies in the sector and explained the challenges in balancing equity, sustainability and efficiency in the sector.

Next Steps: Authorities are encouraged to reiterate their review exercise every year. In the domain of water, authorities are now equipped to revise and publish their water pricing regulations.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: Under the climate change–related component of the GPFP project for Mauritania, the authorities have made progress in implementing climate budget tagging, enabling the identification of budget allocations directed to investment projects with adaptation and mitigation objectives. They have also benefited from support for the rollout of the new public investment management (PIM) framework, including assistance with the preparation of manuals and guidelines, as well as training to strengthen the appraisal and selection of investment projects, incorporating climate-related criteria. In the macro-fiscal component of the project, the establishment of a macro-fiscal unit—following the recommendations of an FAD diagnostic mission on the macro-fiscal function—constitutes a notable achievement. The newly created unit has recently received targeted technical support to strengthen the fiscal framework, particularly in the area of medium-term fiscal projections.

Previous Progress: In the climate change–related component, technical support focused on the implementation of the new PIM framework and a climate budget tagging process. The diagnostic mission on the macro-fiscal function was instrumental in highlighting to the authorities the limitations stemming from weak coordination, in a context where responsibilities are fragmented across different units within the ministry, and the need to take corrective action, which resulted in the establishment of the macro fiscal unit.

Next Steps: Future efforts will focus on supporting the consolidation of the macro-fiscal unit through continued training, close accompaniment, and technical support to strengthen the strategic phase of the budget and the medium-term fiscal framework, as a crucial guide for the annual budget process.

III. LOGICAL FRAMEWORK

Country – Mauritania		
RM I: Objective – Improve Tax Policy Design - TPD		**Rating - 3**
Outcome	**Rating**	**Narrative**
Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	The authorities are determined to amend existing legislation to enhance distributional fairness across taxpayers and have already completed reforms to the NFZL, the investment code, and their respective implementing decrees. Going forward, the next reform priority is the taxation of the mining sector. In addition, the authorities plan to undertake a study of the salary tax base for civil servants, with a view to promoting greater equity between the public and private sectors in the taxation of wages.
Increased economic efficiency by minimizing economic	3 Largely Achieved	The authorities have (i) reformed the new investment code that eliminated "points francs" and CIT exemptions, (ii)

distortions or addressing externalities or market failures		reformed the consumption tax into a conventional excise tax that will help address externalities, and (iii) updated the General Tax code in December 2025 to consolidate all tax measures and incentives and limit responsibility for introducing new tax measures to the MEF. As a next step, the authorities are planning a reform of mining tax system.
Increased/decreased revenue quantity	3 Largely 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 rationalize tax expenditures and increase tax revenue.
RM I: Objective − Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		**Rating - 4**
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	The TPU is now fully operational and has prepared the 2023 and 2024 tax expenditure assessment reports, as well as an action plan for tax policy implementation. In parallel, the Unit is preparing a tax expenditure rationalization plan, with a view to implementation starting with the 2027 Budget. The methodology used to assess tax expenditures has been modernized, including through expanded coverage of taxes. The authorities have expressed their appreciation for the support provided by FADT1 and have requested continued assistance to further strengthen the capacity of the TPU.
Improved transparency and outreach	4 Fully Achieved	Tax expenditure reports have been published on the Ministry of Finance (MOF) website and in the Annex of the annual budgets for several years now and have been improved. The authorities also prepared a non-technical summary of the report to enhance 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	2 Partially Achieved	For the first time, the General Directorate of Taxes has developed a formal strategic plan, whereas previously it relied on ad hoc measures and action lists. A strategic plan has already been developed for customs administration. In addition, an integrated FAD/AFW mid-term capacity development plan has been designed for both the tax and customs administrations.

		Customs: Strategic Plan was developed but operational plan has not been developed.
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. For customs, a new methodology for selecting targeting rules was developed using machine learning techniques to strengthen the identification and calibration of risk indicators. The approach is expected to enhance the effectiveness of the selectivity system by improving the detection of high-risk consignments while reducing unnecessary controls, thereby supporting both revenue protection and trade facilitation.
Organizational arrangements enable more effective delivery of strategy and reforms	3 Largely Achieved	In January 2026, new organizational structures for the tax and customs administrations were officially issued, following recommendations from FAD and AFW. In addition, we assisted the tax administration in developing the functions, roles, and responsibilities aligned with the newly issued organizational structure of the tax administration.
Effective implementation of a new tax or modernized legislation	3 Largely Achieved	Following the issuance of the new law governing the Nouadhibou Free Zone, the IMF developed action plans to support the revenue administrations in managing the transition of tax files from the Free Zone to the oversight of the tax and customs administrations. In parallel, FAD supported the Mauritanian authorities in drafting an MoU to define the framework for tax management within the Free Zone. The MoU has been approved by all relevant stakeholders. Subsequently, the decrees defining the perimeter of the zone and the authority responsible for managing the zone were officially issued.
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 does not yet have a comprehensive, risk-based audit plan, and audit selection is not driven by systematic risk analysis. Although desk and field audits are being conducted, the field audit unit is undertaking responsibilities beyond its intended mandate, diluting its effectiveness. The IMF has supported the General Directorate of Taxes by providing guidance on the development of a structured tax audit plan.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	A tax arrears collection strategy has been developed, and the plan for preventing and reducing tax arrears has been updated to align with international good practices. While tax administration is expected to implement the proposed strategies, implementation to date has been partial.
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	While valuation controls have been automated, the current control approach is not yet fully grounded in a robust and consistently applied risk analysis framework. Efforts are therefore underway to strengthen risk management practices in order to enhance targeting and support more effective and evidence-based controls.
While valuation controls have been automated, the current control approach is not yet fully grounded in a robust and consistently applied risk analysis framework. Efforts are therefore underway to strengthen risk management practices in order to enhance targeting and support more effective and evidence-based controls.	2 Partially Achieved	The Post Clearance Audit (PCA) program remains underdeveloped, with limited maturity in its implementation. Additionally, institutional capacities for managing authorizations and controlling end-use exemptions are currently weak and require strengthening. The enforcement function is currently undergoing reorganization to enhance surveillance and investigation capabilities.
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	Technical work supporting water tariffication reform with support from AFD is nearing completion. The authorities now have the analytical basis to revise and publish the water pricing regulations
SM I: Objective – Strengthen Policy Evaluation and Institution Building - PEI		**Rating - 4**

Outcome	Rating	Narrative
Authorities have an understanding of opportunities to enhance the adequacy, efficiency, and sustainability of public expenditure	4 Fully achieved	Spending review has been prepared by sectoral groups, providing an analysis of adequacy, sustainability and efficiency of man public spending areas.
SM II: Objective – Strengthen Budget Management – SBM		**Rating - 3**
Outcome	**Rating**	**Narrative**
Strengthened annual budget process for more efficient, and effective use of resources	3 Largely Achieved	The technical assistance activities ensured continuity with the support provided in 2025 to strengthen the budget process and improve resource allocation, while integrating climate change considerations. In particular, one follow-up activity led to improvements in the climate budget tagging (CBT) methodology applied by the government to investment projects included in the 2026 budget, bringing it into closer alignment with the recommendations of the 2025 mission. In addition, the follow-up mission supporting the implementation of the new Public Investment Management (PIM) framework facilitated training for staff from the Ministry of Economy and line ministries on the appraisal of investment projects under the new PIM framework adopted by the government at end-2024, including the application of climate screening to selected investment projects.
SM II: Objective – Build Sustainable Fiscal Institutions - SFI		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened capacity to plan, implement and sustain infrastructure governance	2 Partially Achieved	Building on the support provided in 2025 for the implementation of the new PIM framework and considering the need to strengthen the technical capacity of the units responsible for evaluating and selecting investment projects, a technical assistance activity is being delivered since early 2026. Its objectives are to train staff from the MOF and line ministries on the appraisal and selection of investment projects, and to support the design and application of a climate change screening to assess the impact of investment projects in terms of adaptation and mitigation of climate-related risks.
SM II: Objective – Strengthen Macro-Fiscal Frameworks - SMF		**Rating - 2**
Outcome	**Rating**	**Narrative**

Strengthened medium-term fiscal frameworks	2 Partially achieved	In December 2025, the authorities established a Macro-Fiscal Unit (MFU) within the MOF, in line with the main recommendation of the 2025 FAD Diagnostic Mission on the performance of the macro-fiscal function. Technical assistance missions were delivered in February 2026 in coordination with ICD, to train MFU staff on medium-term macro-fiscal projections. The MFU is making progress toward producing medium-term macro-fiscal projections for the 2027–29 MTFF and the 2027 budget. In parallel, a short term expert (STX) has been supporting the Budget Department in drafting an amendment to the budget organic law to introduce a debt-based fiscal rule. A first draft of the relevant article has been prepared. The amendment is expected to be approved by the National Assembly by May 2026, in line with the structural benchmark under the 2022–26 ECF/EFF arrangement.
Strengthened identification, monitoring and management of fiscal risks	1 Not Achieved	The MOF has not established the fiscal risk assessment function within the MOF. The project aims to provide technical assistance on this topic. A mission is initially planned for October 2026.

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 adaptation needs.	Low	Further strengthening of revenue policies to deal with natural disasters and to ensure continued and additional revenue mobilization.
RM III: Higher frequency and severity of climate-related natural disasters, which affect economic stability and growth and create large adoption needs.	Medium	Further strengthening of revenue policies to deal with natural disasters and to ensure continued and additional revenue mobilization.
SM I: Drought episodes could make the issue of water supply very sensitive in terms of livelihoods and political support.	Medium	Encourage authorities to adopt risk assessment and preparedness practices. Reinforce the safety net so that it can rapidly adapt and scale up to support the vulnerable if prices go rapidly up.
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 PFM climate practices to deal with natural disasters is ongoing.

Description	Rating	Mitigation Measures
Political Support		
RM I: There is strong support for revenue administration and tax policy modernization from the Minister of Finance. 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 Minister of Finance and ensure Minister's support to strengthen the work of the GTD and leverage MCD to maintain contact and provide progress briefings with Minister on priority areas.
RM II: There is strong support for revenue administration from the MOF.	Low	Maintain good contact with the MOF and ensure Minister's support to strengthen the work of the GDT and leverage MCD to maintain contact and provide progress briefings with Minister on priority areas.
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.
SM I: Political economy prevents difficult reform implementation.	High	Highlight the pressing needs in terms of infrastructure and social spending. Reiterate the case that subsidies are an inefficient type of spending. Explain the value added of empowering government sector in conducting spending reviews autonomously.
SM II: Reform commitment is high under the IMF program. Lower political support for the reform process is not expected.	Medium	Ensure clear communication of reform requirements.
Management and Technical Staff Support and Commitment		
RM I, SM II: Reform commitment to the IMF 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 among 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. - Adjust expectations to staff capacity; accompany the process by dividing the tasks into small steps.
SM I: Process is demanding and requires heavy planning and coordination.	Very High	Adjust expectations to staff capacity; accompany the process by dividing the tasks into smaller size steps.
SM II: Reform commitment is high under the IMF program. Technical capacity within the MOFE is low	Medium	Ensure coordination among MOF departments and other key institutions. Ensure continuous training and support.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM I: Current capacity to achieve results is low, as is the adequacy of resources.	High	More resources and stronger reform management are needed.
RM II: Lack of office space and equipment for tax administration staff.	Very High	Authorities should be encouraged to allocate the necessary resources to the Tax Administration to ensure the continuity of day-to-day operations, including infrastructure and related needs. Support from the Minister of Finance is essential to advance this effort
SM II: Public administration issues and constraints affect PFM functions within the MOF: predominancy of short-term contracts, lack of career incentives, high turnover rate and low salaries	High	Assess human resource challenges and constraints at the unit/directorate level, rather than at the ministry level, and provide feasible recommendations

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I. COUNTRY REFORM PROGRESS

To support the European Union (EU) Moldova Growth Plan/Reform Agenda, the Global Public Finance Partnership (GPFP) furthered Moldova's tax reforms agenda through modernizing the tax framework and strengthening the tax administration. In this respect, the project achieved meaningful results:

- **VAT Reform:** Moldova is redrafting redrafted the VAT chapter of its Tax Code, establishing a broad-based VAT system with a single rate (20 percent) and minimal exemptions—eliminating the previous complex structure of multiple reduced rates and preferential treatments, thereby simplifying the tax framework and broadening the revenue base.
- **EU Tax Alignment:** Drawing on options developed with IMF support, Moldova adopted a legislative package aligning its income tax framework with EU Income Tax Directives—a decisive step toward harmonization with the EU *acquis* and a direct outcome of GPFP CD engagement.
- **Compliance Risk Management:** Acting on FAD advice, the State Tax Service (STS) established a dedicated analytical unit to support compliance risk management (CRM) process. As a result, STS has expanded staff analytical capacity for compliance risk assessment and started assessing tax compliance gaps. It has also started developing a compliance program that would bring all STS activities under CRM coordination, marking measurable institutional progress in modernizing tax administration.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: IMF tax policy advice and capacity development are beginning to translate into concrete reform steps. The current reform-oriented Minister of Finance is advancing a reform package broadly aligned with IMF recommendations and Moldova's EU accession agenda. The VAT chapter of the Tax Code has been redrafted to improve efficiency and reduce economic distortions. The reform—initiated by the new pro-EU government—aims to establish a broad-based VAT with minimal exemptions (including eliminating exemptions permitted under the EU acquis) and a single-rate VAT (currently 20 percent), replacing the existing system of multiple reduced and preferential rates. As reported under Chapter 16 of the EU accession negotiations, a draft law was approved in June 2025 to partially align Moldova's excise duty regime with EU directives.

Previous Progress: Based on options developed with IMF support, Moldova adopted a legislative package to align its tax framework with the EU Interest and Royalty Directive. The ongoing redesign of the business taxation framework—building on IMF advice—aims to simplify and rationalize the system by reducing the number of regimes for legal entities from more than ten to four.

Next Steps: Further progress is required to complete harmonization with EU excise directives, particularly regarding the taxation of energy products and tobacco. As part of Moldova's commitments under the OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS), the authorities should finalize a roadmap for implementing the BEPS minimum standards and begin structured implementation. In addition, preparatory work should start to assess and eventually implement the EU Directive on a global minimum

level of taxation for multinational enterprise groups and large-scale domestic groups (EU Directive 2022/2523).

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The State Tax Service (STS) continues to make steady progress in further developing a compliance risk management (CRM) approach in tax administration. Per FAD advice, a specialized analytical unit has been set up with governance arrangements to manage the CRM process. FAD CD support continues to build STS staff's analytical capacity for compliance risk assessment and bring all STS activities under CRM coordination.

Previous Progress: In April 2025, FAD recommended a five-year audit modernization action following an October 2024 diagnostic review of the tax audit program. With the plan currently under implementation, STS staff capacity to build internal processes and knowledge to assess compliance gaps is improving, ensuring the tax audit program follows good international practice.

Next Steps: Work in FY27 is planned to extend tax gap assessment to CIT and possibly PIT, and to link compliance gap analysis with overall CRM program and tax audit operations through a comprehensive compliance strategy. Further tax administration reform priorities to support implementing tax policy reforms will be outlined and advise on relevant reform options provided during FY27.

III. LOGICAL FRAMEWORK

Country – Moldova		
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 IMF tax policy advice and capacity-building have started to bear fruit—the current reform-minded Minister of Finance is building the reform package that is consistent with IMF advice: Building on, and fully in line with IMF advice, the VAT Chapter of the tax code has been redrafted to improve its efficiency and reduce economic distortions. The reforms—initiated by the new pro-EU government and reform-minded Minister of Finance aims at (1) a broad-based VAT that includes a minimum number of base exemptions (eliminating even the exemptions that are allowed under EU tax acquis); and (2) a single-rate VAT (currently at 20%), with all reduced/preferential rates being eliminated. As reported by the Chapter 16 of EU negotiations, in June 2025, a draft law was approved to partially align Moldova's excise regimes with EU directives. More needs to be done with respect

		to harmonization of excise duties on energy products and tobacco.
Improved distributional fairness across taxpayers due to amended tax rates or base	3 Largely Achieved	Based on the options developed by the IMF, Moldova adopted EU Interest/Royalties Directives, with EU directives on taxation applicable to mergers/cross-border reorganizations and EU parent-subsidiary Directives planned for adoption by the end of CY26. The current redesign of the tax reform—building on the IMF advice—aims at simplification/rationalization of the business tax regimes, to bring the total number of regimes for legal person taxation from the current 10+ to 4.
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	STS is making progress in improving CRM, but work remains to: (i) implement a data warehouse to support risk analysis, (ii) improve risk rules by taking the consequence side into account, (iii) introduce modern analytical tools, and (iv) further invest 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. FAD support on VAT compliance gap assessment was provided in June and December 2025. As a result, the STS developed an estimate on the size of VAT compliance gap.
RM II: Objective − Strengthened core tax administration functions (SDG 17.1) - TAD		**Rating - 3**
Outcome	**Rating**	**Narrative**
The integrity of the taxpayer base and ledger is strengthened	3 Largely 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	3 Largely 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 statistical 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 FAD in February 2025. The assessment revealed gaps compared to the good international practice. A five-year audit modernization action plan to address the gaps was prepared with FAD support in April 2025. The plan has been adopted by the STS management and is being implemented.

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 allow for sufficient flexibility to adjust activities in the course of adverse events.
RM I, RM II: Resurgence of pandemic or other global crises hinders CD delivery and changes CD priorities.	Low	RM I: Build on significant progress achieved with remote delivery of CD in Moldova. RM II: In case of interruption of travel, the CD can be delivered remotely using online communication channels.
Political Support		
RM I: 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 collaboration with the IMF's European Department (EUR) team and the authorities.
RM II: Lack of political support	Medium	Involve area department country team to discuss and resolve underlying issues related to the lack of political support.
Management and Technical Staff Support and Commitment		
RM I: MoF presents a relatively weaker counterbalance to the political capital/influence of the other significantly more powerful/empowered ministries.	Medium	Leverage the EUR team and IMF's Resident Representative Office to encourage longer-term commitments to the tax policy reforms, including through regular engagement with the Prime Minister.

Description	Rating	Mitigation Measures
RM I: Threats from political influences on the MoF management commitment for modernization of tax system.	Medium	Support MoF management with strategic advice and political narrative on the need for modernization of the tax reform.
RM I: Insufficient stakeholder engagement to ensure reform buy-in by key-players. Lack of transparent tax consultations on the proposed reform impact.	Medium	Leverage the EUR team and IMF's Resident Representative Office to encourage Early engagement and comprehensive tax reform communication/education through all available media channels.
RM II: Project has been formally requested by the STS who have identified the specific CD need	Medium	Apply extended communication with authorities, including MOF. Engage 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 resource allocation.

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I. COUNTRY REFORM PROGRESS

Revenue administration reform continued to advance, anchored by the Mongolia Tax Administration's (MTA) 2025–2028 Strategic Plan, which provides a clearer basis for sequencing improvements in taxpayer services, compliance risk management, digitalization, and integrity. Building on earlier IMF support, the authorities have also taken steps to sharpen compliance management—most notably through approved compliance improvement plans (including for large taxpayers)—while recognizing that performance against core filing and payment expectations remains uneven and will require sustained follow-through and better use of risk-based approaches to translate plans into results.

On the customs side, the authorities are using recent engagement and dialogue with FAD to clarify priorities for strengthening enforcement and governance, with particular emphasis on risk management and selectivity to better target noncompliance and smuggling risks, alongside continued work toward a modernized legal framework. IMF engagement has supported a more joined-up perspective across tax and customs and reinforced the importance of clear reform milestones, internal controls, and integrity measures to sustain progress. Coordination with other development partners remains active to help ensure that advice on modernization and reform sequencing is consistent and mutually reinforcing.

In expenditure policy, we engaged closely with the Ministry of Finance and the Ministry of Family, Labor, and Social Protection to assess key challenges in wage bill management and pensions. This work helped highlight persistent fiscal pressures from wages, as well as high pension spending and unfinished reforms that risk undermining benefit adequacy. Building on this initial engagement, the authorities have requested further support to strengthen technical capacity, including work on public pay structures, performance incentives, and lessons from international pension reforms. Future efforts will draw on GPFP resources and continue close coordination with the World Bank, particularly on pension reform.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: During the reporting period, FAD support helped the authorities maintain momentum on priority tax and customs reforms, with strong progress against agreed milestones and strengthened working relationships with the new MTA Commissioner. The authorities also benefited from timely, supplementary policy and administration advice to inform the government's emerging tax reform agenda. Coordination remained strong across FAD and with key partners (including LEG on AML, CCAMTAC, and ADB/JICA/KOICA/OECD), supporting a more coherent overall reform effort. **Previous Progress**: FY25 and earlier engagement established the technical foundations and reform direction, which this period's work leveraged to advance implementation and respond quickly to new policy priorities. Some elements were deferred to sequence reforms appropriately and align timing with the authorities' readiness and capacity constraints.

Next Steps: Over the next six months, support will focus on TADAT assessment in tax administration to set the new strategic direction in revenue administration reform. Work will also continue in customs modernization. The activities will be held in close alignment with other development partners.

SM I: Spending Module I – Spending Policy

Key Progress in FY26: FAD engaged with the Ministry of Finance (MoF) and the Ministry of Family, Labor, and Social Protection (MFLSP) and delivered activities to provide a strategic assessment of wage bill management and pension issues. These activities were funded with internal IMF resources to maximize synergies and leverage GPFP resources for deeper engagements. The wage bill remains a source of fiscal pressures, with wage decisions being fragmented and weakly anchored in the budget or MTFF; pension spending is high for a young population and the implementation of past reforms remains incomplete and risk to deliver inadequate benefits.

Next Steps: Following the missions on wage bill and pensions, the authorities requested further support to develop technical capacities leveraging GPFP resources. The requests cover revising public pay scales, examining options to implement performance pay, and reviewing international experiences in the implementation of pension reforms. Coordination closely with the World Bank, particularly on pension reform, will continue.

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	The MTA 2025-2028 Strategic Plan was approved and posted in October 2025. The authorities can now proceed with systemic improvement of taxpayer service, risk management, digitalization of tax administration, and improving integrity.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	Compliance Improvement Plans were approved in February 2025, including for large taxpayers. However they could be further improved and should be effectively operationalized.
Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	Progress is ongoing, as MTA continues to implement IMF advice to reform support functions.
More independent, accessible, effective and timely disp ute resolution mechanisms adopted.	1 Not Achieved	Progress on discussions with MOF or MOJ is ongoing, regarding the possibility of a specialist tax tribunal or court to hear tax disputes arising from Large taxpayers.

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	VAT return rates for large taxpayers are not yet consistently at 90 percent on time.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	VAT return payments rates (by number or by value) for large taxpayers are not yet consistently at 85 percent on time. Other values need to be confirmed.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	The performance values need to be confirmed during further CD engagement.
RM II: Objective −Strengthened core customs administration functions – CAD		**Rating - 1**
Outcome	**Rating**	**Narrative**
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	Building on the joint customs tax field-based engagement, the authorities have clarified priorities for strengthening enforcement, with particular emphasis on improving risk management and selectivity to better target noncompliance and smuggling risks. The June 2025 staff visit highlighted the need to re-energize implementation through clear milestones and to reinforce integrity and internal controls as part of the broader reform agenda.
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	No GPFP-funded work this year.
Trade facilitation and service initiatives better support voluntary compliance	1 Not Achieved	Same as above.
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	Building on wage bill and pension activities financed with internal IMF resources, the authorities are considering options to contain wage bill pressures and increase the long-term sustainability of pensions.
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	2 Partially Achieved	The activities on wage bill and pensions provided a set of options to contain wage bill pressures and increase the long-term sustainability of pensions. The authorities requested further support to revise pay scales, examine options to implement performance pay, and review international experiences in the implementation of pension reforms.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II: Civil unrest could affect the delivery of CD	Low	Regular communication with the IMF's APD country team, 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. The political economy can sometimes be volatile, causing the authorities to prioritize rapid changes in government decisions.	Medium	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. Positive engagement between ministry of finance and IMF.
RM II: A new Customs law will not be approved by parliament.	Low	Engage regularly with Ministers and senior management of customs to provide advice helping overcome the obstacles to adoption of the law.
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.	Low	The scoping of the focus on priority reforms helps to ensure sustained commitment. Keep positive engagement with the new Commissioner.
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	Include support on change management capability in MTA.
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.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM II: The small size of the institutions leads to enhanced risk of institutional memory loss from staff departures and underdeveloped staff training.	Medium	Assist in delivering contemporary and past CD content into an in-house online training and delivery platform.
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.

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I. COUNTRY REFORM PROGRESS

Mozambique has significant natural gas deposits that, if developed in an efficient manner, could generate important revenues for government. However, the development of these resources has been slowed by grave security concerns and political instability, with development of the most significant projects stopped under force majeure. More recently, security conditions have improved and development has restarted, with significant natural gas production projected to start in the coming years. Mozambique also has important mineral resources. In this context, this Global Public Finance Partnership (GPFP) project has supported government efforts in extractive resource management on tax policy and revenue administration, to realize the fiscal benefits of resource extraction. It is important for the government to continue building capacity of staff to be prepared to effectively manage the fiscal regime for both petroleum and mining. This includes identifying potential fiscal risks, conducting timely audits of development costs and forecasting resource revenues. The IMF's Fiscal Affairs Department (FAD) has coordinated with consultants working for the Norwegian Agency for Development Cooperation, that are also developing capacity for petroleum revenue projections, and with the Taxing Efficiently for Developing Inclusively project that is funded by the United Kingdom and Sweden.

FAD capacity development (CD) through the GPFP project has focused on continuing to build capacity of key staff in the Ministries of Finance and Energy, the Revenue Authority, sectoral regulators and the national oil company. In particular, staff have been trained in the use of sectoral Fiscal Analysis of Resource Industries (FARI) models to forecast revenues and as a tool to analyze extractives tax policy. Staff have built their capacity to support a risk-based approach to tax compliance management. FAD has been able to regain traction with authorities, after a period of political instability and a significant reorganization of government that stopped CD delivery in 2025. Looking forward, authorities will benefit from building capacity to effectively renegotiate fiscal terms of expiring mining agreements, and to update and use the existing mining and liquified natural gas FARI models. On revenue administration of the extractive industries (EI), CD will continue addressing audit capacity through practical on-the-job training, mentoring and coaching, including building data analytics capacity, and strengthening risk assessment capabilities in the Extractive Industry Taxation Unit within the Mozambique Revenue Authority. The authorities signaled strong interest and commitment to continue engaging in CD activities.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: With political and social stability returning to the country in 2025, support on extractives was restarted with a CD mission in December 2025, focusing on a FARI workshop and policy discussions with the main stakeholders. FARI models have been developed both for mining and natural gas projects, which will need to be periodically updated to ensure they remain relevant for authorities. More capacity building needs to be delivered to ensure that key staff remain well trained in the models used. Various CD activities have reviewed the contractual framework for liquefied natural gas (LNG) projects, and its tax implications. Force majeure was lifted and final investment decision has been reached for all LNG projects.

Previous Progress: Lingering social and political unrest in 2024/2025, and a significant reorganization of the Ministry of Finance slowed CD delivery on extractives industries.

Next Steps: More CD is needed to update mining and petroleum forecasting revenues as development of the largest LNG projects restarts. Additionally, more capacity building of staff is needed to update and operate the revenue forecasting models. There is also a need to build staff capacity to model the fiscal terms of expiring mining agreements. A CD mission is planned for late 2026.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Due to limited absorption capacity of the tax administration extractive industry unit, (this unit is engaged in an ambitious tax audit program), CD slowed down. A remote STX support reviewed the latest compliance improvement plan (CIP) in the EI and provided recommendations for improvement.

Previous Progress: Mozambique has benefitted from CD from FAD and other technical partners for 8 years on EI, resulting in notable progress in the administration of EI taxes. The tax administration is now engaged in an ambitious tax audit program of large-scale oil and gas investors, covering some of the most complex tax issues.

Next Steps: A staff visit in April 2026 by the regional EI long-term resident advisor confirmed the strong interest and commitment of the authorities to continue engaging in CD activities with FAD on revenue administration, with a focus on audit capacity through mentoring and coaching, building data analytics capacity, and strengthening risk assessment capabilities in the Extractive Industry Taxation Unit.

III. LOGICAL FRAMEWORK

Country – Mozambique		
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	Various activities have reviewed the contractual framework for LNG projects, and its tax implications. Force majeure was lifted and final investment decision has been reached for the most important LNG projects. A CD mission in December 2025 discussed the outlook for the fiscal regime for mining activities, but no additional requests for CD were received.
RM I: Objective − Strengthen Policy Monitoring, Evaluation, and Institutions – TPM		**Rating - 3**
Outcome	**Rating**	**Narrative**
Improved structures (e.g., tax policy units) or capacity (e.g., models and	3 Largely Achieved	With social and political unrest subsiding, cd on extractives was restarted in December 2025. FARI

tools) related to tax policy advice and analysis.		models have been developed both for mining and natural gas projects, and updates of the models will be continually undertaken to be sure they keep their relevance for authorities. More capacity building needs to be delivered to ensure that key staff remain well trained in the models used.
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	A CIP for the EI has been developed. The extractive industry unit has started implementing the CIP, by initiating a risk-based tax audit program, including transfer pricing-oriented audits of large oil and gas projects. The audit program will inform an improvement in the CIP.

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 resources being allocated that are needed to enhancements to fiscal risk management institutions and practices.	Medium	Ensure fiscal risk 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 I: Potential staff turnover and lack of specific capacities hinder adoption of policy recommendations	Medium	Tailor CD delivery to staff's abilities and identify junior staff to receive CD.
RM II: Low commitment of management and staff in finance and other ministries 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.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM I, RM 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 prioritize CD to priority or highest risk areas where resources are limited.
Other Risks		
RM II: Multiple donors provide 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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I. COUNTRY REFORM PROGRESS

Caribbean tax administrations are shifting from ad hoc compliance interventions to more systematic, risk-based compliance risk management (CRM), as weak analytics and fragmented data continue to undermine revenue integrity and stretch limited operational resources. With IMF capacity development (CD) support, the reform has moved from awareness-raising to country-owned implementation through a Community of Practice (COP) of six pioneer administrations (Barbados, Belize, Curaçao, Grenada, Guyana, and Jamaica). IMF CD provided a common CRM framework and step-by-step methodology, facilitated hands-on peer learning (including a face-to-face workshop), and supported translation of concepts into sequenced, practical plans. As a direct result of this support, COP members have developed CRM action plans to address early implementation issues (e.g., governance arrangements, risk prioritization, and improved use of data to identify risks and select treatments). The COP is using periodic virtual check-ins to track progress, sustain momentum, and flag areas for targeted bilateral follow-up. Next, IMF CD will support delivery through tailored in-country assistance aligned to each action plan and a second face-to-face workshop (April 2026) with practical work on risk differentiation to help institutionalize risk-based compliance management. Coordination with other partners will continue to avoid overlap and reinforce complementary support.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration

Key Progress in FY26: The COP for CRM is now fully established among the six pioneer countries (Barbados, Belize, Curaçao, Grenada, Guyana, and Jamaica) and has held one face-to-face workshop to deepen practical application of CRM concepts and strengthen collaboration across administrations. Members continue to meet virtually and undertake peer-to-peer activities, supporting continued momentum between workshops.

Previous Progress: The project began in FY25 with regional webinars that introduced core CRM concepts and implementation steps to a broad set of Caribbean tax administrations, creating a common foundation for more tailored peer learning. Building on this groundwork, the COP was formed with the six pioneer countries to move from awareness-raising to practical, country-owned implementation.

Next Steps: The COP will continue periodic meetings to monitor progress against country action plans developed following the last COP workshop, including tracking approval by relevant country authorities. Members will also sustain peer-to-peer engagement between meetings and receive bilateral in-country support focused on specific priorities identified in each country's action plan. A second face-to-face peer engagement workshop is planned for April 2026, including a practical session on risk differentiation, to review implementation progress and challenges, share emerging practices, and agree on next milestones to institutionalize risk-based compliance approaches.

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	3 Largely Achieved	The project was rolled out with two webinars: (i) an inauguration event, to provide an overview of CRM, which had more than 110 participants; and (ii) *CRM: Getting Started*, to discuss the foundations of effective CRM implementation. Both events were open to all Caribbean countries. The second phase was conducted with a workshop in Barbados (October 2025) to establish a COP with participants from six countries (Barbados, Belize, Curacao, Grenada, Guyana, Jamaica). There is ongoing engagement with the COP monitoring their action plan and progress to further embed CRM within their tax administrations.

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		
Existing staff lack the technical skills to support the CRM framework	Medium	Develop and implement frameworks that are specifically designed to meet the unique needs and constraints of smaller tax administrations, ensuring

Description	Rating	Mitigation Measures
		that available staff can operate efficiently within their capacity.
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 of 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.
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.

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The Global Public Finance Partnership (GPFP) project for the Lusophone African countries aims to establish a permanent forum for capacity building on public financial management (PFM) issues and to foster peer-to-peer learning among Angola, Cabo Verde, Guinea-Bissau, Mozambique, and São Tomé and Príncipe. These countries share common PFM practices and similar reform agendas, and the regional approach allows capacity development (CD) delivery to leverage synergies while remaining closely aligned with country-specific reform priorities.

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, among others. The activities are delivered in Portuguese with the support from Regional Capacity Development Centers (RCDCs) and the IMF's African Training Institute (ATI), using a combination of in-person and remote interactive learning modalities.

During the reporting period, the project focused on supporting reforms in treasury and cash management. The second GPFP-funded five-day in-person regional workshop was delivered in March 2026 at the ATI located in Mauritius, covering treasury and cash management. About twenty officials from treasuries, debt, budget, and revenue administration departments from the five Lusophone countries participated in-person, representing members of the RCDCs for South Africa (AFS), Central Africa (AFC), and West Africa (AFW and AFW2). The program received strong endorsement from participants, achieving an overall evaluation score of 4.6 out of 5.

Through regional training and peer exchanges, the workshop enhanced authorities' understanding of cash flow forecasting, government bank account management, treasury single account (TSA) structures, and coordination between cash and debt management functions. As a result, authorities in several countries have initiated follow-up actions to improve cash forecasting practices, rationalize government bank accounts, and strengthen coordination across central finance institutions, building on the analytical frameworks introduced through GPFP support.

II. PROJECT DELIVERY HIGHLIGHTS

Spending Module II – Managing Public Finance
Key Progress in FY26: The second five-day in-person regional workshop on treasury operations was delivered in March 2026 in the ATI in Mauritius. The participants were introduced to an overview of modern treasury operations, including the institutional arrangements for cash management; cash-flow forecasting methodologies and data requirements; management of government bank accounts and TSA structures; short-term liquidity management and coordination with debt issuance; and causes, monitoring, and clearance of expenditure arrears. By the end of the workshop, participants are expected to have a clearer diagnostic of cash management weaknesses in their own countries, be familiar with practical tools to improve cash forecasting and liquidity control, including FAD's Cash Forecasting and Analysis Tool (CFAT), identify priority short- and medium-term reform actions. Additionally, to promote peer learning, the seminar included presentations from officials representing the five Lusophone African countries strengthen

professional networks across Lusophone treasuries and IMF technical assistance providers. FAD staff organized the workshop in collaboration with the AFS and coordinated with other regional centers in Africa.

Previous Progress: During FY25 and earlier, the GPFP Lusophone Africa project established a solid foundation for regional peer learning in core PFM areas, notably through Portuguese-language capacity development that strengthened shared diagnostics and reform prioritization across participating countries. Recent work builds on these achievements by deepening the focus on treasury and cash management, responding to country demand to move from high-level diagnostics toward more operational reform tools and implementation-oriented follow-up; no activities were postponed during the reporting period.

Next Steps: Another in-person regional workshop will be delivered in FY27 covering, as a matter of priority, core PFM areas and emerging topics that are macro critical for the Lusophone Africa community including: (1) budget formulation and execution, cash and debt management, financial control and reporting; (2) fiscal risks including SOEs and climate-related risks; (3) strengthening climate-resilient public investment management; and (4) gender budgeting.

III. LOGICAL FRAMEWORK

Country – Lusophone African Countries		
Objective − Strengthen Budget Management - SBM		**Rating - 1**
Outcome	**Rating**	**Narrative**
Strengthened annual budget process, and effective allocation	1 Not Achieved	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. The workshop will focus on strengthening the annual budget process to support more credible, policy-driven budgeting and more effective allocation of public resources. It will help authorities better translate strategic and medium-term objectives into annual budgets, improve budget credibility, and strengthen alignment between budgets and development priorities through practical tools and peer learning.
Strengthened asset and liability management processes	2 Partially Achieved	Country officers attended a workshop in March 2026 on modern treasury management operations. Specifically, the workshop aimed to (1) strengthen capacity in liquidity management and cash-flow forecasting, including the use of the CFAT; (2i) enhance treasury account management, including consolidation and use of TSA; (3) improve institutional coordination between treasury, budget, and debt management functions; (4) address the identification, monitoring, and management of payment arrears; and (5) improve understanding of modern cash management frameworks and international good practices. Country officers shared

		experiences and learned from peers' reform efforts toward strengthening treasury operations and cash forecasting.
Strengthened budget execution and control processes	1 Not Achieved	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. The workshop will focus on strengthening budget execution and control processes to support more timely, controlled, and transparent use of budgeted resources. It will help authorities improve the credibility and predictability of budget execution, reduce deviations between approved and executed budgets, and strengthen compliance with established legal and financial management frameworks through practical tools and peer learning.
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	Country officers were trained in November 2024 on the Fiscal Risk Toolkit (including SOE-HCT, SOE-ST, DGLAT). Country officers 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 Achieved	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. The workshop will focus on strengthening medium-term frameworks by improving the integration between macro-fiscal forecasts, medium-term fiscal and budget frameworks, and annual budget processes. It will help authorities enhance fiscal planning, improve the credibility and sustainability of fiscal policy, and support more informed policy and expenditure decisions by strengthening the medium-term perspective in budgeting.

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 the IMF's Regional Technical Assistance Centers (RTACs).

Description	Rating	Mitigation Measures
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.

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Nepal continued to take important steps in strengthening its tax system. The Ministry of Finance (MoF) published its first comprehensive Tax Expenditure Report in July 2025, marking a major milestone under the Domestic Revenue Mobilization Strategy (DRMS). The report highlights the significant revenue potential and wider benefits from rationalizing tax expenditures and enhancing transparency of the tax system. Policy changes in the last two Budgets (FY2024/25 and FY2025/26) have advanced certain elements of the DRMS, although overall progress has been mixed. In addition, a Revenue Policy Unit (akin to a Tax Policy Unit or TPU) was established under the MoF in November 2025 to strengthen revenue policy design and coordination.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: A mission in March 2026 focused on building an effective TPU, which is expected to guide and inform tax policy making in Nepal. The mission emphasized the importance of strong institutional anchoring and capacity building for the TPU to become fully functional. **Previous Progress**: The authorities have successfully developed and published their first comprehensive tax expenditure report, building on two capacity development (CD) missions/workshops on tax expenditures. This is a significant milestone of the DRMS, and paves the way for tax expenditure rationalization and reforms. **Next Steps**: Further CD will support reforms in value added tax (VAT) and taxation of multinational companies, and continue enhancing the capacity of the TPU. CD delivery will leverage both technical assistance and training modalities to maximize impact.

III. LOGICAL FRAMEWORK

Country – Nepal		
RM I: Objective − Improve Tax Policy Design - TPD		Rating - 3
Outcome	**Rating**	**Narrative**
Increased/decreased revenue quantity	3 Largely Achieved	As part of the DRMS, a comprehensive tax expenditure report, covering all major taxes in Nepal for year 2023 and 2024, has been developed and published. A TPU, following FAD recommendation, has been set up within the MoF and will need strong institutional anchoring and capacity building. Tax expenditure and tax policy 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	Tax expenditure and tax policy reforms are awaiting implementation by the authorities to maximize their impact, including through the establishment of a TPU within the MoF.

RM II: Objective –Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 3
Outcome	**Rating**	**Narrative**
Improved structures (e.g., TPUs) or capacity (e.g., models and tools) related to tax policy advice and analysis.	3 Largely Achieved	Authorities enhanced their skills through two workshops on tax expenditure policy, including their reporting, evaluation, and governance, provided by FAD. Micro-simulation models to cost VAT and personal income tax (PIT) have been developed and made available to the authorities to support their work in costing VAT and PIT and evaluating PIT. Hands-on training has been provided. A TPU has been set up recently, and requires strong institutional anchoring and capacity building to make a significant impact in tax policy making in Nepal. A medium-term work plan, including near-term priorities, has been developed for the TPU, building on existing capacity and analytical tools that have been developed in previous missions.
Improved transparency and outreach	3 Largely Achieved	A comprehensive tax expenditure report, covering all major taxes in Nepal for year 2023 and 2024, has been developed and published. The activities noted above supported improving the transparency of budgetary actions because tax expenditures are analogous to direct spending programs. Another benefit is that it creates a catalogue of costed measures that can be used to raise revenues when needed.

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

Description	Rating	Mitigation Measures
		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 proactively 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.
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 and Pacific Department 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

Nigeria has undertaken significant reforms since 2023, strengthening macroeconomic stability and resilience. Key measures have included monetary and exchange rate reforms, the removal of fuel subsidies, and tax policy and administration reforms. These actions have helped stabilize the foreign exchange market and rebuild international reserves. Portfolio inflows have resumed, Nigeria has regained access to external markets, inflation has begun to ease, and improved security conditions have supported a recovery in oil production and agricultural output.

Growth reached 3.4 percent in 2024 and is estimated at 4.2 percent in 2025, driven by agriculture, real estate, and the information and communication sector, alongside improvements in oil and gas activity. Growth is projected to reach 4.4 percent in 2026. Notwithstanding these gains, Nigeria remains a fragile and conflict-affected state, facing significant capacity constraints. The benefits of reforms and higher growth have yet to reach most Nigerians: poverty remains high at 56 percent (national poverty line), and about 27 million people faced food insecurity in the fall of 2025. More recently, institutional changes have reallocated the powers of the Minister of Finance, with the State Minister assuming responsibility for spending and other core functions.

Supported by fuel subsidy removal, exchange rate adjustment, and improvements in tax administration, total revenue performance increased in 2024, reaching 10.8 percent of GDP. In 2025, total revenue is expected to have remained broadly stable, with oil revenues at about 3 percent of GDP, non-oil revenues declining slightly from 6.8 to 6.4 percent of GDP, and grants falling from 0.9 to 0.2 percent of GDP–a total of 9.6 percent. Driven in part by tax administration reforms, domestic revenue performance has shown sustained growth since 2020, with tax revenue as a share of GDP rising steadily over the past five years. While this progress remains insufficient to fully address Nigeria's development and financing needs, it reflects a consistent upward trajectory.

This capacity development (CD) project supported reforms in revenue administration across tax, customs, and extractive industries (EI). Improvements in tax administration performance are largely attributed to the continued strengthening of information technology (IT) systems, particularly the expansion of electronic services for taxpayers. The use of third-party information to encourage voluntary compliance and support compliance risk management (CRM) is advancing, including a value-added tax (VAT) gap analysis, albeit at a slower pace. CD in EI revenue administration has continued to support the authorities in building industry expertise and strengthening audit capabilities. In customs, no CD was delivered in FY26; however, trade facilitation reforms remain critical. Authorities are continuing work guided by the April 2025 IMF mission, which supported the National Single Window (NSW) and identified key procedural reforms. While progress on the NSW continues, legacy systems and limited process redesign remain important implementation constraints.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: *Tax administration*: HQ-mission to follow up with reforms implementation and align enforcement activities with CRM. GPFP also supported tax arrears management and VAT gap analysis. *Extractive Industries*: Ongoing CD initiatives have continued to strengthen the authorities' audit capabilities and technical expertise, with a particular emphasis on improving the capacity to manage and mitigate international tax risks. *Customs*: No CD activities were conducted in-country during the reporting period. The

authorities continued work initiated under the April 2025 FAD mission, which supported the implementation of a comprehensive Single Window (SW) system aligned with international best practices.

Previous Progress: *Tax administration*: CD helped develop a medium-term reform plan. GPFP also supports a tax long-term resident advisor. A subnational Tax Administration Diagnostics Assessment Tool evaluation was delivered to Lagos state. *Extractive Industries*: CD activities have enhanced the ability of the Federal Inland Revenue Service (FIRS) to recognize and address international tax risks in the extractive industries, aided by the provision of practical guides on the primary international tax risk categories. *Customs*: Progress was achieved in redesigning import and export processes and aligning procedures, data flows, and system architecture with international best practices, establishing a foundation for the ongoing SW project.

Next Steps: *Tax administration*: CD will focus on priorities coming from the July 2025 tax law package of four laws, including the establishment of the Nigeria Revenue Service (NRS) and aligning NRS' core functions with CRM strategy. *Extractive Industries*: Efforts will remain centered on further reinforcing audit capacity and technical skills, with a priority on finalizing the oil and gas compliance improvement plan. *Customs*: Support is expected to resume in 2026, focusing on operationalizing the SW project

III. LOGICAL FRAMEWORK

Country – Nigeria		
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 Medium-Term Strategic Plan was approved in June 2025. However, in July 2025, the government approved a full package of four laws affecting the medium-term scenario of the tax administration: the (2) Nigeria Tax Act; (2) Tax Administration Act; (3) the Nigeria Revenue Service Act; and (4) the Joint Revenue Board Act). The new fiscal reforms laws will require substantial efforts from the NRS, which is the new tax administration replacing the FIRS. The NRS needs to focus on implementing positive revenue measures during to prevent potential shortfalls caused by changes in tax policy. To manage reform effectively, NRS will need to create a comprehensive program that covers risk analysis, governance, and project coordination. Clear communication, prioritizing key initiatives, and coordinating donor support will be essential for successful implementation. Medium-Term Strategic Plan and operational plans may need to be revisited.

Corporate priorities are better managed through effective risk management	3 Largely Achieved	The FIRS has made CRM a core part of its reforms with GPFP support. A pilot program to improve VAT compliance was successfully implemented and is now an approved CRM tool across the organization. GPFP also supported review of draft CRM documents, that is, a multi-year Compliance Strategy and CRM Governance Framework. The VAT gap estimate analysis conducted with GPFP support integrated and informed the CRM framework by identifying risk areas and monitoring sector performance. EI compliance improvement plan is in progress.
Organizational arrangements enable more effective delivery of strategy and reforms	2 Partially Achieved	With the establishment of NRS replacing FIRS, effective January 1, 2026, a new organizational structure is being adopted as part of the reform agenda. Fund support for this organizational arrangement will be required under the current reform framework.
Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	Following the creation of the NRS to succeed the FIRS, effective January 1, 2026, a new organizational structure is being implemented as part of ongoing reform initiatives. Accordingly, it will be necessary to review and update human resources strategies and practices. Consideration of Fund support may be appropriate once the stabilization phase has concluded.
Digital technologies are better aligned with strategic objectives	3 Largely Achieved	Progress is ongoing. The NRS currently uses TaxPro-Max a tax administration IT platform, which has features, that include secure filing and payment processes and integration with external data sources. Core features include centralized taxpayer registration and identity management (with self-registration for individuals and corporations, integration with CAC, BVN, and NIMC, and automatic TIN validation), as well as electronic filing for corporate income tax and VAT.
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	Starting January 2026, there are expanded legal powers to enforce debt recovery more effectively, enabling earlier, risk-based intervention. As a preparatory step, in October 2025, CD was provided to help leverage these new powers, aiming to strengthen debt management, centralize operations, set clear performance targets, apply behavioral insights, and utilize the updated enforcement provisions.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	The IT system has been expanded to enhance filing from taxpayers. Notifications from the system are being sent but there is no reporting on the results. The new version of the IT system, which was almost ready for the rollout was

		postponed due to the new tax law package approved in 2025.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Audit needs modernization to align with the recent 2025 recommendations by integrating CRM through a risk-based, data-driven approach. Centralized case selection at headquarters will enable local offices to focus on execution and enhance risk identification. Audits will move from routine verifications to targeting high-risk cases, while monitoring, evaluation, and quality control should operate independently from audit execution.
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	Authorities are developing frameworks to further support voluntary compliance, with future discussions postponed until after the transition to the NRS except for behavior insights discussions from the tax debt management perspective.
The integrity of the taxpayer base and ledger is strengthened	3 Largely Achieved	Authorities now have improved taxpayer registration with a streamlined process, coordinated IT systems with other government agencies, local office support, and ongoing data migration to reduce duplicate TINs for greater accuracy and reliability.
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 assumed responsibility for managing and controlling origin under the African Continental Free Trade Agreement, as recommended by previous FAD missions. The November 2023 mission provided guidance on reengineering import and export processes, which has not yet been adopted. The April 2025 mission advised the NSW project team on integrating the new import and export processes 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	Following an FAD mission in November 2023, the B'Odogwu customs system was piloted; it automated processes but lacked significant process improvements. Per MoF's request, a follow-up FAD mission in April 2025, supported the implementation of a comprehensive Single Window system, and a pilot launch is expected in the first quarter of 2026. Capacity-building activities were not resumed during FY26 due to a shift in Customs priorities, but are expected to resume in 2026.
Trade facilitation and service initiatives better support voluntary compliance	2 Partially Achieved	Following initial delays (lack of commitment from local authorities and internal disputes over the management of the one-stop shop), the project launched in April 2024 has a

		pilot scheduled to start in the first quarter of 2026. The authorities benefitted from April 2025 FAD mission recommendations to incorporate new import and export processes into the developing NSW and aligning procedures, data flows, and system architecture with international best practices. Capacity-building activities were not resumed during FY 2026 due to a shift in Customs priorities, but are expected to resume in 2026.

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.
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 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.

Description	Rating	Mitigation Measures
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.
Overlap of reforms with other development partners	Low	Coordinate reforms with major development partners

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I. COUNTRY REFORM PROGRESS

In FY26, the IMF's Fiscal Affairs Department (FAD) capacity development (CD) activities were aligned with the authorities' reform agenda and key milestones under the Fund supported-programs. Tax policy progressed with directors appointed for the new Tax Policy Office (TPO) and initial work—supported by the November 2025 mission—to develop a medium-term tax reform and simplification strategy. Concerns remain regarding incomplete staffing of the TPO. No major tax policy changes have occurred since the November mission, and it is too early to assess CD outcomes ahead of the June 2026 Finance Act.

In revenue administration, reform implementation in the Federal Board of Revenue (FBR) is a concern. Main issues are the implementation of FBR's transformation plan, and progress of the implementation of IMF's Governance and Anti-corruption recommendations. The authorities raised questions on the role and relevance of IMF's long-term resident advisor (LTX) and have not signed the Privileges and Immunities (P&I) letter yet, impacting FY27 CD delivery.

On climate policy, the work supported implementation of disaster risk financing (DRF) reform measure under the IMF's Resilience and Sustainability Facility (RSF) program. A field-based mission was successfully delivered in March 2026 and provided the authorities with the underlying analytics and tools, as well as a roadmap of policy actions.

CD on public financial management (PFM) assisted the authorities to set out a comprehensive reform agenda to strengthen fiscal data governance to better align digital transformation with long term PFM objectives. Follow up-traction on public investment management has been limited, although there has been some progress in developing project selection criterion.

Donor coordination is well established, with regular engagement and division of labor with the Asian Development Bank (ADB) and the World Bank (including joint follow-up on TPO operationalization and reform sequencing, and joint check in meetings with the FBR and provincial tax authorities). Going forward, IMF CD will focus on helping the authorities translate agreed strategies into actionable, time-bound implementation plans (including governance and change-management arrangements), while maintaining close partner coordination to address bottlenecks and sustain reform momentum.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: Directors of the Tax Policy Office (TPO) have been appointed (October 2025) but staffing remains incomplete. IMF coordinated with the ADB and World Bank to provide CD on operationalizing the TPO and developing its medium-term tax reform plan. The World Bank has follow-up activities, building on FAD's November mission, in which the World Bank participated as an observer. The first tax policy mission was in FY26 (November 2025). FAD also reviewed draft proposals to reform Special Economic Zones. No major tax policy reforms have occurred since this mission, and it is too early to assess CD outcomes ahead of the June 2026 Finance Act.

Next Steps: CD missions will support the authorities with developing and implementing aspects of the multi-year strategy for tax simplification.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Reform progress in the FBR is concerning, despite a robust compliance risk management system, an ambitious transformation plan, and encouraging results on specific actions. However, without hinging the actions into FBR's strategy, and strengthening governance and accountability, sustainability of the achievements made is uncertain. There is no implementation plan developed, and FBR has not taken actions to reduce field office autonomy and strengthen its HQ function. After the internal recruitment of the LTX was finalized, the authorities raised questions about the LTX's role and relevance, and have not signed the P&I letter.

Next Steps: First priority is to get clarity whether the authorities agree on stationing an LTX, and under what conditions. This decision impacts if and how we can continue providing CD.

SM I (CP): Spending Module I – Climate Policy

Key Progress in FY26: Pakistan DRF field-based CD mission has strengthened the authorities' capacity in assessing disaster funding gap, identifying key areas for improving federal and provincial coordination on DRF, and developing an implementation framework. The mission also provided training and workshop on relevant tools and methods to the federal and provincial authorities and fully coordinated with development partners including the ADB and the World Bank.

Next Steps: FAD will follow up with the authorities on the progress of developing an implementation framework of the national DRF strategy, as committed under the RSF program, and may provide additional remote support if needed.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: An HQ mission in November 2025 set out a comprehensive reform agenda to strengthen fiscal data governance—through a fiscal data strategy, legal mandates, system controls, and interoperability frameworks—to align digital transformation with long-term PFM objectives. This was the first activity in this GPFP-financed project. Traction on follow up on PIM including climate considerations has focused on the areas relevant for the IMF-supported program, but this could be widened to broader issues that were highlighted in the 2023 PIMA.

Next Steps: CD support will focus on reforms on climate resilient public investment, which continue to be an important part of the program.

III. LOGICAL FRAMEWORK

Country – Pakistan		
RM I: Objective − Improve Tax Policy Design - TPD		**Rating - 1**
Outcome	**Rating**	**Narrative**
Increased / decreased revenue quantity	1 Not Achieved	Strategy for tax simplification and revenue mobilization discussed with the authorities in the November 2025 CD activity. World Bank is following up with sequencing of reform measures. Tax simplification is required to increase revenues in the longer run. In the shorter run, careful tax reform sequencing is required to ensure revenues at least do not decrease. Incomplete staffing of the TPO makes it unclear whether the TPO has the analytical capacity to implement a successful tax simplification strategy.
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	Integrating the supertax into a reformed progressive personal income tax is under discussion but not yet legislated. Medium-term tax simplification strategy being developed with CD from IMF and World Bank to meet structural benchmark (end-December 2026); its implementation is expected to contribute to improved fairness.
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	Directors of the new TPO were appointed in October 2025, but staffing is largely incomplete and insufficient for TPO's core functions of tax policy analysis, revenue forecasting, and tax expenditure estimates. Operational protocols were prepared but data-sharing agreements with FBR not concluded.
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	FBR's compliance risk management system is only used as indicative, field offices have full autonomy to decide when and where to follow up.

Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	1 Not Achieved	FBR's transformation plan is ambitious and has a wide range of meaningful compliant improvement activities. However, the absence of an implementation plan, a high level of field autonomy, and mediocre developed governance and accountability mechanisms have a negative impact on sustainable impact.
Organizational arrangements enable more effective delivery of strategy and reforms	1 Not Achieved	FBR's decision to have a strong autonomy for the field offices is not in line with international good practice and will hinder an effective implementation of the reform activities.
Support functions enable more effective delivery of strategy and reforms	1 Not Achieved	FBR confirmed in November 2025 to develop an HR strategy, but has not taken any further action.
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	Despite we observe an increase in registered taxpayers, there is progress in strengthening the taxpayer base. The high percentage of non-filers indicate an inadequate process. FBR has not provided detailed information.
CP: Objective – Improved fiscal policies and institutional frameworks to combat climate change and its impacts (SDG 13) - CLM		**Rating - 3**
Outcome	**Rating**	**Narrative**
Authorities have a baseline understanding of how well fiscal policies and institutional frameworks support environmental sustainability and opportunities for increase alignment	3 Largely Achieved	The CD mission has delivered technical assistance and capacity building to the authorities, accompanied by detailed documentation of the analysis and tool, on the topic.
SM II: Objective – Strengthen Budget Management - SBM		**Rating - 1**
Outcome	**Rating**	**Narrative**
Strengthened annual budget process for more efficient and effective use of resources	1 Not Achieved	Engagement has focused on strengthening information management systems underpinning the budget.
SM II: Objective – Build Sustainable Fiscal Institutions - SFI		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened institutional and legal frameworks	1 Not Achieved	The topic of improving budget management in the area of fiscal decentralization has not progressed this year due

		to lack of traction with the authorities on this topic. A planned HQ mission did not take place.
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	2 Partially Achieved	The RSF has supported progress on improving project selection criteria, an issue that was highlighted by C-PIMA. Further work is needed to strengthen PIM and address the significant backlog of planned and partially implemented projects.
Strengthened capacity to plan, implement and sustain digitalization	2 Partially Achieved	A mission in November 2025 reviewed the progress of the Government Integrated Financial Management Information System (GFMIS) implementation, and the underlying legal, institutional, and policy frameworks, internal controls and the information technologies that support fiscal data management. The mission found that the digital transformation agenda needs to be aligned with the long-term PFM structural objectives. This should be secured through a process of wider stakeholder consultation and coordination thus also addressing a tendency in Pakistan's public sector for each unit and entity to focus narrowly on its own institutional mandate. The PFM reform plan should be updated, and its implementation should be guided by a Finance Secretary-led Steering Committee with stakeholder input.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Pakistan has a limited set of policy instruments to respond to external shocks (e.g., the war in Ukraine, and turmoil in neighboring Afghanistan). Authorities may resort to tax policy measures even if they are not an optimal choice of policy instrument. This could result in the proliferation of objectives for the tax system and increased tax complexity.	High	- CD support and development helps to provide a better framework for tax policy objectives. For example, tax expenditure reports help to properly evaluate the costs and benefits of tax incentives - Appropriate flexibility in the provision of support and the timing of reforms, for example, in dealing with global inflation and rising interest rates.
RM II: Islamabad is prone to earthquakes.	Medium	Monitor situation and act according to IMF policies. shift to remote CD delivery if needed.
CP: Risk of inadequate cooperation from development partners and/or private sector stakeholders in advancing reforms	Medium	Coordinate with key development partners and donors present in the country

Description	Rating	Mitigation Measures
SM II: Challenging fiscal situation makes it difficult to implement reforms	Medium	Work closely with the IMF's Middle East and Central Asia Department (MCD) when designing program conditionality
Political Support		
RM I: Political instability and clientelism may result in delays and reversals in tax policy measures. Floods in Fall 2025 have led to draft proposals for ad hoc tax policy reforms to mobilize revenues in the short run.	Very High	- Strong analytical foundation of the project, including impact and political benefits of reform, in combination with flexibility in the timing of support - Close collaboration MCD on policy measures, including in the context of policy discussions for the IMF's Extended Fund Facility (EFF), as well as coordination with FAD on revenue management support to Pakistan - Close coordination with FAD on revenue management support to Pakistan and other key providers of CD, including the ADB and World Bank.
RM II: Government support for FBR decreases.	Very High	Monitor and work with MCD Country Team and IMF Resident Representative.
CP: Lack of support for mission recommendations at the political level	Medium	Provide inputs to the authorities so they can socialize the reforms with the general public.
SM II: Lack of political support to agree on expenditure assignment of provinces	High	Work closely with MCD when designing program conditionality
Management and Technical Staff Support and Commitment		
RM I: Frequent turnover of senior officials and weaknesses in tax policy analysis may cause fluctuations in commitment and understanding of tax policy reform	Medium	- Maintaining a continuous record of CD support that is transferred to new senior officials - The EFF provides a stable framework for priority setting and institutional memory
RM II: A lack of strategic planning, change management, and centralized oversight—combined with fragmented autonomy and frequent turnover of senior executives—undermines timely, consistent reform implementation. Staff capacity needs to be strengthened to be meet international good practices.	Very High	Assist FRB with development of a strategic plan and HR strategy.
CP: Risk of lack of commitment to implement reforms and recommendations	Medium	Build strong relationship with the key counterparts and the Ministry leadership
SM II: Some rotation in senior staff in recent years, but situation has improved	Medium	Mission teams to work with both senior management and technical counterparts to ensure continuity, including by documenting agreed reforms, clarifying responsibilities, and identifying focal points for follow-up after the mission.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM I: The available budget for FAD support on tax policy is limited and requires priority setting. Policy reversals, changes in direction, and external shocks can hamper the impact of activities on outcomes	Medium	- Coordination with other providers of CD support, particularly the ADB and World Bank (teams meet monthly). - Leverage MCD policy discussions with the authorities - Combine flexibility in the timing of activities and reforms with adherence to the overall framework and priorities for CD support
RM II: FBR can use support in many areas, which goes beyond IMF's capacity	High	Monitor and work with MCD Country Team and IMF Resident Representative. Cooperation with other development partners under the IMF-World Bank Joint Domestic Resource Mobilization Initiative.
SM II: Technical staff are working simultaneously on several important changes, with several donors	Medium	The mission will map ongoing donor-supported activities, identify potential overlaps, and focus its advice on a manageable set of priority actions with clear sequencing, responsibilities, and realistic timelines.
Other Risks		
RM II: Tensions between Pakistan and India	Medium	Monitor and work with MCD Country Team and IMF Resident Representative. Shift to remote delivery where needed.
CP: Lack of legal and institutional framework for federal-provincial coordination	High	Ensure sufficient lead time to establish appropriate mechanism

V. PROJECT MANAGERS: CONTACT INFORMATION

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Papua New Guinea

FY26 Progress Report (May 1, 2025—April 30, 2026)

I. COUNTRY REFORM PROGRESS

Papua New Guinea (PNG) continues to make progress on public finance reforms through the Global Public Finance Partnership (GPFP). During FY26, capacity development (CD) support from the IMF's Fiscal Affairs Department (FAD) helped the Inland Revenue Commission (IRC) increase reform momentum for strengthening leadership, governance, and reform readiness (April 2026) ahead of major legislative and tax system reforms planned for the period June to September 2026. Following the Tax Administration Diagnostic Assessment Tool (TADAT) evaluation completed in FY25, planning of inputs was restructured to support clearer prioritization and alignment of reforms across workstreams, with a focus on building institutional capacity, change management, and coordination. This has positioned the IRC to sustain reform momentum and prepare for a transition from planning into implementation in early FY27. The enactment of legislation to establish an IRC governance Board represents an important milestone supporting strengthened oversight and accountability, with implementation expected in early FY27. Engagement for FY27 is now planned, with GPFP-funded activities continuing to support implementation of reforms.

On the spending side, the public investment management assessment (PIMA) during February 2026 marks a particularly positive development for improving infrastructure planning and delivery. Combined with the Climate PIMA (July 2024), these activities provide a climate sensitive diagnosis of system-wide strengths and weaknesses in PIM alongside a clear reform program. The GPFP continued to support this PIM reform agenda, through the February mission to develop a unified PIM regulation to govern the entire process. These reforms are reinforced by the lending program's conditionalities in these areas. Progress continues on cash management reform: a GPFP-funded FAD CD mission in July 2025 supported the PNG Government to meet program conditionality on treasury single account (TSA); and during May 2026, FAD assisted in reviewing the government's warranting (cash release) process.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The IRC has improved its capability to manage large scale reforms through clearer leadership roles, stronger governance arrangements, and a shared understanding of reform priorities. While IRC leadership was initially reluctant to implement a new external governance structure, engagement was reviewed and refreshed in December 2025 to respond to concerns and CD work has resumed. This structured planning activity (Fund-financed) helped identify and align to government priorities after the TADAT evaluation completed in FY25 (GPFP-funded), combined with IRC's existing strategic and operational planning. No GPFP-funded activities were undertaken in FY26. However, preparation for implementation of the newly legislated IRC governance Board is now underway, with establishment expected in FY27. This contributes to cross-cutting priorities by strengthening institutional capacity, change management, and coordination across reform streams.

Previous Progress: Work during FY25 and earlier periods supported foundational improvements in strategy, diagnostics, and reform direction, including the completion of the TADAT assessment that informed current priorities. Recent activities built directly on these achievements by shifting focus from assessment to structured planning and leadership readiness, while some technical areas were intentionally deferred to avoid overburdening the IRC ahead of major reforms.

Next Steps: Over the coming six months, GPFP support will focus on helping IRC to deliver system and legislative reform, including establishment of the IRC governance Board, through strengthened senior leadership. Progress will be measured through clearer reform ownership, maintained momentum, and a successful transition into the implementation phase.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: *PIM*. A PIMA, completed in February 2026 and financed outside GPFP, provided a comprehensive diagnostic of PIM that takes account of PNG's climate vulnerabilities. Building on this assessment, GPFP-financed support formalized the full public investment process through a draft climate-sensitive regulation (February 2026). This is now under government review. *TSA/cash management*. GPFP-financed CD in May 2025 assessed the current performance of the TSA. Based on this work, the authorities prepared a TSA reform implementation plan, which was submitted to the Fund in January 2026, in support of a program structural benchmark. The plan outlines the government's strategy to strengthen bank account management and cash operations. Although arrears management is not addressed explicitly, improved TSA implementation should ease cash constraints and reduce the risk of new expenditure arrears accumulating.

Previous Progress: A Climate PIMA mission (July 2024) informed the design of reform measures (RMs) under the IMF's Resilience and Stability Facility (RSF) lending arrangements. The IMF's Fiscal Affairs Department (FAD) provided GPFP-funded CD support on RM4 regarding disaster-risk screening (February 2025), and the outputs of this CD have since been formally adopted by the authorities.

Next Steps: Further GPFP-funded TSA/cash management CD was delivered in May 2026 to support a review of the warranting process (i.e., the process through which Treasury authorizes spending). This work has now generated recommendations that address arrears more directly by improving the way warrants are used to align expenditure commitments with available cash resources. This input also supports a conditionality within the lending program.

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	All TADAT activities have now been completed with the post-TADAT planning mission completed in November-December 2025. Leadership engagement has been strengthened as part of this process.
Capacity to reform increased due to clear reform strategy and strategic management framework adopted and institutionalized	4 Fully Achieved	Significant progress has been made in this area with the implementation of the Governance and Reform Division. The post-TADAT mission further advanced this by aligning areas identified in the 2025 TADAT Assessment with existing plans. This is further reinforced by the enactment of

		legislation establishing an IRC governance Board, with implementation planned for FY27.
Support functions enable more effective delivery of strategy and reforms	3 Largely Achieved	Procurement of integrated tax administration system (ITAS) completed. System development and design are well underway. There will be modular implementation beginning in September 2026. A change manager is in place to support this (non-IMF).
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	Registration processes have been reviewed and significant cleansing of the taxpayer register completed as part of post-TADAT planning and preparation for ITAS implementation in FY27. A new registration strategy and implementation plan have been developed. Further gains are expected as reforms are embedded through the new system.
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	A Taxpayer Service Strategy has been developed and approved, and initial implementation actions have commenced, including appointment of client account managers in the large taxpayer's office. A taxpayer services strategy covering all segments has been launched, though its impact remains untested. Further progress depends on alignment with the CIP and strengthening implementation capacity.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	A returns collection strategy has been developed but is not yet embedded in operations. Planned post-TADAT activities and the introduction of ITAS are expected to support improvements in on-time filing, payment, and returns management. Further progress remains dependent on reform sequencing and system implementation.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	A debt collection strategy has been developed but has not yet been implemented, and tax arrears continue to increase. Post-TADAT planning has identified improvements in arrears and debt management as a priority. Progress remains constrained by reform sequencing and capacity pressures.
SM II: Objective – Build Sustainable Fiscal Institutions – SFI		**Rating - 4**
Outcome	**Rating**	**Narrative**
Strengthened capacity to plan, implement and sustain priority area reforms	4 Fully Achieved	A CPIMA has been delivered, although via a different funding route (i.e., JSA).

including climate, gender, and SDGs		
Strengthened capacity to plan, implement and sustain infrastructure governance	3 Largely Achieved	PIMA mission was delivered in February 2026. A draft report containing a full diagnostic assessment against the PIMA framework, including a reform action plan, has been issued. It is awaiting comment from the authorities and other parts of the Fund. Once the report is finalized, agreed, and formally transmitted, this outcome will be fully completed (expected April 2026), The PIMA diagnostic assessment and reform action plan are aligned with the findings of the 2024 Climate PIMA exercise.
SM II: Objective −Strengthen Budget Management - SBM		**Rating - 3**
Outcome	**Rating**	**Narrative**
Strengthened budget execution and control processes	3 Largely Achieved	The TSA implementation plan has been fully achieved, with government submitting this to the Fund in support of a program structural benchmark in January 2026. The arrears management outcome is partially achieved, with the TSA-related inputs putting the government on course to improve cash availability and therefore reduce arrears. Forthcoming CD planned for FY27 will focus on the warranting (i.e., permission to spend) system.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II: Risk that external events (political/climate) could create a challenging environment to undertake and implement CD.	Medium	Greater investment in stakeholder engagement and communication.
Political Support		
RM II: Lack of political support for the strategic reforms necessitated by TADAT findings.	Medium	Leverage relationships with colleagues at the IMF's Asia and Pacific Department and other development partners to improve engagement with IRC.
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	Link reforms to the IMF lending program so there is a clear incentive to deliver changes. Engage closely with authorities during missions to find those areas where there is appetite for reform.

Description	Rating	Mitigation Measures
		Emphasize the benefit of reform in the long-term. 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 and/or disagreement with some IMF recommendations.	Low	Ongoing engagement with senior leadership and technical staff to increase understanding and buy-in. Providing CD in areas critical to the changes needed. through the MTRSII.
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.	Medium	Carefully tailor reform advice to the capacity level of the relevant staff. Ensure buy-in to reform at a political level so that technical staff face the right incentives for delivery. Prioritize implementation support follow up missions in resource allocation rounds to ensure that technical staff receive frequent support interventions. Time these inputs to come swiftly after initial diagnosis to maximize the synergies between them.
Resource Adequacy		
RM II: Inadequate leadership and technical capacity, organizational structures, and human resources to effectively implement reforms	Medium	Ensure CD plans address the greatest areas of need and are aligned with IRC thinking.
SM II: CD inputs for the two topics (PIM, budget execution) are inevitably limited. The plan is for two follow-up implementation 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.	Medium	Prioritize follow-up implementation support in the annual planning rounds to ensure that these resources are made available. Explore the possibilities for informal support that has no direct program cost (e.g. desk-based review; informal discussions; informal check ins) Advocate for resources for this program in GPFP and PFTAC resource allocation decisions, using examples of 'quick wins' and successes delivery.
Other Risks		
RM II: Multiple development partners involved in the IRC's reform program may lead to possible CD duplication.	Medium	Continued active engagement (through the IMF Resident Representative) with other donors to ensure CD delivery is well coordinated and effort is not duplicated.

Description	Rating	Mitigation Measures
		Where possible, involve other development partners in CD opening and closing meetings and take the opportunity to meet with them when in-country.
SM II: Reduced enthusiasm for reform as elections get closer and the lending program ends.	Low	Front-load CD inputs so as to align with the remaining months of the program. Ensure CD inputs are aligned with the last remaining conditionalities within the program. Maintain dialogue with the authorities and the Area Department for any discussions on a new program post-elections so that CD inputs can be aligned with its goals.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

In September 2025, Paraguay updated its Maquila and investment attraction tax regimes and received support from the IMF's Fiscal Affairs Department (FAD) to review other special tax regimes. These efforts have informed ongoing reforms and regulatory improvements. Authorities are now considering changes to the free zone regime based on IMF recommendations. While an updated tax expenditure report was produced, it remains unpublished. Looking ahead, Paraguay aims to keep tax rates low and will continue evaluating special regimes to ensure they achieve their intended goals, with ongoing IMF support for free trade zone reforms.

FAD capacity development (CD) has contributed to continued progress in institutional strengthening and the adoption of risk-based compliance management practices. CD support helped expand mandatory e-invoicing, advance the design and approval of compliance improvement plans (CIPs), and strengthen customs compliance reforms, including the development of a risk-based customs CIP to address undervaluation and enhancements to selectivity criteria. CD activities also supported improvements in compliance risk management (CRM) governance and analytics and ongoing modernization of customs clearance and post-clearance audit functions. While effective implementation remains the main challenge, these reforms have been underpinned by close coordination within FAD and strong collaboration with development partners—particularly the Inter-American Development Bank (IDB)—on e-invoicing, customs reengineering, and risk management initiatives.

Expenditure policy CD provided focused on strengthening the authorities' capacity to simulate alternative public sector pay reform scenarios using administrative payroll data, including options related to the proposed unified civil service pay scale.

In the area of public financial management (PFM), the authorities have continued building on previous technical assistance on public investment management, notably to ensure a thorough assessment of the economic and social value of investment projects before selecting them for budget financing, and to enhance the ex post performance evaluation of public investment projects to allow for a systematic lessons-learned process.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: In 2025, Paraguay updated two of its main special tax regimes—the Maquila regime and the investment attraction regime. The authorities also received assistance from FAD, which helped them review four other special tax regimes that had not yet been reformed, assessing how well these regimes met their main objectives. The recommendations from this mission have contributed to Paraguay's ongoing reform efforts and offered valuable input for drafting regulations aimed at improving ongoing monitoring of the two updated regimes. Currently, authorities are assessing amendments to the free zone regime, in line with FAD recommendations. **Previous Progress**: Authorities produced an updated tax expenditure report. However, the report has yet to be published and there has been limited traction in reform efforts. **Next Steps**: Authorities are committed to maintaining low tax rates. Therefore, FAD will continue supporting their efforts to evaluate the current special tax regimes to ensure forgone revenues deliver on their

stated objectives. FAD will also continue supporting the free trade zone reform efforts by providing timely advice.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The authorities benefited from continued progress in institutional strengthening and risk-based compliance management, notably through the expansion of mandatory e invoicing, the approval of CIPs, and advances in customs compliance reforms. Key outcomes included progress in CRM governance and analytics, the development of a risk-based customs CIP to address undervaluation, enhancements to selectivity criteria, and ongoing modernization of customs clearance and post-clearance audit functions, although effective implementation remains the main challenge. These results were supported by close coordination within FAD and strong collaboration with development partners, particularly the IDB on e-invoicing, customs reengineering, and risk management initiatives

Previous Progress: The e-invoicing project is on track and mandatory for most large and medium-sized taxpayers, with over 80 percent of Paraguay's VAT now declared through e-invoices. Institutional progress includes a new organizational structure of the tax and customs authority (Dirección Nacional de Ingresos Tributarios, DNIT), the development of initial KPIs, and advances in the CRM framework, including the establishment of the Risk Committee and approval of two pilot CIPs addressing tax and customs risks. However, merger-related delays and unclear functional delineation continue to slow decision-making and implementation. In customs, applying FAD's risk analysis methodology increased the share of trade exempt from physical inspection from 36 percent in 2022 to 60 percent in 2025, facilitating legitimate trade.

Next Steps: Customs efforts will focus on reengineering clearance and cargo management processes, in coordination with the IDB, to avoid duplication of efforts. In tax administration, capacity development will focus on consolidating the compliance risk management framework and strengthening strategic and core process management.

SM I: Spending Module I – Spending Policy

Key Progress in FY26: Expenditure policy CD provided focused on strengthening the authorities' capacity to simulate alternative public sector pay reform scenarios using administrative payroll data, including options related to the proposed unified civil service pay scale. The mission delivered a wage bill projection and scenario analysis framework that allows the Ministry of Economy and Finance (MEF) to assess the fiscal costs, distributional implications, and implementation risks of different reform designs before decisions are taken. This analytical support helps the authorities anchor civil service reform in evidence-based decision making, avoid ad hoc or discretionary pay adjustments, and advance a more equitable, transparent, and fiscally sustainable wage setting framework over time.

Previous Progress: Earlier CD support focused on the fiscal sustainability of spending in social security (IPS). The earlier mission provided general context of fiscal issues in Paraguay and the focus of the key counterparts in the MEF.

Next Steps: Building on the December 2025 engagement, a follow-up training workshop on public sector wages modelling will be undertaken in April/May 2026 to deepen local capacity in applying the wage bill model. The workshop will focus on operational use of the tool for medium-term projections and reform scenario analysis, supporting ongoing discussions on the design and gradual implementation of the unified

salary scale. Further follow-up could include targeted advisory support on reform phasing, fiscal cost management, and integration with HR and financial management systems.
SM II: Spending Module II – Managing Public Finance
Key Progress in FY26: Authorities have continued building on previous technical assistance on public investment management. They notably adopted a work plan to improve ex ante evaluation of public investment projects, by updating parameters used to assess the economic and social value of investment projects before selecting them for budget financing. They also adopted a draft manual for the ex post performance evaluation of public investment projects, to assess their value-for-money. **Previous Progress**: In May 2024, the mission on fiscal risks equipped authorities with essential tools to evaluate the short-term impacts of climate events. Additionally, the country successfully adopted a new law governing public-private partnerships (PPPs), which provides a legal basis to revamp the preparation (including fiscal risks analysis) of PPP projects. Furthermore, legal norms have been revised to incorporate a climate change perspective in the appraisal of public investment projects. **Next Steps**: CD in FY27 will cover the strengthening of the preparation of PPP projects, to better manage fiscal risks associated with this public investment modality.

III. LOGICAL FRAMEWORK

Country – Paraguay		
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	Authorities approved two bills reforming two special tax regimes by setting time limits on incentives, reducing dividend exemptions for non-residents, and tightening eligibility criteria. The sunset clauses, tighter eligibility, and scaling back dividend exemptions improve the tax system's neutrality, better targeting of incentives, and reduce scope for arbitrage.
Improved distributional fairness across taxpayers due to amended tax rates or base	3 Largely Achieved	The passed law (7.547/2025) enacted higher investment criteria to benefit from incentives and extended eligibility to domestic investors. Authorities are evaluating the potential to reform the free zone special regime by aligning its tax rate with that applied under the Maquila special regime in line with FAD's recent recommendations. The broader, nationality-neutral access to the investment incentive, in addition to the rate convergence being studied across similar regimes generally advances horizontal equity.

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 developed and recommended the adoption of a set of indicators to periodically monitor the effectiveness of these special tax regimes. The stand-alone tax expenditure report has not been published yet, as it is under review by the Tax Administration. A summary of the main estimates is, however, published in the annual budget statement.	
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	The DNIT has continued to advance in its institutional maturity, addressing key coordination issues stemming from the merger. The new organizational structure has clarified processes and business ownership, with initial KPIs developed, although further work is ongoing. In parallel, the Functions Manual has been finalized and aligned with the new structure and is expected to be officially approved and published in the coming months.	
Corporate priorities are better managed through effective risk management	3 Largely Achieved	The approval of the first CIPs marked an important milestone in the DNIT's adoption of a compliance risk management approach. While significant institutional and analytical advances were achieved—including the establishment of a fully operational Fiscal Intelligence Directorate, the development of a risk-based customs CIP, and the formal creation of a Risk Management Committee—effective implementation remains the main challenge. Progress will depend on strengthened change management, senior leadership engagement, and further scaling up of analytical capacity to ensure timely execution, stronger coordination across functions, and measurable and sustained compliance improvements.	
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 DNIT e-invoicing system is a mature and well-established initiative that has played an important role in the modernization of the DNIT. E-invoicing has become mandatory for a large and growing segment of VAT taxpayers under the phased rollout calendar, significantly expanding electronic coverage of taxable	

		transactions. In addition, exclusive electronic issuance has been mandatory for suppliers to the State since January 2, 2026, as established by General Resolution No. 41/2025.
RM II: Objective −Improved customs administration functions (SDG 17.1) - CAD		**Rating - 3**
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, implementation challenges remain. Key priorities going forward include operationalizing the analytical tools developed, strengthening feedback loops within the risk management system, enhancing staff technical capacity and integrity, maintaining robust oversight, and modernizing clearance processes and procedures. In addition, the development of performance dashboards is needed to support monitoring and accountability.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	3 Largely Achieved	Post-clearance audit (PCA) has continued to be strengthened. Progress has been made in implementing the roadmap, jointly developed with the authorities. More advanced analytical tools are now in place, together with a methodology for the preparation of the annual PCA plan. However, several challenges remain, including the need to improve coordination with the Directorate of Intelligence and Internal Revenue, strengthen the customs regulatory framework, and reinforce key procedures aimed at deterring non-compliance. Likewise, securing greater support and involvement from senior management is crucial.
SM I: Objective − Strengthen Expenditure Policy Formulation and Design – EPD		**Rating - 3**
Outcome	**Rating**	**Narrative**
Public pension system sustainability is enhanced while ensuring the adequacy of retirement income	2 Partially Achieved	Final report on IPS pension spending was provided at the end 2024. Continued discussion with authorities on next steps in support pension spending and modelling with timing to be confirmed.
Public expenditure is fiscally sustainable and efficient	3 Largely Achieved	December 2025 mission on wage bill management provided detailed modelling of wage bill reform options that supported civil service reform that will enable improved spending on public sector wages and salaries. A follow-up training workshop on public sector wages and salaries modelling will be undertaken in April 2026.
SM II: Objective − Build Sustainable Fiscal Institutions - SFI		**Rating - 2**

Outcome	Rating	Narrative
Strengthened institutional and legal frameworks	2 Partially Achieved	An ongoing mission works on criteria for the ex ante assessment of the economic and social value of public investment projects.
SM II: Objective − Strengthen Budget Management – SBM		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened annual budget process for more efficient and effective use of resources	2 Partially Achieved	A public investment projects selection process decree setting including criteria related to climate change was adopted. An ongoing mission works on criteria for the ex ante assessment of the economic and social value of investment projects.
SM II: Objective − Strengthen Macrofiscal Frameworks – SMF		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	A fiscal risk assessment mission took place in FY25, but so far, no fiscal risk report has been published. A PPP law was adopted by the Parliament in FY25. Upcoming CD will strengthen the preparation process of PPPs, including how to manage associated fiscal risks.

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 DNIT and MEF 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.

Description	Rating	Mitigation Measures
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 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. Senior management is now stable, with no further continuous rotation of managers and staff that could undermine absorptive capacity or cause persistent discontinuity.
Resource Adequacy		
RM I: Not enough staff or high turnover among staff.	Low	Develop a methodological tool that is accessible to new staff.
SM II: Insufficient technical capacity on topics related to climate change	Medium	CD activities are designed to include training sessions.
Other Risks		
RM II: Multiple donors are providing technical assistance on merger and CRM topics; and gaps, or overlaps may arise as a result.	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 JDRMI. The IDB has actively participated in FAD international workshops.
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.	Low	The FY25 and FY26 workplans were designed to support the implementation of the merger and maintain a focus on core process management. Over this period, the DNIT has continued to mature as an organization.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The IMF's CD engagement is organized around a country-centered reform agenda, with coordination across revenue administration and tax policy, and close alignment with priorities set by the Department of Finance (DOF).

On tax policy, the project remains on track. Earlier VAT advice, delivered prior to funding under the Global Public Finance Partnership (GPFP) and endorsed by the IMF's Asia and Pacific Department (APD) country team, has been taken up by the authorities, who are now moving toward a modernization of the VAT law, including some base-broadening measures. Work on improving tax expenditure (TE) evaluation has also progressed, with a mission providing advice on governance and design of the investment incentive regime.

On revenue administration, the 2024 Tax Administration Diagnostic Assessment Tool (TADAT) evaluation—requested by the DOF to help prioritize Bureau of Internal Revenue (BIR) reforms—identified several weaknesses, in particular the absence of compliance risk management (CRM). A CRM Roadmap developed during the September 2025 mission set out a sequence of implementation steps. This has since been endorsed by the BIR Management Committee, anchoring CRM in the BIR's strategic and operational plans. Follow-up support has focused on training and on integrating CRM into the strategic plan. Coordination with development partners is ongoing, particularly with the Asian Development Bank (ADB), to align IMF support on CRM with ADB's work on BIR digitalization.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: Pre-GPFP VAT advice, endorsed by the APD country team, has gained traction with the authorities who are now committed to modernizing their VAT law, including adopting some base-broadening measures. A mission evaluated the investment incentive regime and aimed at strengthening the authorities' evaluation methods. **Previous Progress**: The recent focus has been on improving the overall strategy for revenue mobilization and tax expenditure assessment. Work on tax expenditures assessment was significantly advanced in FY25; an MTRS engagement workshop (focused on gap analysis) was delivered in mid-November 2024, equipping the authorities with essential inputs and tools for undertaking tax reforms to increase revenue and improve the efficiency of taxation. **Next Steps**: Immediate focus is on VAT modernization (recasting the VAT law). Additional priority areas for the authorities are still being evaluated.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: Post-TADAT follow up mission and assistance on CRM and data analytics was completed in September 2025. This developed draft compliance improvement plans (CIPs). A CRM Roadmap developed from the workshop insights outlines practical steps and key milestones. CRM re-implementation has been endorsed by the BIR Management Committee ensuring organizational

engagement. A firm request for further CD to implement this has been received. A follow-up remote mission in February 2026: (1) conducted online workshops for functional departments to broaden the understanding of CRM by sharing the international framework, methodologies and processes. This reinforced the importance of applying CRM to optimize revenue collection needed for the government to fund economic development and services in the Philippines; (2) reviewed progress in implementing the CRM Roadmap and identified areas requiring attention; (3) identified the immediate steps required to advance CRM implementation and incorporated key aspects in BIR's strategic plan; and (4) worked with senior management to determine the need for further CD. A staff visit in March 2026 followed up on progress with the BIR and DOF and received senior management support for CRM reforms. A firm request has also been received from DOF for tax gap CD which complement CRM efforts. This has arisen from a coordinated engagement between DOF and FAD tax policy and revenue administration staff.

Previous Progress: A joint tax policy and revenue administration workshop on MTRS was held in November 2024. DOF subsequently requested assistance on a phased MTRS approach to their Comprehensive Tax Reform Program (CTRP). During Spring Meetings 2025 DOF requested a TADAT exercise in 2027-28 to see what was achieved by the reforms, and also requested support in compliance gap measurement (to be provided in July 2026). The compliance gap measurement request arose from discussions on the TADAT.

Next Steps: FAD will support BIR with CD focused on CRM roadmap implementation. A mission in August-September 2026 will implement a national rollout of CRM based on the Enterprise Risk Management framework, including pilots in all three main island groups (Luzon, Visayas, Mindanao). Tax-gap analysis CD for DOF to feed into BIR CRM is envisaged to determine the extent and nature of non-compliance and provide evidence to support compliance management decisions.

III. LOGICAL FRAMEWORK

Country – Philippines		
RM I: Objective − Improve Tax Policy Design – TPD		**Rating - 2**
Outcome	**Rating**	**Narrative**
Increased/decreased revenue quantity	2 Partially Achieved	The authorities are considering various approaches to revenue mobilization, hoping to improve the design and implementation of their CTRP. Several tax reforms are being considered, including streamlining tax expenditures, modernization and base broadening of the VAT, and improving excise taxes and wealth taxation. While these have not yet had a material impact on the tax-to-GDP ratio, revenue-raising reforms have been initiated.
Increased economic efficiency by minimizing economic	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 drafting new VAT Act has

distortions or addressing externalities or market failures		commenced and a complete draft is planned to be presented to and discussed with the authorities in April 2026.
RM I: Objective −Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		**Rating - 3**
Outcome	**Rating**	**Narrative**
Improved transparency and outreach	2 Partially Achieved	The first CD engagement took place in Oct 2024, focusing on building tax expenditure inventory and initiating the overall tax expenditure assessment. The Feb 2025 mission identified and costed major TEs in CIT, PIT, and VAT. A third mission in March 2026 provided an assessment of the investment incentive regime. While information within DOF has improved, transparency around costs and benefits of existing TEs remains partial.
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	3 Largely Achieved	TE costing models were developed as part of the Feb 2025 TE assessment CD; the authorities have access to microsimulation and RA-GAP VAT models. A follow-up mission in FY26 provided a conceptual framework for the evaluation of investment incentives.
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	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. The assessment provided a baseline understanding of revenue administration, management, and governance arrangements and core revenue administration operations. It identified several areas of weakness. After lengthy delays due to BIR availability, post-TADAT follow-up mission and assistance on CRM and data analytics was finally undertaken in September 2025.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	After a mission carried out in September 2025, CRM re-implementation has been endorsed by the BIR Management Committee ensuring organizational engagement. A firm request for further CD to implement this has been received. A follow-up remote mission in February 2026 broadened the authorities' understanding of CRM; reviewed progress in implementing the CRM Roadmap; identified immediate steps required to advance CRM implementation; and worked with senior management

		to identify further CD needs. Senior management changes in BIR slowed reform momentum. FAD's consistent virtual engagement and a staff visit in March 2026 restored momentum; a mission in August-September 2026 will roll out CRM based on the Enterprise Risk Management framework, including pilots in three main island groups (Luzon, Visayas, Mindanao). DOF's request for tax gap CD to complement CRM efforts will be conducted in July 2026.

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 geo-political events, recent global economic volatility, and natural disasters such as tropical storms. Demonstrations to protest against alleged corruption are planned by activists.	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		
RM I: Lack of political support for reforms inhibits required actions or resources allocated. Resistance to revenue mobilization through tax reforms--preference for non-tax revenue measures and improvements to tax administration	Medium	Close coordination with and leverage of advice through APD.
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. Recent domestic political developments may derail the reform momentum.	High	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 have been 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 proactively and explain the importance of strengthening tax systems.
RM II: The former BIR Commissioner was replaced by former DOF Undersecretary as new BIR chief in November 2025. Newly appointed BIR	Very High	Getting BIR ManCom endorsement for the CRM roadmap which was vital has been achieved. Enhance virtual and in-person

Description	Rating	Mitigation Measures
Commissioner suspended audits, describing the move as part of his reform agenda. He has ordered the creation of a technical working group to identify operational and systemic weaknesses. But staff enthusiasm for change may be limited. There is a distinct slowdown in reform momentum, but this could be due to senior management changes in BIR.		discussions with BIR management and staff to assuage concerns and address questions. Coordinate with DOF. A staff visit has been undertaken to assess the ground situation and reinvigorate CRM reforms.
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 analyze data.	Medium	Strong preparatory online workshops and discussion of mission schedules to ensure BIR readiness. Similarly, intensive workshops were held for MTRS. In person workshops were held.
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. Meetings were held with ADB to coordinate CD approaches.	Low	In keeping with the MTRS process, other interested development partners have been kept looped in.

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I. COUNTRY REFORM PROGRESS

The IMF's Fiscal Affairs Department (FAD) continues to support the Rwandan authorities in improving their tax system in both tax policy and revenue administration, through this project financed with Global Public Finance Partnership (GPFP) resources.

In 2026, Rwanda's tax revenue is estimated to have grown after a few years of decline and is projected to continue growing, adding an additional percentage point of GDP by 2028 before growth moderates with a tax-to-GDP ratio around 16 percent of GDP. A multi-year package of tax policy reforms was announced in February 2025, consistent with FAD advice. Measures implemented in 2025 relate to: value-added tax (VAT) base broadening with respect to financial services, ICT equipment, gasoline, diesel, and goods transportation; higher rates on capital gains; and higher taxes on motor vehicles. The focus on the taxation of gasoline and diesel was supported by analytical work – 99.3 percent of household expenditures on gasoline and diesel have been by households in the top quintile – combined with assistance in the development of a communication strategy.

Rwanda has made good progress in revenue administration reform. Reviewing the first medium-term revenue strategy (MTRS-1), tax revenues increased; however, there was a decline in the tax-to-GDP ratio over the period. The authorities have since completed and published a Master Plan for Tax Reforms with support from the Korean International Cooperation Agency (KOICA), and the draft second MTRS (MTRS-2) is now in the consultation phase, with implementation expected to begin in July 2026. While utilization of technical assistance has recently slowed, FAD will engage the authorities to ensure MTRS-2 is aligned with the revised MTRS framework. A staff visit with officials from the Rwanda Revenue Authority (RRA) and the IMF's Regional Capacity Development Center for East Africa is planned for the first quarter of FY27 to review progress and confirm priority capacity development (CD) needs.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: The tax policy unit (TPU) of the Rwanda Ministry of Economic Finance and Planning (MINECOFIN) is nascent; it lacks the policy and legislative knowledge to design a major reform. Over the last two years staffing levels and analytical capacity have improved. In FY26, CD delivered by the regional long-term resident tax advisor strengthened tax policy capacity through the delivery of general tax policy training to the staff of the TPU at MINECOFIN and the RRA. Additional CD focused on the rebuilding of the VAT microsimulation model with new National Accounts and Household Survey data to more accurately cost VAT measures and tax expenditures. **Previous Progress**: The government's approach had been directly supported by a September 2024 reform strategy mission, and a short January 2025 mission that developed approaches to communicating individual measures and the government's tax reform package more generally. The reform strategy was guided by three key objectives: (1) reducing tax relief for unregistered, exempt, and informal businesses while enhancing the competitiveness of registered businesses; (2) addressing the VAT system's regressivity by repealing exemptions and zero-ratings that disproportionately benefit higher-income households; and

(3) implementing environmental sustainability measures through comprehensive fossil fuel taxation to address greenhouse gas emissions and improve local air quality. **Next Steps**: Further measures are required to improve the effectiveness of the investment incentive regime.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: Rwanda has made good progress in their revenue administration reform. They have, however, slowed down in the utilization of technical assistance. They have recently completed and published a Master Plan for Tax Reforms, with the assistance of KOICA. A staff visit indicated that the NOM has settled and they have opted to use a functional approach rather than segmentation. **Previous Progress**: Recent engagements indicate that the draft MTRS-2 is in the consultation phase with an anticipated implementation to commence in July 2026. **Next Steps**: FAD will engage the authorities to ensure that the MTRS-2 is aligned to the revised MTRS Framework. A staff visit comprising officials from RRA and the AFE is planned for the first quarter of FY27 to review progress and confirm priority CD in keeping with the MTRS-2 implementation.

III. LOGICAL FRAMEWORK

Country – Rwanda		
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	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 in 2025 than prior to the approval of the MTRS: 14.2 in 2024/25 versus 15.8 percent of GDP in 2019/20. In particular, corporate income tax (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. Tax revenue grew to 14.9 percent of GDP in 2025/26 and is currently forecast to grow to 15.5 percent and then 15.9 percent of GDP in 2026/27 and 2027/28, driven by a 1.3 percentage point increase in taxes on goods and services between 2024/25 and 2027/28.
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 project has strengthened tax policy capacity through the delivery of general tax policy training to the staff of the tax policy unit at MINECOFIN and the RRA and through the development of a new VAT microsimulation model to more accurately cost VAT measures and tax expenditures. More consistent and rigorous costing of tax measures is a necessary input for better decision making by Cabinet. Continuous training is required to onboard new staff and increase capacity of the tax policy unit over time.
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	4 Fully Achieved	Compliance Improvement Plan 2025-26 has been published and is being implemented.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	MTRS-2 development commenced. IMF will conduct sessions with the authorities to ensure MTRS-2 is aligned to the newly revised MTRS framework.

Digital technologies are better aligned with strategic objectives	3 Largely 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.
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	3 Largely Achieved	Refund management process in place, the forecasting of budget to pay refunds needs to be strengthened.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
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 had been hesitant to pursue the tax policy measures necessary to meet revenue targets given the political emphasis on tax incentives, exemptions and reliefs, but officials have become more willing and better able to defend core tax policy principles.	Medium	Ensure fiscal risk CD is focused on priority areas and engage regularly with ministers 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	High	The resident advisor in the IMF's Regional Technical Assistance Center for East Africa 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
challenged by industry or other government departments.		
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		
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		
Multiple donors are providing technical assistance on fiscal risk topics and gaps, or overlaps, may arise as a result.	Medium	Support the authorities to develop well prioritized reform and modernization plans. Engage actively with donors to ensure support is well coordinated.
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.

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I. COUNTRY REFORM PROGRESS

On tax policy, there has been no follow up by the authorities to the July 2024 and January 2025 medium-term revenue strategy (MTRS) preparation missions. In addition, the overall macro engagement regarding an IMF program is not progressing and there are therefore no medium-term revenue targets. For this reason, this program will for now forego the preparation of an MTRS and focus instead on oil revenue forecasting, where the authorities are more committed (see amendment presented to the Mid-Year 2026 GPFP Steering Committee). The capacity development (CD) program now aims to put a new and simpler oil revenue forecasting model at the core of IMF surveillance activity and hence ensure its sustainability through use of a common model between the IMF and the ministries in charge of economy and finance. This effort will build on training previously provided to the authorities through the IMF Managing Natural Resources Wealth (MNRW) thematic fund.

Country engagement has remained constrained on revenue administration, with no FAD CD missions over the past two years and limited prospects for near-term collaboration with the tax administration (DGID). While the authorities recognize the importance of CD, priorities and engagement modalities—particularly in tax administration—remain insufficiently defined, and weak ownership is reflected in the absence of formal feedback on the GPFP-funded digitalization resident advisor. By contrast, the introduction of the new CD framework generated constructive engagement at the ministerial cabinet level, with a commitment to provide comments. This interest offers a potential entry point to re-anchor dialogue around a more strategic, holistic framework, contingent on clearer commitment and coordination.

There was strong commitment from the authorities to develop with the IMF and the World Bank a priority action plan (PAP) 2025–27 to address public financial management (PFM) issues related to misreporting. Clear performance indicators and a timeline for their effective implementation were established, with plans to prepare priority decrees on strengthening the institutional framework for debt management. Despite these efforts, the project has been put on hold by the authorities since the beginning of 2026 owing to the absence of an agreement on the public debt restructuring and the conditions of a new IMF program.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Progress in FY 2026: In the absence of progress on the overall macro engagement and henceforth on the determination of medium-term revenue targets, this program will focus for now on oil revenue forecasting, where the authorities are more committed. **Next steps**. A set of four activities are planned in 2026 to simplify and merge the Fiscal Analysis of Resource Industries (FARI) methodology based models used by the Minister of Economy, the Ministry of Finance (MoF) and the IMF's African Department (AFR). The first remote modelling mission is completed, and in-field training missions will start in the spring of 2026.
RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: With the exception of support on digitalization, FAD engagement has stalled, with no CD activities in the past two years. Although authorities recognize its importance, clear priorities and plans—especially for tax administration—are lacking. Collaboration prospects with the DGID remain limited, restricting targeted support. The long-term resident advisor has provided support to the Senegalese Tax Administration (DGID) on several critical activities, including (1) the rollout of "FAY SAMA IMPÔT", the online tax payment through mobile operator's apps, (2) the design and implementation of the business continuity plan to strengthen the DGID's resilience, (3) the implementation of the plan to replace the outdated current ITAS, SIGTAS, with the new system SENTAX, (4) the deployment of IT tools to facilitate participation in the Global Forum on Transparency and Exchange of Information for Tax Purposes.

Next Steps: No formal feedback has been received since the GPFP-funded advisor started a year ago, highlighting weak ownership and the need for clearer direction before proceeding.

SM II: Spending Module II – Managing Public Finances

Key Progress in FY26: Progress has been made, in close collaboration with the IMF's Monetary and Capital Markets (MCM), Legal (LEG), Statistics (STA) departments, the Regional Technical Assistance Center for West Africa (AFW), and the World Bank, on developing PAP 2025–27 to address PFM issues related to misreporting, with clear performance indicators and timeline for their effective implementation. Draft decrees on centralizing debt functions under the MoF (one Public Debt General Department) have also been prepared (joint work from FAD, MCM and LEG).

Previous Progress: Budget preparation and fiscal risks management have improved since 2024 through the adoption and implementation of the new public investment management decree; the budgeting of oil revenue; the operationalization of the hydrocarbon revenue funds, and the attachment of the Cash flow plan, the first Green Budgeting report, and an improved fiscal risks statement as Annexes of the Finance Law. However, the significant misreporting with the Fund led to calls for refocusing CD on PFM issues related to the misreporting since October 2024.

Next Steps: In the absence of an agreement between the Fund and the authorities on the debt restructuring and a new program, the authorities have placed the project on hold. Activities on PFM may resume once agreement is found or CD is requested by the authorities.

III. LOGICAL FRAMEWORK

Country – Senegal		
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	No steps taken so far towards an MTRS, amidst overall disengagement at the macro level. Resources are redirected towards oil revenue forecasting, on which the authorities are more committed.
Increased/decreased revenue quantity	1 Not Achieved	Same as above

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	The authorities are planning for a major reorganization of the MoF which would group all tax policy planning capabilities into a single tax policy unit. Progress towards this objective remains unknown at this stage. However, work has started on simplifying the FARI models used for oil revenue forecasting, and authorities are engaging on this topic. The next missions will be onsite to train local staff and discuss institutional arrangements to improve sustainability.
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	Preparatory work to develop a new MTRS is stalling.
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 – SBM		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened asset and liability management processes	2 Partially Achieved	The road map for operationalization of the related sovereign funds is being implemented with delays, however. Operationalizing the frameworks and treasury arrangements has become of utter importance while hydrocarbon revenue ranging from tax to dividends starts flowing in government finance
Strengthened annual budget process, and effective allocation	2 Partially Achieved	In the context of the 2026 Finance Law, progress has been made on (1) the appraisal, selection, and prioritization of capital projects; (2) the banishment of comfort letters;[1] (3) the abolition of illegal transfers to the Non-Personalized Services of the State (SNPE)[2] and the progressive closure of related deposit

[1] Off-budget expenditures from the government were financed through domestic bank loans and secured by "comfort letters" that pledged future repayment and bypassed Treasury records.

[2] SNPE are administrative units of the State without legal personality, included in the general budget, which carry out public missions and operate directly under the central administration. By law, only autonomous entities must receive transfers from the budget and can open bank accounts in commercial banks.

		accounts; and (4) an appropriate use of the budget classification, especially for capital transfers. Full implementation of these measures, that will address PFM issues related to the misreporting, still needs to be ensured.
Strengthened budget execution and control processes	1 Not Achieved	The misreporting case has exposed systemic weaknesses in Senegal's budget execution systems that allowed bypassing of the established framework. The October 2025 joint FAD-LEG-MCM mission contributed to the development of a time-bound action plan 2025-27 to address the PFM issues related to the misreporting, with measurable performance indicators aligned with conditionalities of the Fund and the World Bank. A new legal framework has been developed to address immediate measures including: (1) a new Presidential Decree on the centralization of public debt management functions within one entity and a centralized database for debt data; and (2) the elimination of annual revenue carryovers. As mentioned above, the adoption and full implementation of the action plan and related measures need to be ensured.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II: Resurgence of pandemic hinders CD delivery and changes CD priorities	Medium	Build on progress achieved with remote delivery of CD.
SM II: Vulnerability to climate change and international crisis	High	Green and sustainable budgeting, and improved management of fiscal risks
Political Support		
RM I: Political instability may slow down and even stop implementation of reforms	High	Misreporting issues have led to broader disengagements at the macro level and contacts with the Ministry of Finance remain sporadic, but are improving. However, on oil revenue forecasting, contacts with the Ministry of Economy are good.
RM 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 AFR country team and the authorities

Description	Rating	Mitigation Measures
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 PFM reforms are not disrupted and continue to be a priority. Indeed, the development of the PAP, with the assistance of this mission, is only the first step. It will also be important for the authorities to demonstrate their capacity to effectively monitor and implement the action plan to address the identified PFM institutional weaknesses. Particularly for measures that involve the adoption of legislation, it is critical that more permanent legal instruments be used to encapsulate the reform, as resistance to implementation could lead to the eventual modification or repeal of the non-permanent legislation.
Management and Technical Staff Support and Commitment		
RM I: Persistent institutional instability regarding leadership on tax policy	Medium	Tax policy formulation remains scattered with no clear driver. The authorities have proposed a significant reorganization of the MoF to fix this problem, but progress remains unknown, Local institutional arrangements to improve the sustainability of the oil revenue forecasting efforts remain to be assessed.
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	High	Strengthened capacity and ownership, with tailored assistance and training, and the adoption/implementation of the Presidential decrees for the reorganization of the Ministry of Finance and Budget (MFB) and debt management function, are necessary to ensure that critical public financial management reforms and capacities, and corrective measures are implemented, especially to address the issues identified in the context of the misreporting.
Resource Adequacy		
RM I: The authorities do not commit necessary resources to ensure implementation and sustainability of reforms.	Medium	The sustainability of the oil revenue forecasting efforts depends significantly on the number and quality of resources dedicated by the authorities, although based on past missions, the commitment seems to be there, but there is a steep learning curve for the local staff.
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 capacity to	High	A relevant institutional framework needs to be put in place, and sufficient funding to manage the implementation of critical PFM reforms.

Description	Rating	Mitigation Measures
implement the necessary reforms are limited.		Resistance to institutional capacity reforms also needs to be addressed with a strong political commitment, especially for the transfer to the MFB of the directorates and staff of the Ministry of Economy concerned by the centralization of the debt management functions; and adhesion to the project of some general directorates of the MFB is still a work in progress.
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 TA providers, especially the World Bank to deliver forcefully a modern IT system.
SM II: Even if the remedial measures related to the misreporting are implemented in an efficient and coordinated manner, other longer-term structural reforms will need to accompany them.	High	These include strengthening internal control and PFM governance structures (i.e., internal control and audit, external audit, Parliamentary oversight); better control and monitoring of parastatal sector operations; the gradual and consistent implementation of an integrated financial management system and its interoperability with other systems, in particular the new debt management recording system; improvement of public procurement procedures; strengthening the integrity of the statistical system; and strengthening the PFM legal framework.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Tax policy capacity development (CD) efforts have focused on strengthening the Seychelles Ministry of Finance's capacity to identify and estimate the cost of tax expenditures embedded in the tax system. Following the identification and estimation of tax expenditures in value added tax (VAT) and corporate income tax (CIT), efforts shifted to extending the analysis to other taxes, including personal income tax (PIT), with the objective of supporting the publication of the country's first comprehensive tax expenditure report. At the government's request, however, the most recent tax policy mission broadened its scope to undertake a comprehensive assessment of the tax policy framework and to provide recommendations to enhance efficiency, equity, and revenue mobilization. This analysis is particularly timely in light of the recent change in government and the need to increase revenue in line with proposed expenditure expansions. Going forward, the IMF's Fiscal Affairs Department (FAD) will tailor its engagement to the country's evolving priorities and specific needs.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy
Key Progress in FY26: A comprehensive assessment of the country's entire tax system was conducted, resulting in targeted recommendations to enhance its efficiency. These include improving the effectiveness of PIT, refining the design of tax incentives within the corporate income tax system, and strengthening the efficiency of the excise tax regime. Furthermore, the identification of tax expenditures related to the PIT and excise taxes were carried out in August 2025. **Previous Progress**: A capacity development (CD) mission planned for late FY25 was postponed at the request of the authorities to avoid conflict with IMF's African Department (AFR) missions. **Next Steps**: The country is currently implementing the digital collection of PIT data, which is expected to result in the availability of annual PIT data by the end of FY26. Combined with existing commodity-level excise tax data, this will support the quantification of tax expenditures related to both PIT and excises during the upcoming missions in FY27. Leveraging the existing CIT and VAT tax expenditure reports produced by FAD, this effort is expected to enable the country to publish its first comprehensive tax expenditure report.

III. LOGICAL FRAMEWORK

Country – Seychelles		
Objective − Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		**Rating - 3**
Outcome	**Rating**	**Narrative**
Improved structures (e.g., tax policy units) or capacity (e.g.,	3 Largely Achieved	Tax expenditures related to personal income tax and excise taxes have been identified. Capacity-building exercises on developing models to estimate revenue losses from PIT and excise taxes have

models and tools) related to tax policy advice and analysis.		also been conducted. Once the first digitized PIT data becomes available at the end of FY26, the next mission will finalize the preparation of these models. In addition, a comprehensive assessment of the country's entire tax system was conducted, resulting in targeted recommendations to enhance its efficiency. These include improving the effectiveness of PIT, refining the design of tax incentives within the CIT system, and strengthening the efficiency of the excise tax regime.
Improved transparency and outreach	3 Largely Achieved	A portion of the technical assistance reports intended to support the official publication of a tax expenditure report was completed prior to Global Public Finance Partnership (GPFP) funding. Building on this foundation, the identification and quantification of PIT and excise tax expenditures were carried out in August 2025. The authorities, with the support of FAD, will prepare the draft consolidated tax expenditure report following the completion of all technical assistance activities related to tax expenditure assessments.

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		
In the context of the recent change in government, the level of political support for reforms has yet to become clear.	High	Keep close engagement with AFR team on country priorities and developments. Ensure that engagements are in line with the objectives included in the IMF's Extended Credit Facility and Resilience and Sustainability Facility programs.
Management and Technical Staff Support and Commitment		
Low commitment of management to follow up on CD and invest in the capacity of the staff.	Medium	Engage with senior management and technical staff proactively and explain the importance of the CD activities to achieve 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.

Description	Rating	Mitigation Measures
Other Risks		
Multiple donors are providing CD on domestic resource mobilization (e.g., 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

The Global Public Finance Partnership (GPFP) project for Sierra Leone continued to assist the authorities in their efforts to advance key domestic revenue mobilization (DRM) reforms and strengthen against fiscal vulnerabilities. On tax policy, the authorities were empowered to identify and evaluate options for further revenue mobilization, many of which were then implemented at the end of calendar year 2025. These options were consistent with Sierra Leone's medium-term revenue strategy (MTRS).

On revenue administration work, the Tax Administration made significant progress in compliance risk management (CRM), establishing a CRM Unit and completing Tax Administration Diagnostics Assessment Tool (TADAT) and post-TADAT evaluations to inform reforms. The MTRS was approved, though costing and committee meetings are still pending. A strategic CRM framework has boosted coordination among senior staff. While cross-agency initiatives for priority sectors and high-net-worth individuals face delays due to shifting priorities, staff expertise in extractive industry and transfer pricing audits have improved. Audit programs, however, need ongoing focus to ensure reporting accuracy and further development of audit capabilities.

Regarding expenditure policy, the authorities remain committed to harmonizing the civil servant pay scale. A CD mission to support the reform of the water subsidy took place in February 2026, while CD to assist the authorities in electricity subsidy reform are planned for FY27.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: Tax policy support provided the authorities with timely options for revenue mobilization. This advice directly influenced tax policy decisions that were taken in the 2026 Finance Act, announced in December 2025. **Previous Progress**: No GPFP activities were conducted in FY25. **Next Steps**: Focus will turn to reviewing the MTRS and commencing work on a follow-on MTRS from 2028.
RM II: Revenue Module II – Revenue Administration
Progress in FY26: The authorities advanced implementation of the CRM Framework, establishing the CRM Unit and prioritizing further CD needs. A comprehensive review of the National Revenue Authority (NRA) Act was undertaken, with recommendations provided to guide future reforms. Additionally, a TADAT assessment and subsequent post-TADAT mission strengthened reform plans in line with international standards. **Previous Progress**: The GPFP project in Sierra Leone faced challenges related to insufficient technical capacity and limited human resources for implementing reforms. Additionally, coordination among multiple donors providing technical assistance on fiscal risk topics was encouraged to avoid gaps or overlaps in support.

Next Steps: Over the coming six months, the focus will be on translating recent diagnostics into tangible institutional outcomes—specifically, advancing reforms to address governance gaps identified in the NRA Act review and further embedding compliance risk management as a core management tool to improve revenue performance. Progress is also expected toward clearer outcomes in priority areas supported through coordination with FAD and partners, including strengthened frameworks for extractives sector taxation and continued alignment of reforms with the MTRS to support program objectives.
SM I: Spending Module I – Spending Policy
Key Progress in FY26: Building on previous advice and in support of ongoing RSF negotiations, FAD conducted a CD activity on water subsidy reform complemented by a scoping/data gathering activity for electricity subsidy reform. The activity was endorsed for GPFP financing in June 2025; internal IMF resources were used to advance CD activities aligned with GPFP priorities, and this preserved GPFP funds for follow-up work and continued delivery of project objectives. **Previous Progress**: FAD recommendations arising from CD activities on wage bill management contributed to the authorities' progress on keeping the wage bill under control and supported the development of a strategy to further strengthen wage bill management. **Next Steps**: In FY27, FAD will provide GPFP-funded CD support on electricity subsidy reform, and possibly on wage bill to support the authorities' plan to reform the pay scale.

III. LOGICAL FRAMEWORK

Country – Sierra Leone		
RM I: Objective − Improve Tax Policy Design - TPD		**Rating - 4**
Outcome	**Rating**	**Narrative**
Improved distributional fairness across taxpayers due to amended tax rates or base	4 Fully Achieved	CD support provided a comprehensive range of options to improve distributional fairness, including reforms to withholding taxes that improve the distributional fairness of the tax system (by increasing the taxation of higher income earners), implemented in the 2026 Finance Act. These actions are complemented by CD support provided on wider reform to the personal income tax scale, that is ready for implementation.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	4 Fully Achieved	CD support resulted in several tax policy changes at end-2025. These included an increased corporate income tax rate, adjustments in tobacco excise, the expansion of the minimum alternative tax to correct for avoidance opportunities, and an expanded definition of royalties to broaden the income tax base.
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	Further training is needed for key officials on techniques for evaluating tax policy options. Given the fiscal pressures facing the authorities, this has so far not been a focus of support to date. It is expected that CD support could transition to technical skills development in FY27 if requested by the authorities.
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	Reform management capacity improved: The project has developed and approved a MTRS implementation plan, though it remains uncosted. A TADAT assessment was completed to support reform planning. FAD will support the authorities to cost the implementation plan.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	Strategic CRM in place but no Cross Agency and cross functional compliance improvement plans (CIPs) for Priority and High risk established. No CIPs for operational and human risks. FAD will focus on CRM to assist the authorities in establishing a CIP for all taxes, operational and human risks.
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	Staff in charge of the extractive industry gained technical skills and confidence. A first series of transfer pricing-oriented audits of large-scale mines were initiated in 2024. FAD will focus on strengthening CD plans to develop authorities' capacity in audits of the extractive industry and transfer pricing.
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	Closely following previous FAD advice, the authorities continue to make progress on controlling the wage bill and have designed a strategy to strengthen such control and reform the salary structure.
Reduce subsidies while mitigating impact on vulnerable households.	1 Not achieved	A water subsidy reform CD activity took place in FY26, complemented by a scoping activity for electricity subsidy reform. The activity was endorsed for GPFP financing in June 2025; however, internal IMF resources

		were used to advance CD activities aligned with GPFP priorities, allowing GPFP funds to be preserved for follow-up work and continued delivery of project objectives. A full CD mission on electricity subsidy is foreseen for FY27.
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. Foreseen activities on water and electricity subsidies might further reduce primary spending.
SM II: Objective – Strengthen Expenditure 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 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 on tax reform could be disrupted by deteriorating global conditions flowing through to reduced appetite for revenue mobilization.	Medium	CD support on tax reform could be disrupted by deteriorating global conditions flowing through to reduced appetite for revenue mobilization.
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.
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	Increase awareness through discussion with political-level actors and senior management.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
RM I: Key personnel lose interest or reduce support for project activities.	Low	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 that 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	Closely monitor resource availability and allocation to identify potential shortfall. Prioritizing CD delivery in key areas.
Other Risks		
RM I: Unexpected macroeconomic or external shocks force the authorities to focus on immediate response, at expense of other CD activities.	Medium	Delay or slow CD activities as needed.
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.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

To advance South Sudan's goal of boosting non-oil tax revenues for poverty reduction and inclusive growth, technical assistance has been provided in key areas of tax policy and revenue administration. Building on capacity development (CD) recommendations, the authorities have developed a roadmap for implementing a value-added tax (VAT). The authorities have been receiving support for drafting VAT legislation through joint missions from the IMF's (FAD) and Legal (LEG) departments, and have also requested continued support for managing VAT implementation, establishing the fiscal regime for mining, and establishing a tax policy unit to oversee these reforms. FAD will continue to collaborate with LEG to develop a plan for implementing revenue reforms in the medium term.

On revenue administration, the authorities are implementing structural and operational reforms in response to donor concerns, supported by IMF CD initiatives. Key areas include developing standard operating procedures and officer training to strengthen audit and anti-smuggling programs, reviewing headquarters structure, and improving customs and domestic tax functions. The IMF's Regional Technical Assistance Center for East Africa (AFE) and FAD are collaborating to enhance clearance procedures. Despite having a Strategic Plan, implementation and monitoring remain weak, and a risk-based compliance framework is not yet established. Internal Audit is at an early stage, with limited capacity, and a development program is ongoing.

IMF CD support has been crucial in advancing reforms, particularly in clearance procedures, compliance, and audit frameworks. Initiatives such as officer training and developing standard operating procedures and registration/payment strategies address donor concerns and aim to improve capacity and governance. A scoping mission is planned to support implementation of the VAT Act. In collaboration with AFE, support will also be provided on improving customs clearance procedures, compliance risk management (CRM), and the audit framework.

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

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: A mission on non-resource revenue mobilization was conducted in July 2025, outlining policy reform options across major tax categories and proposing the design of a Value-Added Tax (VAT) tailored to the country's current economic structure and administrative capacity. Building on these recommendations, the authorities have developed a VAT implementation roadmap for 2026–2029 and requested further CD to support their efforts in the legal drafting of VAT legislation, implementation planning, and the establishing a Tax Policy Unit to oversee the reform process. In response, follow-up activities will support the drafting of VAT legislation. This assistance comprised a virtual phase (December 2025–January 2026) and an in-person component (mid-May 2026), aimed at facilitating timely VAT implementation through the preparation of the required legal and regulatory framework.

Previous Progress: There were no activities in FY25 (the first planned mission, scheduled for April 2025, was postponed at the authorities' request). **Next Steps**: An in-person mission will take place in May 2026 to finalize the draft VAT law.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: Authorities continue to develop an effective registration, filing and payment strategy for AFE. Ongoing engagement with the authorities to provide broad and high-level guidance on driving reforms. Following the appointment of a new Commissioner General and New Minister of Finance, the authorities have made requests for support in implementing priority reforms in revenue mobilization including VAT implementation, review of revenue laws, and strengthening CRM across all taxes. **Previous Progress**: The South Sudan Government aims to increase non-oil revenue to at least six percent of GDP by 2027. The authorities assessed their reform priorities, agreed to, and are implementing a four-year program to strengthen revenue performance. The first capacity development assignment was carried out in November 2024. **Next Steps**: Given the low capacity of the revenue administration, future support will focus on improving performance in core tax functions: registration, filing, payment, and accuracy of reporting. In collaboration with AFE, support will also be provided on improving particularly in clearance procedures, CRM, and audit frameworks. FAD will also collaborate with LEG to develop a plan for implementing revenue reforms in the medium term, and with other development partners to better coordinate support for South Sudan.

III. LOGICAL FRAMEWORK

Country – South Sudan		
RM I: Objective − Improve Tax Policy Design - TPD		**Rating - 1**
Outcome	**Rating**	**Narrative**
Increased/decreased revenue quantity	2 Partially Achieved	FAD engaged closely with the authorities during FY26 to actively design a VAT that is tailored for the country's current economic structure and capacity, based on recommended policy reforms. FAD will support the authorities' efforts to finalize the draft VAT legislation in mid-May 2026.
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	Same as above.

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	With FAD assistance, some functional structure elements are now in place (e.g., taxpayer segmentation); however, organizational structure is still missing some functions and does not have HQ roles in customs and domestic taxes.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	The reform strategy is in place, and FAD support will continue enhancing authorities' implementation capacity and progress monitoring and reporting to institutionalize strategic management framework.
Corporate priorities are better managed through effective risk management	1 Not Achieved	No risk-based compliance framework and practice in place yet. Work on improving compliance has started and is not yet based on a risk framework.
Transparency and accountability are more effectively supported by independent external oversight and internal controls	2 Partially Achieved	The Internal Audit department is in place and is in the early stages of implementing its audit strategy. Internal controls are not documented in some South Sudan Revenue Authority (SSRA) operational areas.
Effective implementation of a new tax or modernized legislation	2 Partially Achieved	A draft VAT Act was developed pending approval and implementation plan is to be developed after the scoping mission.
Digital technologies are better aligned with strategic objectives	1 Not Achieved	CD to support to improve the integrated tax administration system has not yet been provided.
N 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 program to assist in achieving the milestones and outcome has started, and authorities have developed a registration, filing and payment strategy that awaits approval by SSRA management.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	Registration, filing and payment strategy developed and is waiting for approval and launch by management for implementation.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	To enhance staff's audit skills and capacity, FAD provided CD during January 26-February 6, 2026. A multi-year audit Capacity Strategy and Implementation Plan was then developed with staff to strengthen the audit program.

The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	The GPFP project supported the authorities to develop a taxpayer registration strategy. Implementation support has begun and will continue through FY26 and in FY27.
RM II: Objective – Improved customs administration functions (SDG 17.1) - CAD		**Rating - 2**
Outcome	**Rating**	**Narrative**
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	Audit and Anti-Smuggling programs are weak; support has started to develop standard operating procedures and train officers.
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	AFE started work on clearance procedures, and FAD aims to build on this to advance progress. Engagement with the tax authority to support this area will continue through FY26-27.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, II: External events including civil war creating a more challenging environment to implement reforms.	High	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events. Also strengthen Business Continuity Planning capacity.
Political Support		
RM I: The political cycle generates governance instabilities, restricting policy making and delivery.	Low	Secure policy continuity if political instability occurs. Ensure transparency, accountability, and inclusion in policy implementation. Engage regularly with ministers and senior management to ensure government ownership of reforms.
RM I, RM II: Insufficient technical capacity and human resources necessary to implement reforms.	Medium	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to highest risk areas where resources are limited. Synergize with other development partners for more impact. Country team engagement to garner political support.
Management and Technical Staff Support and Commitment		
RM I, RM II: Low commitment of management and staff to reforms in revenue administration, and high turnover of Commissioner General	Very High	Engage with senior management and technical staff proactively and explain their role in driving reforms, and importance of strengthening fiscal risk management. Ensure frequent engagement to maintain momentum and rekindle commitment where

Description	Rating	Mitigation Measures
		needed. Strengthen SSRA accountability management framework.
Resource Adequacy		
RM II: Insufficient technical capacity and human resources necessary to implement reforms.	High	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited. Synergize with other development partners for more impact.
Other Risks		
RM I, RM II: Multiple donors provide technical assistance on fiscal risk topics and gaps, or overlaps may arise.	Medium	- Take an active role in engaging with other donors to ensure support is well coordinated. - Participate in existing Donor coordination forums and provide support to SSRA on effective development partner coordination.

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I. REFORM PROGRESS

The Revenue Administration Gap Analysis Program (RA-GAP) project of the IMF's Fiscal Affairs Department (FAD) contributed significantly to capacity development (CD) and knowledge sharing in a multilateral context. This included close engagement with the Addis Tax Initiative (ATI), the United Nations University World Institute for Development Economics Research (UNU-WIDER), and the United Nations (UN). Through ATI-supported multi-country activities, six countries (Ecuador, Kenya, Madagascar, Namibia, Rwanda and Uganda) updated or initiated their value-added tax (VAT) gap estimates, and the results were presented at the ATI General Assembly in July 2025. The IMF-ATI Tax Gap Report 2025 consolidated VAT compliance gap self-assessments from four countries (Kenya, Namibia, Rwanda, and Uganda), ensuring methodological consistency while preserving country ownership.

The project also made progress in refining tax gap estimation methodologies and developing bottom-up approaches. Key initiatives included (1) piloting a Heckman two-step approach in Moldova to measure value-added tax (VAT) gaps using operational audit data; (2) completing a technical note and toolkit on machine learning-based tax gap estimation; and (3) transitioning the current Excel-based RA-GAP VAT gap model to a Python-based platform.

The project supported country-specific engagements under the Global Public Finance Partnership (GPFP), primarily in low-income developing countries. In Kenya, IMF guidance helped the Kenya Revenue Authority conduct VAT gap estimation using the Assisted Self-Assessment program, enhancing their tax gap analysis capacity. Botswana's Unified Revenue Service received its first VAT gap estimate from the RA-GAP team, which was well regarded. Nigeria's Federal Inland Revenue Service also obtained its first VAT gap estimate, with demonstrated integration into compliance risk management (CRM). In Ecuador, the team provided analysis and recommendations to strengthen VAT compliance risk analysis based on the country's VAT gap results.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module IV – Fiscal and Macroeconomic Tools, Research, and Analytical Work | Analytical
Key Progress in FY26: The focus shifted toward operationalization and closer CRM integration. A draft bottom-up tax gap analytical report has been completed and is undergoing final fine-tuning, with results already supporting discussions on audit targeting and case selection. The machine-learning technical note has been drafted and reviewed, and the associated toolkit was piloted in Moldova, where outputs were directly linked to compliance risk segmentation and audit strategy design. In parallel, the Python-based RA-GAP model transition advanced to a near-complete stage. **Previous Progress**: The project consists of three analytical activities aimed at strengthening the operational use of tax gap analysis and its integration with CRM. First, bottom-up tax gap estimation using Heckman's two-step procedure has been piloted in several countries, resulting in a near-final technical note and early applications that informed assessments of audit effectiveness and compliance risks. Second, a technical note and toolkit for machine-learning-based tax gap estimation have been developed and tested in selected countries, demonstrating their potential to enhance risk identification and complement traditional methods.

Third, the transition of the RA-GAP model to Python has progressed through completion of the coding phase and initial field testing in Kenya, improving transparency and scalability.

Next Steps: The next phase will prioritize consolidation, capacity building, and systematic embedding into CRM processes. Finalization of the bottom-up tax gap report will follow incorporation of results from the remaining pilots. The machine learning technical note will be refined based on reviewer feedback, with targeted workshops to gather feedback from revenue administration staff on practical CRM use. The Python-based RA-GAP model will be piloted through a working group of three to four countries, including the Philippines, alongside updates to the online course, to support sustainable adoption.

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

Key progress in FY26: ATI-IMF collaboration generated concrete outcomes aligned with the programmatic country-centered approach to CD. Results were disseminated through a technical note presented during the ATI General Assembly in July 2025, reinforcing shared methodological standards and peer learning across authorities. The RA-GAP team also contributed to knowledge diffusion through an online workshop on the shadow economy. The IMF–ATI Tax Gap Report 2025 consolidated VAT compliance gap self-assessments from Kenya, Namibia, Rwanda, and Uganda, ensuring methodological consistency while preserving country ownership. Importantly, the report documented how participating administrations are using tax gap results to inform CRM, strengthen risk prioritization, and support revenue mobilization strategies.

Previous progress: The project has strengthened multilateral CD and early institutional uptake of tax gap analysis through engagement with the ATI. These engagements have helped position tax gap estimation as an operational tool rather than a stand-alone analytical exercise. Participation in a UN event in New York advanced relationships with key stakeholders by deepening strategic partnerships—particularly with UNU-WIDER—laying the groundwork for coordinated delivery of high-quality, demand-driven CD tailored to IMF member countries' needs.

Next steps: Focus on deepening operational impact and sustaining institutional uptake. Joint technical assistance with UNU-WIDER has been initiated, and discussions are ongoing with authorities regarding publication of the ATI tax gap report. Preparations are underway for a bottom-up VAT gap estimation in Zimbabwe through an innovative IMF–UNU-WIDER partnership to be delivered in FY27. A new initiative will support the ATI community through a pilot statistical tool to forecast VAT refunds in countries where the MoF has delegated this role in the tax administration under the fiscal budgeting framework. Up to three countries will review or apply the tool using anonymized data, with a technical note as the primary output and country-specific results optional.

III. LOGICAL FRAMEWORK

Project – Revenue Administration Gap Analysis Program			
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	In collaboration with Kenya, Namibia, Rwanda, and Uganda, a technical note has been drafted on how participating administrations are using tax gap results to inform CRM, strengthen risk prioritization, and support revenue mobilization strategies.	
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	Through analytical work and multi-country activities, authorities are now better equipped to estimate tax gaps and identify revenue leakage by leveraging audit and other administrative data. During CD missions, audit data and case selection rules were reviewed and validated, data quality issues were identified, and recommendations for improvement were provided. A machine learning–based audit case selection algorithm was also developed, offering substantial improvements over existing audit strategies.	

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
External shocks (e.g., crises, political transitions, or IT system changes) disrupt data availability, delay data extraction, or reduce authorities' capacity to engage in analytical work, limiting timely production and updating of tax gap estimates.	High	Maintain flexible analytical approaches that can operate with partial or proxy data, prioritize use of core administrative datasets, and sequence analytical work so interim results can still inform CRM while full datasets are restored. Adopt remote engagement when travel costs rise due to surging oil prices.

Description	Rating	Mitigation Measures
Political Support		
Lack of political support for reforms inhibits required actions or resources being allocated that are needed to enhance tax gap analysis or to fiscal reforms.	Low	Liaise with IMF area departments to ensure fiscal advice and CD are supported by tax gap analysis, and engage regularly with the minister of finance, senior management, and other key stakeholders to reinforce government ownership.
Management and Technical Staff Support and Commitment		
Low commitment of management and staff in the tax administration and other agencies (e.g., statistical 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.	Low	Ensure CD plans are well targeted based on capacity and include sufficient capacity building and training elements, including via the online 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.

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I. COUNTRY REFORM PROGRESS

In Suriname, IMF capacity development (CD) continues to support a country-owned reform agenda aimed at strengthening revenue mobilization and public financial management (PFM) ahead of the expected oil boom in 2028.

In revenue administration, IMF support has helped the authorities strengthen day-to-day value-added tax (VAT) administration through practical audit advisory work and improved taxpayer-facing guidance, enabling more consistent compliance management despite limited capacity. Cross-cutting progress has also been made on digitalization and data use, including steps toward better data integration to support risk-based compliance. Building on earlier work to strengthen taxpayer service materials and VAT trend analysis, the program is now focusing on strengthening VAT refund and audit capacity and improving filing and payment performance to sustain gains.

In PFM, there is renewed high-level momentum: the Suriname Minister of Finance and Planning has signaled strong political commitment to strengthen the medium-term fiscal framework (MTFF) anchored in the new fiscal rules and has endorsed an action plan to operationalize these reforms ahead of the oil boom in 2028, including advancing preparations for the Savings and Stabilization Funds of Suriname (SSFS) during the 2026–27 transition. Authorities have also improved cash-flow forecasting practices, with increasing ownership of the IMF Cash Flow Forecasting and Analysis Tool (CFAT) and have prepared draft 2026 spending limits for line ministries. IMF CD has supported these reforms through hands-on advisory and tool-based assistance and by helping identify priority milestones for the coming period. Coordination with development partners—particularly the IMF's Caribbean Regional Technical Assistance Center (CARTAC) and the Inter-American Development Bank (IDB) (including on the semi-autonomous revenue authority (SARA) transition)—has helped align targeted CD activities with the authorities' priorities and sequencing needs.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: IMF support helped the authorities strengthen day-to-day VAT administration by improving practical audit advisory work and taxpayer-facing guidance, supporting more consistent compliance management despite limited capacity. A key cross-cutting gain has been progress on digitalization and data use, including steps toward better data integration to support risk-based compliance. Coordination with CARTAC and other partners (notably the IDB on the SARA) helped determine targeted CD activities to support the authorities' priority reform initiatives.

Previous Progress: Work in FY25 and early FY26 continued to build on the foundations for VAT implementation support, including strengthened taxpayer services materials, early improvements in data analysis for monitoring VAT trends, and initial steps towards the reform of organizational arrangements (SARA).

Next Steps: Over the next six months, the program will prioritize strengthening VAT refund and audit capacity, filing, and payment performance while accelerating institutional preparedness for the SARA

transition, given the authorities' timelines. Continuous support will focus on better end-to-end compliance management, supported by stronger data sharing and system integration, so that operational improvements are sustained beyond individual interventions.
SM II: Spending Module II – Managing Public Finance
Key Progress in FY26: There has recently been a strong political commitment by the Minister of Finance and Planning to improve the MTFF, anchored to the new fiscal rules before oil boom arrives in 2028. Additionally, the minister has endorsed the action plan to strengthen the MTFF anchored to fiscal rules and put in place the SSFS during the transition phase (2026-2027). The spending limits for line ministries for the draft 2026 budget have been prepared but would need to be revised once parliament has approved it. Cash flow forecasts practices have been improved with more ownership of the IMF's CFAT. **Previous Progress**: In FY25, fiscal credibility improved with the authorities endorsing a plan to enhance budget execution. This included implementing a spreadsheet for quarterly expenditure ceilings and adopting the CFAT for better cash planning and updates. **Next Steps**: In FY27, the CD program will help implement a rule-based fiscal framework before the 2028 oil boom and continue to support cash management by establishing a treasury single account.

III. LOGICAL FRAMEWORK

Country – Suriname		
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	Program to assist in achieving this outcome not yet in place. Discussions on the establishment of a SARA will address strengthened organizational arrangements.
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. Discussions on SARA should involve the organization's Strategic Management Framework.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	Critical data being collected and analyzed. Currently management uses Excel spreadsheets in their analysis. CD support is ongoing to implement a tool, the Tax Revenue and Customs Knowledge Exchange and Research (TRACKER), that allows for data sharing, exchange and analysis, initially with Customs and with potential to expand to other entities.
Transparency and accountability are more	1 Not Achieved	Internal Audit Unit to be established under the reform of organizational arrangements (SARA)

effectively supported by independent external oversight and internal controls		
Effective implementation of a new tax or modernized legislation	3 Largely Achieved	FAD supported the development of 20 VAT guides on various topics. Through these guides, the authorities developed 7 brochures, 4 of which have been published and the remaining 3 are being reviewed for publication in May 2026. FAD will support the authorities to develop sector guides.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Authorities have some way to go to have a single IT system shared by all departments. To bridge this gap, CD support is provided to use the TRACKER tool to exchange and share information between the departments.
RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD		**Rating - 3**
Outcome	**Rating**	**Narrative**
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	Work is advanced on segmenting the taxpayer base and application of the correct ISIC. Collaboration is being sought with the Chamber of Commerce.
A larger proportion of taxpayers meet their filing obligations as required by law	3 Largely Achieved	Efforts to improve filing compliance are still ongoing and supported through training of officers.
A larger proportion of taxpayers meet their payment obligations as required by law	3 Largely Achieved	Assistance commenced on strengthening VAT refund and arrears management. Additional support has been programmed for delivery in the first quarter of FY27. This support will be focused on developing a Refunds Management Framework and Arrears Management Framework which primarily will help the authorities process refunds and follow up on arrears based on risk profiling of taxpayers.
Audit and other verification programs more effectively ensure accuracy of reporting	3 Largely Achieved	Progress is steady in improving the audit program. Several training workshops have been delivered to enhance capacity of staff.
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	More than 10 VAT guides drafted, being reviewed by the authorities' legal department. A study tour was organized for officials of the tax and customs department to observe and learn from Tax Administration Jamaica on their taxpayer services program.
RM II: Objective – Improved customs administration functions (SDG 17.1) - CAD		**Rating - 2**
Outcome	**Rating**	**Narrative**
Audit and anti-smuggling programs more effectively	2 Partially Achieved	Efforts are ongoing to strengthen enforcement process.

ensure enforcement of customs laws		
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 – Strengthen Budget Management - SBM		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened budget execution and control processes	2 Partially Achieved	Even though STX support helped set quarterly spending limits for the draft 2026 budget, these limits still need to be finalized and entered into the integrated financial management information system (IFMIS). Additional enforcement of commitment controls was discussed with an STX help to prevent any further accumulation of arrears throughout the remainder of FY2026.
Strengthened asset and liability management processes	2 Partially Achieved	Cash flow projections for the draft 2026 budget year have been prepared with the support of an STX under the project. The authorities now demonstrate an increased ownership of the related IMF CFAT that has served the projections. The Cash Management Unit has been working together with the Budget Department to prepare quarterly commitments, while the Debt Management Office continues to make improvements. However, the implementation of a subset of the TSA roadmap is still pending.
SM II: Objective – Strengthen Macrofiscal Frameworks - SMF		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	In relation to fiscal risks, aside from the delayed release of the 2019 and 2020 Electricity Corporation audits in February 2025, the authorities are preparing a fiscal risk statement that will cover macroeconomic, specific, and institutional risks.
SM II: Objective – Build Sustainable Fiscal Institutions - SFI		**Rating - 3**
Outcome	**Rating**	**Narrative**
Strengthened capacity to assess core PFM functions and develop reform strategies	3 Largely Achieved	The minister has endorsed the action plan to strengthen the MTFF ahead of the oil boom in 2028. Additionally, she approved the advanced decree to implement Suriname's fiscal rules and the SSFS. She approved the establishment of a PFM Steering Committee to monitor and operationalize PFM reforms.

Strengthened capacity to plan, implement and sustain digitalization	2 Partially Achieved	Numerous IFMIS features are inactive or rarely used. Supported by an STX within the project, the identification of commitments control functions has taken place, and their development is ongoing in the IFMIS. In parallel, the authorities are considering a new IFMIS system to replace the existing one.

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	Implement a contingency-based reform framework that enables the tax administration to quickly adjust priorities, timelines, and delivery channels ensuring continuity of critical reforms and minimizing disruption.
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 ongoing reforms. Incorporate a contingency-based reform framework to anticipate disruptions during periods of regional instability. Ensure flexible CD delivery (e.g., virtual support).
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.	Medium	- 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 2026 presidential elections	Medium	Continued support from the Minister of Finance and Planning and 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 proactively and explain the importance of strengthening fiscal risk management.

Description	Rating	Mitigation Measures
SM II: Lack of management and technical staff support, and commitment from the Ministry of Finance and line ministries	Medium	Ensure commitment from selected 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: Limited coordination with other donors	Low	Continued coordination with all development partners, especially the InterAmerican Bank, the IMF, and the World Bank.

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I. COUNTRY REFORM PROGRESS

In-country capacity development (CD) engagement with Syria under the Global Public Finance Partnership (GPFP) started during this reporting period, with the first CD missions to the country in 14 years. On public financial management (PFM), three in-person CD activities conducted in late 2025 supported the preparation of the 2026 budget and initiated diagnostics on cash management and the treasury single account (TSA). These engagements contributed to a significant milestone, the approval of the budget in March 2026 and identification of concrete follow-up actions, conduct of a government bank account survey, and identification of steps to strengthen cash forecasting and consolidate cash inflows in the Treasury. In parallel, the IMF's Fiscal Affairs Department (FAD) reviewed and provided extensive comments on three versions of the draft Public Financial Law and discussed them with senior counterparts, thereby helping to advance the legal framework underpinning fiscal institutions. The strong engagement was highlighted at the 2026 IMF/World Bank Spring Meetings during the CD Talk titled "Strengthening Fiscal Capacity in Fragile and Conflict-Affected States: Insights from Syria and other Countries."

Revenue CD activities focused primarily on desk-based support, comprising the review of and provision of comments on four draft tax laws. These draft laws remain very weak and have shown little improvement following the initial comments provided in the Fall of 2025 and subsequent comments provided in March 2026. Going forward, engagement should include hands-on assistance in drafting tax laws from scratch, as well as support for preparing a consolidated tax procedures code covering all types of taxes, which are currently fragmented across different substantive laws. Such support could be provided by the IMF through its Legal Department. Other potential areas of support, such as the taxation of oil and gas, also suffered from limited effective engagement with the authorities in early March 2026 due to the security situation. In addition, it was agreed with the customs authority to undertake a customs diagnostic mission once the security situation permits.

Continuous cooperation took place across with various FAD divisions and other IMF departments, in particular the Middle East and Central Asia Department (MCD) and Middle East Regional Technical Assistance Center (METAC), and regular coordination was maintained with donors supporting Syria, notably the World Bank and the European Union.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Progress in FY 2026: A flexible approach ensured the successful delivery of remote activities, notably through close cooperation with METAC. Three rounds of comments were provided through desk assessments of the sales tax, stamp and duty fees, income tax, and real estate tax. However, the planned in-country workshop was postponed because of last-minute security and coordination issues (a mission in early August is now considered). An in-country mission on oil revenue was urgently requested by the authorities and planned for March 2026, but it was suspended for security reasons and delivered remotely. Additional online support on developing legalistic aspects of an oil model production contract is planned, as well as an eventual in-field mission, when the context allows.

Next steps: Use current engagement to deepen the relationship, based on parameters to be discussed during the planned in-field mission. In the event of further security-related disturbances, remain remotely engaged through further exchange on tax reforms.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The authorities prepared draft legislation for four taxes—an Income Tax Law, a Sales Tax Law, a Fees and Stamp Duty Law, and a Real Estate Tax decree—which were reviewed by FAD, with a focus on procedural and administrative provisions. An in-person workshop was planned to take place in Damascus but has been postponed several times due to the situation in the country and remains pending as of March 2026. Two previously planned diagnostic missions for the tax and customs administrations could not be conducted, as the Ministry of Finance (MoF) prioritized work on the four draft laws. Additional constraints included the security situation, which required missions to be confirmed at short notice. Communication with the customs authority—an institution outside the MoF that reports directly to the Presidency—was re-established after more than a year of unsuccessful attempts. These exchanges have resulted in an agreement to undertake a customs diagnostic mission once security conditions allow. Continuous cooperation took place within the IMF, METAC and regular coordination was maintained with donors supporting Syria, notably the World Bank and the European Union.

Next Steps: In FY27, work is expected to resume on the two diagnostic activities for the tax and customs administrations, assist the authorities with drafting a tax procedures code, and review the organizational structure of the revenue administrations.

SM II: Spending Module II – Managing Public Finances

Key Progress in FY26: Three in-person CD activities between October and December 2025 focused on budget preparation, cash management, and foundational PFM diagnostics. The 2026 budget was approved in March with sustained IMF technical support throughout the preparation process. While reforms remain at an early stage, initial progress in cash forecasting and TSA diagnostics helped the authorities to conduct a bank account survey and take steps to improve cash management capacity and consolidation of government cash inflows in the Treasury. Additionally, FAD provided extensive comments on the three different versions of the draft Public Financial Law and met with the Deputy Minister to further explain the comments.

Previous Progress: IMF engagement with Syria started during the 2025 Spring Meetings. Following the June 2025 staff visit that prepared the fiscal reform roadmap and helped align and sequence CD with the authorities' expectations, FY26 work built on this foundation by deepening technical collaboration once a focal point was designated. CD activities required additional time to re-establish working arrangements after a long hiatus and remained subject to security-related scheduling constraints.

Next Steps: Over the next six months, support will focus on taking stock of lessons from the 2026 budget preparation process to strengthen the 2027 budget preparation process and timeliness. CD work will also continue working on consolidation of government bank accounts through a TSA structure and improving cash forecasting to improve control over government cash and budget execution.

III. LOGICAL FRAMEWORK

Country – Syria		
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	1 Not Achieved	Extent of work realized so far is limited and includes a desk-based review of income tax law, sales tax law and fees and stamps law. In field missions to discuss these reviews were delayed due to security reasons.
Increased/decreased revenue quantity	1 Not Achieved	Same as above
RM II: Objective – Strengthened Revenue Administration Management and Governance Arrangements - RAM		**Rating - 2**
Outcome	**Rating**	**Narrative**
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	2 Partially Achieved	The authorities have prepared draft legislation for four taxes: an Income Tax Law, a Sales Tax Law, a Fees and Stamp Duty Law, and a Real Estate Tax Law. All four drafts were reviewed by the Revenue Administration Division of FAD, with a focus on the procedural and administrative provisions of the tax framework. An in-person workshop was held in Damascus during FY26 to discuss FAD's comments on the draft laws, international good practices in tax procedures, and the way forward.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	No reform strategy has yet been discussed with the authorities
Organizational arrangements enable more effective delivery of strategy and reforms	1 Not Achieved	No activities have been provided in this regard thus far.
RM II: Objective – Improved Customs Administration Functions - CAD		**Rating - 2**
Outcome	**Rating**	**Narrative**
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	No activities have yet been delivered in this area; however, a diagnostic customs mission has been agreed and will take place once the security situation allows.
SM II: Objective – Strengthen Budget Management - SBM		**Rating - 2**

Outcome	Rating	Narrative
Strengthened budget execution and control processes	2 Partially Achieved	The authorities approved the 2026 budget and are planning to use quarterly budget releases for capital investments. During the 2026 Spring Meetings, they indicated that since the current budget is limited to salaries and utility bills, they will only use quarterly release for capex. In parallel, a presidential decision requiring the gross transfer of revenues to the Treasury was adopted, with the aim of improving cash availability projections, consistent with Fund recommendations.
Strengthened annual budget process for more efficient and effective use of resources	2 Partially Achieved	The 2026 budget was approved in March following sustained Fund support during the budget preparation process. Assistance was provided through both in-person missions and online engagements, focusing on improving budget formulation under severe fiscal constraints. While structural weaknesses remain, the process benefited from closer engagement with the authorities and more timely technical support.
Strengthened asset and liability management processes	2 Partially Achieved	A government bank account survey conducted following the December 2025 mission recommendation, identified around 7,000 accounts held at the central bank and state-owned banks. The IMF team recommended establishing a working group to define a preferred TSA structure, IMF FAD technical assistance support for next steps is available.
SM II: Objective – Build Sustainable Fiscal Institutions - SFI		**Rating - 3**
Outcome	**Rating**	**Narrative**
Strengthened capacity to assess core PFM functions and develop reform strategies	3 Largely Achieved	The Reform Roadmap for the Fiscal Sector in Syria was prepared during the June 2025 staff visit. The October 2025 FAD mission addressed the Roadmap's short-term priorities in Pillar 1: Post-Conflict Fiscal Stabilization and further assessed the budget and PFM processes. The authorities are in the process of drafting a new Public Financial Law to replace the Basic Financial Law. FAD has reviewed and provided comments on three different versions of the draft law.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II, SM II: Ongoing war and conflict dynamics, sanctions, and geopolitical instability may delay the delivery of the program and reform implementation.	Very High	Conduct offsite missions and maintain relationships with the authorities. Advance on CD planning and studies. Remotely review legal texts. Design modular project components that can be paused or relocated. Coordinate with other agencies for security updates.
Political Support		
RM I: Some reforms may be more politically difficult to implement (e.g., tax increase).	High	Adjust reform timeline and package. Discuss ways to mitigate negative political impact.
RM II: Government political support shifts due to changing priorities	High	Maintaining continuous engagement and support with the Minister of Finance and the customs administration authorities operating outside the MoF with the support of the area department.
SM II: Shifts in political priorities or limited ownership by counterparts may delay reforms or undermine implementation.	High	Engage counterparts early in project design; secure written endorsements for reform actions; keep project scope aligned with reform priorities of the MoF.
Management and Technical Staff Support and Commitment		
RM I: Capacity and willingness of civil servants to engage at the technical and planning level.	Medium	Envisage mitigating capacity issues with additional technical support (e.g., legal). Adjust reform package and target areas where there is consensus on reform. Assess support from higher levels (Secretary General / Deputy-Minister, Minister) to elicit engagement at the technical level.
RM II: Staff skills and competencies in tax administration remain below international good practice standards.	Medium	Enhanced staff capacity consistent with modern tax administration practices, including guidance on the recruitment of experienced staff to complement existing capacity
SM II: Weak administrative capacity and loss of experienced personnel in the MoF could limit absorptive capacity.	High	Begin with basic capacity-building modules; use embedded advisors; prioritize knowledge transfer and mentoring.
Resource Adequacy		
RM I: Availability of IMF and country authorities / staff to support reform and reform process.	Medium	Very low risk on the IMF side. It has been so far difficult to engage with technical staff and this risk is therefore difficult to assess.

Description	Rating	Mitigation Measures
RM II: The adequacy of resources is unknown	Medium	Provide recommendations on allocations for CD purposes.
SM II: Limited donor funding or restrictions on fund transfers into the country may constrain implementation.	Medium	Look for opportunities for multi-year funding commitments and ensure flexibility in project budgeting.
Other Risks		
SM II: Data availability may be unreliable, and access to institutions may be constrained by physical infrastructure damage or administrative fragmentation.	High	Rely on phased diagnostics to assess data gaps; integrate contingency planning into the workplan; prioritize reforms with lower infrastructure dependence.

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I. COUNTRY REFORM PROGRESS

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

The MTRSP initially lacked a detailed specification of policy actions needed to achieve the revenue outcomes envisaged under the strategy. Tax policy capacity development (CD) activities were designed to help fill this gap. Capacity-building initiatives were undertaken to identify and assess tax expenditures arising from the value-added tax (VAT), corporate income tax (CIT), excise duties, and customs tariffs. Coordination with other development partners was also emphasized. For example, the VAT model developed by the IMF's Fiscal Affairs Department (FAD) was later used by the World Bank as the basis for analyzing the impact of tax policy reforms included in its Development Policy Operation. FAD further supported the authorities in strengthening tax expenditure evaluation through training sessions and the preparation of a methodological manual. The resulting methodologies, estimates, and recommendations informed the authorities' development of an action plan with specific tax policy reform targets for 2027–2029. FAD provided technical support throughout the preparation of this action plan, which constitutes a key pillar of the MTRSP.

On revenue administration side, a repeat Tax Administration Diagnostic Assessment Tool (TADAT) evaluation of the Tax Committee (TC) was conducted by an IMF-led team, including a representative from the World Bank. The assessment identified the strengths and weaknesses of the tax administration system. Its timely outcome was acknowledged, and TC management affirmed its commitment to using TADAT as a baseline for setting reform priorities and CD support. This commitment has been immediately applied in the development of a new TC Tax Administration Development Program for 2026–2030, as the current Tax Administration Development Program (2020–2025) concluded. The new Program was designed with intensive FAD CD support in short time frame and currently is under governmental approval. The Program is in line with the MTSRP and, among others, addresses shadow economy challenges.

The TC is focusing also on improving tax arrears management, which will contribute directly to revenue mobilization efforts under the MTSRP. In support of this reform a CD to the TC was provided in advancing the development of its 2026–2030 Strategic Plan (SP) for tax debt management. Initially developed with FAD in April 2025, the draft SP seeks to modernize tax debt management in line with international good practices helping TC to transition from a conventional model of tax debt recovery toward a modern, proactive, data-driven, and risk-based debt management system. This work will be complemented by a peer-to-peer visit organized by the IMF's Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC) on debt management to advance tax administration for the TC management planned for early FY27.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key progress in FY2026: Building on the achievements of FY25, a CD mission was conducted in June 2025 focusing on tax expenditures in the excise and customs systems—forming the final phase of completing tax expenditure estimates across all major tax systems (CIT, VAT, excise, and customs). The

mission also supported the authorities in strengthening the evaluation of tax expenditures. The findings and recommendations from this work were subsequently used by the authorities to develop an action plan outlining specific tax policy reform targets for the period 2027–2029. FAD helped the authorities throughout the process of producing the action plans.

Previous progress: A 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 CIT and VAT, which represent the largest components of tax expenditures under the country's tax system.

Next steps: In the upcoming missions, 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 FY26: A repeat TADAT assessment of the TC was conducted by an IMF-led team, with World Bank involvement. The assessment identified the strengths and weaknesses of the tax administration system and were immediately applied in the development of a new TC Strategic Development Program for 2026–2030, replacing the Tax Administration Development Program (2020–2025). The new program was designed with intensive FAD CD support and drafted within a short time frame and currently is under government approval. The program is in line with the MTSRP and, among others, addresses shadow economy challenges. A Strategic Planning Unit was established to support development of the new program and follow up on the progress. The IMF resident advisor to the TC began his assignment in September 2025. CD support was provided to the TC to advance the development of its 2026–2030 SP for tax debt management, which was initially drafted with the FAD support. The draft SP aims to modernize tax debt management by aligning it with international good practices, helping TC transition from a conventional tax debt recovery model to a modern, proactive, data-driven, and risk-based debt management system. A peer-to-peer visit to Kazakhstan, supported by the resident advisor, helped the TC team learn from the latest achievements of Kazakhstan's State Revenue Committee in the areas of the new tax code, digitalization, and the administration of mineral resource and international taxes.

Previous Progress: In preparation for the TADAT assessment, a training course provided an in-depth exploration of the TADAT framework, followed by a TADAT certification exam successfully completed by the trained TC officials. A draft SP outline for tax debt management was developed for the 2026–2030 period, and work on it will continue to advance. A diagnostic and CD needs assessment mission (December 2024) evaluated the reform plans and modernization progress of the Customs Service.

Next Steps: CD support will focus on the priority implementation areas in the new TC Strategic Development Program (2026–2030), including from the CS perspective. On tax debt, the CD will help finalize the SP for debt management, ensuring alignment with the overall strategic priorities. This work will be complemented by a CCAMTAC organized peer-to-peer visit on debt management planned for early FY27. CD support with collaboration between Tax/Customs authorities is also planned.

III. LOGICAL FRAMEWORK

Country – Tajikistan		
RM I: Objective − Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		**Rating - 3**
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	The preparation of all microsimulation models and supply-use table-based models has been finalized and submitted to the authorities. However, the technical assistance missions on revenue forecasting have not yet taken place, as they are scheduled for the end of FY26 and into FY27.
Improved transparency and outreach	4 Fully Achieved	All technical assistance reports intended to inform the official publication of a tax expenditure report have been completed. Based on these reports, the authorities have prepared a draft consolidated tax expenditure report. Additionally, they have developed their medium-term revenue strategy (MTRS), incorporating specific tax policy reform measures that are grounded in the revenue estimates derived from the tax expenditure reports.
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	MTSRP was adopted in December 2023 for the period 2024-2029, with MTSRP phase 1 action plan endorsed. The Coordination Council for Public Financial Management is in place and has a broad mandate to increase the efficiency of the financial public administration system. The Council will provide high-level oversight on the MTSRP implementation. A new Tax Administration Development Program (2026-2030), developed with FAD support, addresses outcomes from the 2025 TADAT assessment, including shadow economy measures, and is aligned with the MTSRP.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	TC developed an expanded framework for audit case selection 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. CIPs have

		been developed for three key industries (construction, mining, and trade). However, a more comprehensive CIP covering all core taxes, main compliance obligations, and key taxpayer segments, including large taxpayers, has not yet been developed.
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. The TC has formal processes for identifying, assessing, and mitigating human capital risks, supported by trained HR staff, senior management oversight, and Civil Service Agency involvement. Annual evaluations are conducted, and results are reflected in HR and operations reports, but there is no evidence of systematic independent reviews every five years, performance agreements applied to all staff, or consistent impact analysis of mitigation measures across the full range of risks.
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	A diagnostic mission took place in December 2025, and no follow up CD has been delivered. Some post clearance audits were conducted, but the selection was not risk-based. The shift from control during the clearance process to post-clearance has not matured.
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	A diagnostic mission took place in December 2024, and no follow up CD has been delivered. Some selectivity mechanisms are applied but are not sufficient. Low risk shipments should be subject to no control. Valuation controls are 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 2026–2030 period.

Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	Further support will be needed in establishing a charter explaining taxpayers' rights and obligations

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
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: Following the adoption of a medium-term revenue strategy that meets the targets under the Policy Coordination Instrument (PCI), demand for additional technical assistance and reform efforts may moderate	Medium	The IMF's Policy Coordination Instrument and the MTRS indicate improving political support for reform. Keep close engagement with IMF area department team on country priorities and developments.
RM II: Lack of political support for reforms.	Low	The IMF's Policy Coordination Instrument 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 on CD and invest in the capacity of the staff.	Medium	Engage with senior management and technical staff proactively 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 supports the recommendations provided.
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.

Description	Rating	Mitigation Measures
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 in-country long-term resident advisor.
Other Risks		
Multiple donors are providing technical assistance on domestic revenue mobilization 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.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The Tanzanian authorities, with capacity development (CD) support from the IMF's Fiscal Affairs Department (FAD), achieved notable progress in both revenue administration and public finance management (PFM) during FY26. In revenue administration, key milestones included the rollout of the Integrated Domestic Revenue Administration System in February 2026, with support from this GPFP project and in collaboration with the IMF's Regional Technical Assistance Center for East Africa (AFE). The authorities submitted a proposal to Parliament to expedite VAT refund payments. Planned efforts on digitalization and taxpayer register improvements were delayed due to scheduling constraints. The medium-term revenue strategy (MTRS) was also formally approved by Cabinet in June 2025, with the establishment and launch of a Steering Committee and supporting technical teams in September 2025 marking a significant step toward modernizing revenue reform governance.

In PFM, the authorities sustained efforts toward gender budgeting, particularly in Zanzibar, as part of the ongoing PFM reform agenda driven by AFE. Climate-related fiscal reforms also saw progress, with the integration of the Project Climate Change Reporting Template into the 2025–26 budget, as required by the IMF's Resilience and Sustainability Facility (RSF) milestones. Further, the project provided technical input on the draft Operational Public Investment Management (PIM) Manual, a structural benchmark for December 2025, with completion expected by June 2026.

Coordination was achieved through some joint support with AFE, briefing development partners on scope and desired outcomes for CD assignments carried out in person.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key progress in FY26: The authorities rolled out the IDRAS system in February 2026, and with support from the AFE and in collaboration with the project. They have also submitted a proposal to parliament to review the VAT law to provide for payment of VAT refunds within 30 days following the month they were filed. Planned support on taxpayer registration and further advancing progress on digitalization was not achieved due to authorities' non-confirmation of planned support. Earlier in the year, cabinet approved the MTRS in June 2025 and the Principal Secretary launched the Steering Committee, Technical Teams and the MTRS Secretariat in September 2025. The approval missed the revised structural benchmark date of March 31,2025. The Tanzania Revenue Authority started the process to develop its Corporate Plan 7 and they are working on aligning it to the MTRS. With support of the IMF's Resident Representative, the project meets development partners during missions to better coordinate CD provided, and it is delivering missions jointly/or in collaboration with AFE. **Previous Progress:** The Tanzania Revenue Authority developed a first draft of the MTRS with FAD support and consulted stakeholders for inputs. They initially submitted the MTRS to the Interministerial Task Team for approval, but after receiving advice, they got it approved by cabinet, signaling the government's commitment to reform.

Next Steps: Future support will focus on implementing the MTRS, especially guiding the Secretariat on becoming a center of excellence for reforms and supporting the technical team leaders and the Steering Committee on driving the needed reforms. Another focus will be on helping the authorities update the MTRS to include recommendations of the Presidential Committee on Tax. It is crucial to engage the authorities and improve the relationship to create space for CD absorption.

SM II: Spending Module II – Managing Public Finance

Key progress in FY26: No follow-up regarding gender budgeting in Zanzibar during this assessment period, but this topic remains a priority of the ongoing PFM reform assistance agenda anchored in AFE. On climate, the Project Climate Change Reporting Template has been included in the 2025-26 Budget as stipulated in RSF Reform Measure (RM) 6. The budget was passed on June 27, 2025. In addition, building on the previous GPFP PIM mission, FAD provided comments on the draft Operational PIM Manual, which was a structural benchmark for December 2025. The completion of this benchmark was delayed to end-June 2026 and is expected to be met.

Previous progress: On gender budgeting, authorities participated in a diagnostic mission and workshop to discuss and validate the reform action roadmap, the mission's recommendations, and strengthen their implementation capacity. The roadmap was well received by authorities and sets out near- and medium-term actions for incrementally implementing gender budgeting and expanding the pilot. On climate, an FAD mission in Dodoma (January 29−February 11, 2025) supported the authorities with two RSF RMs: 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. The mission equipped officials to develop and apply an Investment Project Climate Change Reporting Template, and improved their capacity on fiscal risk analysis.

Next Steps: Follow-up support for introducing gender budgeting was requested and might be included in the AFE work program and included in the general budget CD work. A mission on QCRAFT (Quantitative Climate Risk Assessment Fiscal Tool) has been discussed with 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 and its implementation plan were approved in June 2025 and launched for implementation in September 2025. MTRS governance bodies-Executive Committee, Technical Committee and Secretariat were formed and inaugurated in September 2025. Key risk remains inadequate

		resources for implementation and effective oversight by the Steering Committee.

SM II: Objective – Build Sustainable Fiscal Institutions - SFI		Rating - 3
Outcome	**Rating**	**Narrative**
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	3 Largely Achieved	The Government of Zanzibar initiated a gender budgeting reform in the 2024/25 budget through a pilot of six ministries. FAD CD is ongoing to support implementing gender budgeting and expanding the pilot, with the ultimate goal being to help the country advance gender equality. As stipulated in the RSF RMs, the Project Climate Change Reporting Template has been included in the 2025-26 Budget (passed in June 2025). A QCRAFT mission planned for June 2026 has yet to be confirmed by the MoF.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
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 country team. Monitoring of key MTRS milestones in IMF-Tanzania program discussions.
SM II: Senior political leadership interest has weakened, after approval of various reform measures of ECF program.	Very High	Strong engagement with government in the context of RSF RMs and priorities identified by central and sub-national governments in coordination with the IMF's African Department.
Management and Technical Staff Support and Commitment		
RM II: Commitment of Ministry of Finance, TRA, and all other implementing agencies' management to oversee MTRS reforms implementation and hold technical committees accountable for achievement of results.	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

Description	Rating	Mitigation Measures
Resource Adequacy		
RM II: MTRS reforms not allocated adequate resources for implementation.	High	Authorities 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.

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I. COUNTRY REFORM PROGRESS

The aim of this Global Public Finance Partnership (GPFP) project under the IMF's Fiscal Affairs Department (FAD) and Institute for Capacity Development (ICD) is to develop, before July 2026, a medium-term revenue mobilization strategy (MTRS) for 2026-2030 covering tax policy, tax administration, and customs administration, and strengthen the authorities' capacity in macroeconomic forecasting and policy analysis.

During the first tax policy mission (November 2025), all necessary assistance was provided to define the guiding principles the strategy should respect, build a roadmap, and develop a list of potential reforms. The measures envisaged need to be sequenced over the MTRS period, and their yield assessed based on data provided by the tax administration. The public services to be funded by the additional revenue expected could also be specified. To provide all the necessary support to the authorities, FAD will review the first draft version of the MTRS and provide any recommendations to ensure the strategy's timely development. The Togolese authorities have also accepted a formulation mission following this review. This latter mission will deliver a final assessment of the draft MTRS and empower the authorities to complete an MTRS that respects international standards.

The project also supported the Togolese Revenue Authority (OTR) in its shift toward data-driven revenue administration by helping to establish a data governance framework and prioritize AI use cases for risk analysis and fraud detection. Key progress included designing digital architecture and helping OTR prepare to acquire computing resources needed for AI implementation. As of April 2026, pilot projects showed progress, though testing had not yet begun. The OTR welcomed continued IMF assistance to move pilot projects forward and initiate business process reengineering, aiming to fully integrate AI in revenue collection processes.

The ICD project supports the Directorate General of Economic Studies and Analysis (DGEAE) in strengthening macroeconomic forecasting and policy analysis capacity. The March 2026 scoping mission helped identify the authorities' needs and the most appropriate way to address them. The authorities agreed on a sequenced action plan, identified a core working group to support implementation, and endorsed a macroeconomic projections tool (MPT) as the basis for subsequent project work.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: The scoping mission in November 2025 was the first activity in the GPFP project. During this activity, the FAD provided all the necessary assistance to the working group comprising representatives from various departments (tax policy unit, tax administration, customs) involved in developing the MTRS to enable them to (1) specify the conceptual foundations and guiding principles of an MTRS; (2) define organizational arrangements (3) build the necessary tools, like a roadmap and a matrix of potential reforms, in order to prepare an MTRS within the given timeframe. This mission allowed the technical committee responsible for developing the strategy to deepen its diagnostic on tax policy, tax and customs administration, as the project is multidisciplinary. It also enabled the committee to produce an initial list of strategic orientations and potential reform measures, on the basis of which the work continued, and

will continue in the coming weeks. The work carried out during the first mission constitutes the foundation for conducting subsequent efficient work and for the effective drafting of a five-year strategy.

Next Steps: The authorities asked the FAD team to continue its support in the form of a remote intervention to assist the authorities with the drafting work. Specifically, the team will review and comment on the draft submitted by the committee mentioned above and will provide all necessary recommendations, aiming to ultimately produce a strategy that reflects international best practice and enables the authorities to develop a coherent and effective tax policy over the next five years. As requested by the authorities, this intervention will be followed by an in-person mission, during which the technical committee will be assisted in finalizing the strategy.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: FAD conducted eight initiatives (three in-person, five remotely) to assist the OTR in setting priorities for applying AI and data analysis to improve customs and tax administration. The technical assistance helped OTR establish a data governance framework and launch three data- or AI-related projects: AI-powered risk analysis, business intelligence, and generative AI-based document analysis for customs clearance. In addition, FAD helped OTR define the digital and data architecture necessary to deploy AI in production. This first year contributed to laying the foundation for OTR's transition toward data-driven administration and for embedding AI in operational decision-making. In April 2026, the IMF's Regional Technical Assistance Center for West Africa (AFW) conducted on-site support to evaluate the progress of the project and engage in discussions regarding priorities with the recently appointed OTR management: all projects progressed but have not reached the testing and business validation phases; foundational technical capabilities are being put in place; integration of business constraints must be improved; and business process reengineering should be initiated.

Previous Progress: This is the first year of project implementation. There were no previous in-country activities before FY26.

Next Steps: Work planned for FY2027 will focus on helping OTR: (1) advance the three pilot projects, focusing on the AI-powered risk analysis as a foundational tool to improve revenue collection, which is OTR's top priority; and (2) design new business processes integrating the new tools.

SM IV: Fiscal and Macroeconomic Tools, Research, and Analytical Work

Key Progress in FY26: A March 2026 scoping mission established a clear diagnostic of Togo's existing forecasting system and reached ad referendum agreement on a two-year action plan to strengthen macroeconomic forecasting and policy analysis capacity at the DGEAE and across key counterpart institutions. The practical macroframework foundations tool was identified as the most suitable tool given data availability and institutional capacity, a 16-member core working group was designated, and a condensed Financial Programming and Policies (FPP) training helped create a common analytical basis for implementation and future policy-oriented use of the framework.

Previous Progress: Before the mission, the project was in a pre-scoping phase following the authorities' request made during the 2025 Spring Meetings. Preparatory virtual discussions with the DGEAE helped clarify the authorities' needs, review the current forecasting process and coordination mechanisms, and frame the likely architecture of the engagement, including the possible use of an Excel-based macroeconomic framework consistent with financial programming principles.

Next Steps: The project will move from diagnostic to initial implementation. The mission planned in late June will aim to strengthen data inputs and start the customization of the MPT to Togo's institutional and macroeconomic context. The next phase will also deepen coordination across the ministry of economy and finance, ministry of finance and budget, National Institute of Statistics and Economic and Demographic Studies (INSEED) and the Central Bank of West African States (BCEAO). It will lay the groundwork for integrating debt-related analysis through the debt dynamics tool and for using the framework more systematically in macroeconomic and budget discussions.

III. LOGICAL FRAMEWORK

Country – Togo		
RM I: Objective − Improve Tax Policy Design - TPD		**Rating - 3**
Outcome	**Rating**	**Narrative**
Improved distributional fairness across taxpayers due to amended tax rates or base	3 Largely Achieved	To prepare the strategy within the given timeframe, the activity provided the conceptual foundations, organizational arrangements, working methodology and tools presented to a working group comprising representatives from the various departments involved in developing this project.
RM II: Objective −Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		**Rating - 3**
Outcome	**Rating**	**Narrative**
Digital technologies are better aligned with strategic objectives.	3 Largely Achieved	Alignment between digital technologies and OTR's strategic objectives has further strengthened with the operationalization of a unified Data & AI platform and the launch of pilot BI and risk-analysis use cases. The strategic roadmap remains coherent and supported at management level. However, full alignment, particularly for generative AI applications, depends on resolving critical infrastructure constraints and consolidating data governance and institutional capacities in 2026.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized.	2 Partially Achieved	Authorities have advanced the structuring of the reform agenda, including clearer prioritization and the articulation of governance and operational frameworks linked to the Data & AI strategy. However, a fully institutionalized strategic management framework, with defined, published, and regularly monitored KPIs, has not yet been established.

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	2 Partially Achieved	Preparatory work has advanced on modernizing risk selectivity and developing data- and AI-supported analytical tools to strengthen enforcement. However, AI-assisted fraud detection is not yet operational at scale, and measurable improvements in audit and anti-smuggling effectiveness have yet to materialize.
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	Further progress has been made in redesigning the risk-selectivity framework and developing AI-supported analytical tools, supported by a consolidated data platform. However, automated risk-based selectivity is not yet systematically applied during clearance, and consistent operational use remains pending.
Foreign trade operators better comply with their reporting and payment obligations	2 Partially Achieved	Digital infrastructure and data-governance mechanisms have been strengthened, including operational BI tools and enhanced auditability within the Data & AI platform. However, full end-to-end traceability of goods and customs actions is not yet systematically implemented across clearance processes.
SM IV: Objective – Develop capacity in macroeconomic forecasting and policy analysis to support policy decision making and communications - MFR		**Rating - 2**
Outcome	**Rating**	**Narrative**
Authorities have a baseline understanding of their existing forecasting and analytical capabilities and opportunities for improvement	4 Fully Achieved	The scoping mission was completed in March 2026 and provided a baseline assessment of existing forecasting and analytical capacities, as well as key opportunities for improvement. A tentative MPT was identified based on data availability and local capacities, and the authorities identified a core team dedicated to supporting project implementation.
Analytical models and forecasting tools are developed and operational	1 Not Achieved	The scoping mission helped clarify the analytical tool development path for the project. A tentative Excel-based MPT (the macroframework foundations tool) was identified based on data availability and local capacities. A condensed five-day FPP training was delivered during the mission to strengthen the core working group's understanding of forecasting and financial programming concepts.
Improved analytical skills, and better macroeconomic forecasting and policy analysis capacity	1 Not Achieved	The March 2026 scoping mission marked an initial step toward strengthening macroeconomic forecasting and policy analysis capacity. It helped build ownership

		around the project's objectives and implementation approach, while the condensed five-day FPP training gave the core team an initial grounding in the forecasting and financial programming concepts that will support later work on the macroeconomic framework. The next mission is planned for June 2026 and will lay the groundwork for developing the MPT.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Resurgence of pandemics hinders CD delivery and changes priorities.	Low	Build on progress achieved with remote delivery of CD.
RM II: 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.
SM IV: Risk that climate-related events (e.g., floods, droughts) or regional instability (e.g., security issues in neighboring areas) disrupt project activities or the operating environment.	High	Accommodate hybrid & virtual delivery and flexible technical assistance delivery dates.
Political Support		
RM I: Political instability may slow down and even stop implementation of reforms.	Medium	Focus on strategic advice. Support close consultation with relevant internal and external stakeholders to help ensure consensus across government. Advise holding consultations on the MTRS with Parliament, private sector and civil society in due course to increase their support.
RM II: Change in political priorities or leadership could deprioritize customs digitalization or shift focus to other reforms.	Medium	Engage key stakeholders early; align project with national development and digital transformation strategies; ensure visible results in the short term to maintain interest.
SM IV: Risk that high-level political will for the project's objectives or the broader reform agenda weakens during the 2-year period due to changing government priorities or political dynamics.	High	Constant communication with senior management about technical assistance work and achievements. Ensure that coordination between the tax administration, the tax policy unit, and the technical committee responsible for designing the strategy is smooth, the roadmap is followed, and that the OTR provides the committee with the information and data required to estimate the revenue impact of the proposed measures early enough in the drafting process.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
RM I: Close coordination across senior staff in relevant counterpart agencies (MoF, Economy, Tax administration) is crucial for delivery.	Low	Organize consultations across government agencies to ensure close coordination.
RM II: Limited familiarity with data governance and AI tools among mid- and senior-level managers could slow adoption and implementation.	Medium	Include awareness-raising and capacity-building activities targeted at managers; conduct workshops on the benefits and use cases of AI in customs.
RM II: Inadequate internal coordination between departments (e.g., IT, risk management, operations) may impede project execution.	Medium	Establish a dedicated Data Governance and Processing Committee to centralize the management of customs data, facilitate coordination across departments, and ensure the application of consistent governance standards and procedures.
SM IV: Risk that counterparts within the MoEF lack sufficient time, capacity, or sustained focus to effectively engage with and support the technical assistance activities.	Medium	Secure high-level project support. Align core team members incentives with objectives, including possibility of participating in courses organized by regional technical assistance centers or even the possibility to have reverse missions, budget permitting.
Resource Adequacy		
RM I: Resources are misused, nor properly accounted for, or not achieve value for money.	Low	Project resources will be employed in accordance with the IMF policies and procedures, including its travel agency.
RM II: Insufficient funding for necessary IT infrastructure and software licensing.	Medium	Engage early with technical and financial partners to mobilize financial and technical resources; explore phased implementation options to align with available funding and prioritize high-impact, cost-effective components, explore the implementation of frugal AI infrastructure.
SM IV: Risk that the project does not have sufficient financial, human, or logistical resources allocated or readily available throughout the 2-year duration to achieve its planned outcomes effectively.	Medium	Align technical assistance objectives and instruments to diagnosed capacity.
Other Risks		
RM II: Multiple donors are providing technical assistance on data analytics and overlaps or divergencies in the	Low	Take an active role in engaging with other donors to ensure support is coordinated and aligned.

Description	Rating	Mitigation Measures
recommended approach may arise as a result.		
SM IV: Risk that key personnel on technical assistance team change during the project, leading to delays, loss of institutional knowledge, or onboarding challenges for new staff.	High	Constant and detailed documentation on the use of the nowcasting toolkit, recording of technical assistance activities and access to relevant IMF online courses. Documented, structured procedures and manuals for new hires to speed up onboarding use of the toolkit.

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Uganda

FY26 Progress Report (May 1, 2025—April 30, 2026)

I. COUNTRY REFORM PROGRESS

In FY26, the authorities advanced tax policy reform by completing a comprehensive assessment of tax expenditures (TE) and strengthening their capacity in revenue forecasting. With support from the project funded by the Global Public Finance Partnership (GPFP), the authorities produced a draft domestic revenue mobilization strategy (DRMS-2) that prioritizes administrative measures to increase revenue and introduces new TEs for selected industries. The authorities also reviewed their TE reporting and developed plans for rationalization starting in FY27. Notably, their engagement in capacity-building activities enabled them to refine their approach to value added tax (VAT) and Fiscal Analysis of Resource Industries (FARI) modeling, and enhance their understanding of mining taxation, revenue forecasting and expenditure evaluations. The authorities also received capacity development (CD) support to identify reform options for the mining fiscal regime in order for Uganda to take full advantage of its mineral potential, and to build capacity to analyze different fiscal and pricing mechanisms for a project to build a refinery to process domestic oil production. It is expected that CD will continue to improve mining tax policy and the design of tax policy as part of the implementation of DRMS-2.

On the revenue administration front, following the restructuring of the Uganda Revenue Authority (URA), the authorities successfully quality-assured their Enterprise Risk Management policies and operational frameworks. They further integrated compliance risk management (CRM) across customs and domestic taxes. They also deepened their technical expertise in crude oil market fundamentals and pricing, while also adapting and strengthening customs procedures to manage risks specific to mining and petroleum sectors. Ongoing training initiatives have led to continuous improvement in tax audit capacity and skills, with collaborative, multi-agency efforts enhancing operational readiness for upstream petroleum activities and customs risk management.

The project worked closely with the IMF's African Department's country team to align capacity development (CD) activities with national priorities, agreed with the IMF. Collaboration with the IMF's Regional Technical Assistance Center for East Africa (AFE) was instrumental in adopting a unified Fund approach to CD, avoiding duplication and maximizing impact. The presence of the regional long-term resident advisor (LTX) has proven to be essential to maintain a fluid dialogue and delivery of CD. Furthermore, during missions, the project team engaged with development partners providing briefings on the scope and outcomes of the missions to help with CD coordination and eliminate duplicate efforts. In particular, FAD met with staff from the Natural Resource Governance Institute.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: An HQ mission on tax TEs assessment and domestic revenue mobilization was delivered in July 2025, including a week-long workshop on TE evaluation methods. In August 2025, the regional LTX reviewed the authorities' revenue forecasting framework and built capacity for revenue forecasting methodologies. In March 2026, the authorities' 2024/25 tax expenditures report was reviewed and improvements were suggested. The authorities have produced a draft DRMS-2, which the July 2025 mission reviewed and which, in its early years, relies on revenue administration measures to raise revenue and offers new TEs to selected industries. TE rationalization was deferred until FY2027 and beyond. CD

delivery will allow authorities to continue work to rationalize TEs, to better model VAT and improve its design, and to improve revenue forecasting, which will enhance the quality of the budget.

Previous Progress: Workshops on VAT modeling and FARI modeling were delivered by the LTX in February 2025, and CD on mining taxation was delivered in June 2025 (previously funded by the Managing Natural Resource Wealth Thematic Fund). Going forward, natural resource taxation CD will be financed by the GPFP.

Next Steps: Future support will focus on the following activities, as requested by the MoF during the 2026 Spring Meetings: continue to build capacity of staff to model and quantify TEs, particularly for VAT; improve the authorities' diagnosis of tax policy and options for reform; and improve the mining tax regime. Further CD in petroleum revenue forecasting could be delivered once petroleum production starts in late 2026, upon request of the authorities. These activities will help the authorities to better implement domestic revenue mobilization efforts, improve the taxation from mining activities, improve the quality of budget documents through better revenue forecasting and be prepared for the start of petroleum production.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Following a restructuring of the URA, the authorities quality-assured their Enterprise Risk Management policies and operational framework and reviewed the CRM framework to integrate customs and domestic taxes risk management practices. A draft DRMS-2 is in place, which is largely a review and extension of DRMS-1 owing to prior weak implementation, largely due to ineffective implementation mechanisms coupled with the impact of COVID. *Extractive industries*. URA and other relevant regulatory agencies strengthened their technical understanding of crude oil market fundamentals and pricing mechanisms. The authorities also strengthened their understanding of the role of customs and have started to strengthen collaboration between relevant agencies in anticipation to production starting in second half of 2026. With support of joint LTX/STX assignments, standard operating procedures for customs have been tailored to address the specific risks associated with the mining and petroleum sectors. They are waiting for review, stakeholder consultations, and final revisions prior to implementation (work of the LTX is included in a separate LTX progress report). Additionally, ongoing training is being provided to further strengthen tax audit capacity.

Previous Progress: A multi-agency workshop improved customs officers' knowledge of upstream petroleum activities and initiated the adaptation of customs standard operating procedures to address the unique risks associated with the upstream petroleum sector. CD also continued addressing tax audit capacity and skills.

Next Steps: CD efforts will focus on DRMS-2 implementation, strengthening audit capacity, and improving CRM for the extractive industries sector, with an increased emphasis on building expertise to effectively manage and mitigate international tax risks, in preparation for start of the oil production phase during the second half of 2026.

III. LOGICAL FRAMEWORK

Country – Uganda		
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	No significant reform of tax expenditures during FY2026. Proposal to slightly increase excises on diesel and domestic beer, minimally broaden VAT base in FY2026.
Increased/decreased revenue quantity	2 Partially Achieved	Due to delayed implementation, Uganda has extended the DRMS to 2026/27 and is now developing a successor DRMS. The tax-to-GDP ratio was 14 percent in 2024/25, which is a modest increase from 13.5 percent in 2023/24. CD to provide a diagnosis of tax policy will identify measures to increase revenue collections in an efficient and sustainable manner.
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 authorities benefited from two workshops on oil revenue forecasting and VAT modeling (February 2025), and TE evaluation (June-July 2025); including a desk review of the FY24/25 TE (March 2026). Owing to these, MOF staff have enhanced their capacity to use the petroleum revenue forecasting model and to quantify tax expenditures. Additional CD is required to update the model, once petroleum production starts in late 2026.
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	With support from AFE, authorities developed an action plan to improve compliance resulting in design and adoption of compliance improvement plans which are helping authorities in improving compliance rates.

Support functions enable more effective delivery of strategy and reforms	3 Largely Achieved	Data management strategy is in place and is being implemented.
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	Pockets of external and internal review exist, but are not put together in comprehensive policy and procedures covering the entire organization. DRMS-2 draft is under review by various stakeholders.

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: Political interests oppose reduction of business tax expenditures as anti-growth. Rationalization of consumption taxes resisted to avoid raising living costs of the poor.	High	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 and URA commitment to tax expenditure reduction and other revenue-raising measures appear substantial. Reform threats appear more likely from political influences.	Low	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. Leveraging the Country Team relationship with the authorities to improve management support for reforms.
Resource Adequacy		
RM I: MOF and URA lack sufficient resources to evaluate, formulate and promote effective tax policy reforms.	Medium	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, and in developing a prioritized implementation plan for the DRMS-2.

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I. COUNTRY REFORM PROGRESS

Uzbekistan recently updated its tax rules for small businesses and self-employment, tightened IT park tax exemption eligibility, and introduced accelerated depreciation as investment-linked incentives. These changes follow advice from the IMF's Fiscal Affairs Department (FAD), while other measures – like ending tax holidays in special economic zones or adopting progressive income tax – remain unaddressed.

Revenue administration reforms progressed. The Tax Committee (TC) added auditors, launched a national audit plan, and piloted a VAT-fraud detection system. Following the President's December 2025 decree on cashless payments, the TC formed a unit to address shadow economy issues. The Customs Committee (CC) is developing a reform plan with IMF capacity development (CD) support.

The TC hosted the Third Caucasus, Central Asia, and Mongolia Revenue Administration Leaders' Forum to discuss regional priorities, including shadow economy compliance, international taxation, and tax-customs cooperation. A mission supported by the IMF's Caucus, Central Asia and Mongolia Regional Capacity Development Center (CCAMTAC) strengthened the TC's internal audit, establishing a Department of Analysis and Evaluation. Support also enhanced the Large Taxpayers Office (LTO).

Civil service and pension reforms advanced notably. The Civil Service single pay spine is slated for year-end rollout, with FAD offering targeted policy advice and strategic review alongside the World Bank. Pension reform reached final design, with FAD leading coordination and managing expectations with the President's Office, securing an actuarial study and conducting further policy review jointly with other international financial institutions (IFIs). Implementation was postponed to 2026 to ensure quality and alignment with best practices.

Public financial management (PFM) reforms also advanced: The Ministry of Economy and Finance (MEF) of Uzbekistan are progressively implementing the public investment management (PIM) reform roadmap, which was adopted following the public investment management assessment (PIMA) Update. They are organizing changes to strengthen macro-fiscal and budget processes to better inform fiscal policymaking following a FAD review in August 2025. Work continues on implementing the PFM strategy, including strengthening budget processes and improving fiscal risk disclosure.

A high-level cross-divisional workshop on intergovernmental fiscal relations provided principle-based guidance to senior officials from the MEF and regional finance departments to inform reform considerations and will also help to inform a planned Fiscal Decentralization Strategy.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: In-field CD was delivered on mining taxation (May 2025), personal and corporate income tax (June 2025), and fiscal federalism (November 2025). FAD recommendations from those activities have been partially implemented in legislation (reform of small business and self-employment tax regimes, accelerated depreciation as a cost-based incentive to replace some tax holidays) or are presently in preparation (refinements to mining tax regime). Support from HQ on VAT applicable to donor funded projects is reflected in government's draft law. These activities are expected to improve revenues and efficiency. FAD recommendations on progressive income taxation and elimination of special economic zone regimes have not been implemented. The in-field missions strongly engaged with the Ministry of Finance's tax policy unit by sharing analysis and models to strengthen in-house capacity. **Previous Progress**: Planned FY25 activities (mining tax and income tax) were delivered in early FY26 for logistical reasons. **Next Steps**: Delivering CD on requested topics including the effective taxation of financial institutions and formulation of a General Anti-Avoidance Rule (GAAR).
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: Revenue administration reforms continued, with one HQ-led mission on customs administration, an HQ-led mission in July 2025 on organizational structure, one staff visit and a short-term expert visit in November 2025 on VAT credits. The Resident Advisor provided hands-on support. Key achievements include (1) a review of the tax administration's organizational structure and governance framework to improve efficiency; (2) approval of the tax administration 2025–2030 strategic plan by the Chairman of the Tax Committee (TC); (3) allocation of additional resources to the audit function; (4) progressive implementation of the National Audit Strategy developed in December 2024; and (5) initiatives to enhance the effectiveness of the LTO; and (6) support with improving effectiveness of VAT refunds. In addition, collaboration between the tax and customs administrations—particularly in information and data sharing—was strengthened. **Previous Progress**: These efforts aimed to strengthen revenue administration in Uzbekistan and increase revenue collection. Achievements include approval of the TC's 2025–30 strategic plan, enhanced audit capacity, and improved collaboration between tax and customs administrations. **Next Steps**: Upcoming CD coordinated with tax policy colleagues will focus on developing a medium-term revenue strategy and supporting the government strategy to combat the shadow economy. In response to the authorities' request for a customs advisor, a proposal for a regional customs advisor based in Tashkent will be developed and submitted for Global Public Finance Partnership (GPFP) funding.
SM I: Spending Module I – Spending Policy
Key Progress in FY26: Implementation of the new Civil Service single pay spine is scheduled to occur by end-2026; this substantial reform has benefited from periodic review and strategic advisory support from FAD to the MEF at critical stages as the reform proposal matured with technical support from the World Bank.

Pension reform is entering its final design stages. FAD continued to lead multi-IFI engagement, and intervened at critical points to successfully manage Presidential expectations on sequencing and timing. Notably, FAD's formal letter and progress evaluation in August 2025 secured space for an actuarial study of the proposals to be undertaken, thus postponing implementation until 2026; and in the first quarter of 2026, FAD coordinated further evaluation of new proposals incorporated to the draft reform, providing verbal and written assessments jointly with other IFIs.

Previous Progress: The July 2024 Civil Service reform mission established the conceptual framework and roadmap, including a longer implementation horizon and a job evaluation exercise. Financing for the evaluation was secured through FAD's coordination with the World Bank, and the tendering took place in February 2025.

On pensions, the December 2024 workshop brought together key stakeholders and achieved early agreement on reform principles. Virtual consultations throughout 2025 provided feedback on successive drafts of the Pension Concept Note, ensuring alignment with international best practices.

Next Steps: As the Civil Service pay reform gets closer to implementation, FAD will advise on sequencing and strategic implications for future pay reforms in Health and Education.

For pension reform, FAD will continue collaboration with development partners to maintain momentum and deliver reforms that improve efficiency, transparency, and fiscal sustainability.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: A roadmap for improving PIM was approved by the MEF, informed by the PIMA Update and Climate-PIMA. The MEF is making changes to its institutional arrangements and strengthening macro-fiscal and budget processes to reduce fragmentation and better inform fiscal policymaking following a FAD review in August 2025. FAD continues to work with the MEF to strengthen fiscal risk analysis and management and provided support to quantify long-term fiscal risks from climate change and enhance macro-fiscal risk analysis and disclosure. A high-level cross-divisional workshop on intergovernmental fiscal relations provided principle-based guidance to senior officials from the MEF and regional finance departments to inform reform considerations and will also help to inform a planned Fiscal Decentralization Strategy.

Previous Progress: With IMF support, working closely with other development partners, the government adopted a PFM Reform Strategy for the period 2025-30. The Strategy sets out 45 specific reform actions across 5 priority areas aimed at underpinning fiscal discipline, enhancing the effectiveness and efficiency of public spending, and improving the quality of fiscal information. The PFM Reform Strategy was adopted by the Cabinet of Ministers in April 2025.

Next Steps: A Fiscal Transparency Update is planned in August 2026 to identify further actions to improve the quality of fiscal information and fiscal transparency. In line with reform actions in the PFM Reform Strategy, FAD will continue to work with the authorities to strengthen organizational arrangements and budget processes, to ensure policymakers have robust information to support decision making and more credible budgets. Initial support to assist in establishing a spending review process to enhance the efficiency and effectiveness of spending is also planned.

III. LOGICAL FRAMEWORK

Country – Uzbekistan		
RM I: Objective − Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		**Rating - 3**
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	Tax policy unit (TPU) has increased staffing and good analytical capacity. CD missions worked closely with TPU. However, still limited ability of TPU to use FARI model for mining/petroleum fiscal regime analysis.
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	More efficient mining fiscal regime is in place, but some adjustments may be needed. Simplification of tax regimes for self-employed and individual entrepreneurs. The reforms conform with advice of CD activities. However, significant CIT profit-based incentives persist.
Increased/decreased revenue quantity	2 Partially Achieved	At this juncture, it is too early to assess sustainable budget impacts of changes in taxation in 2025. Tax-to-GDP fell after the reduction in VAT rate. Significant CIT profit-based incentives persist. Tax exemption for self-employed was eliminated.
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 LTO operations. Work to improve LTO's operations has commenced. The FAD CD support focused on the LTO has been delivered and the authorities endorsed the recommendations of the short-term expert. A new organizational structure has been developed awaiting the authorities' endorsement.
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 former Revenue Mobilization Thematic Fund project. Good progress was made. A multi-year planning principle has been adopted. The TC Strategic Plan for 2025-30 was approved both by the TC Chairman and the President's office and is being implemented. A draft CC Strategic Plan is in place and is undergoing review.

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 long-term resident expert (LTX) is supporting this activity. Sector-specific compliance improvement plans have been selected. A VAT CIP is being developed. This will help with bridging the VAT gap. Activity included in the Strategic Plan 2025-30.
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	This milestone was determined under the former 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 2025-30 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. State CC wishes to enhance selectivity with increased use of AI.
Foreign trade operators better comply with their reporting and payment obligations	3 Largely Achieved	Customs procedures are mostly modernized while implementing regulations need more work.
Trade facilitation and service initiatives better support voluntary compliance	1 Not Achieved	There is no revenue collection model regarding e-commerce, as a result, revenue is not satisfactorily collected from e-commerce. A draft Presidential Decree strategy recognizes this issue.
SM I: Objective – Strengthen Expenditure Policy Formulation and Design - EPD		**Rating - 2**
Outcome	**Rating**	**Narrative**
Government pay and employment are more	2 Partially Achieved	After the recasting of the civil service reform in 2024, based on the recommendations of FAD's July 2024 mission, the

competitive and consistent with fiscal constraints		MEF adopted a longer timeline to allow for rigorous technical work. A job evaluation was tendered in February 2025, to provide the robust evidence needed to redesign the Civil Service pay system. The job evaluation is now completed, and a benchmarking study of comparable private sector jobs was conducted. The final calibration of the new payscale is underway, with a decree expected to enact the reform before end-2026.
Public pension system sustainability is enhanced while ensuring the adequacy of retirement income	2 Partially Achieved	FAD provided cross-donor leadership by organizing the December 2024 workshop to establish a five-way dialogue, led by FAD, to bring together the Pension Fund, World Bank, Asian Development Bank and International Labour Office, and produced a consensus on the principles for reform. Over 2025, the Pension Fund developed these principles into a draft pension concept note, with ongoing support from the five-way policy dialogue. The draft concept note underwent several iterations in 2025-26, with policy feedback provided at each stage by FAD coordinating with the other three IFIs. A letter from FAD secured support from the President's Office to delay implementation into 2026, thus allowing space for an actuarial study. This will be the last major evaluation stage before fine-tuning leads to the final proposal to be introduced by decree by end-2026.
SM I: Objective − Strengthen Policy Evaluation and Institution Building - PEI		**Rating - 3**
Outcome	**Rating**	**Narrative**
Authorities have an understanding of opportunities to enhance the adequacy, efficiency, and sustainability of public expenditure	3 Largely Achieved	The MEF has significantly strengthened its understanding of the implications of its planned reforms. The planned Civil Service payscale now has an empirical backing from the private sector benchmarking study. And the successive iterations on pension reform design have helped the Pension Fund discard options which did not support its adequacy, equity and sustainability objectives; the final step will be the actuarial study, which the Pension Fund agreed to undertake with IFI support, and which will provide the final costing of the reform.
SM II: Objective − Build Sustainable Fiscal Institutions – SFI		**Rating - 4**
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 2025–30 in April 2025 and are undertaking actions with support from

		the IMF and other development partners to progressively implement reform actions.
Strengthened capacity to plan, implement and sustain infrastructure governance	3 Largely Achieved	An updated PIMA and C-PIMA was conducted in February 2025 and will provide an important input into a roadmap to strengthen PIM.
SM II: Objective - Strengthen Budget Management – SBM		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened annual budget process, for more efficient and effective use of resources	2 Partially Achieved	The authorities have made progress in strengthening some PIM institutions, including project planning, selection and implementation and a PIM coordination unit has been established in the MEF to better coordinate projects included in the Social and Production Infrastructure Development Plan across funding sources. Efforts are also underway to expand the functionality of the capital investment information system managed by the MEF. However, further actions are required to strengthen capital budgeting and maintenance of assets.
Strengthened medium-term budget 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 - 2**
Outcome	**Rating**	**Narrative**
Comprehensive, timely, and high quality fiscal reports	2 Partially Achieved	The PFM Reform Strategy includes further actions to improve fiscal reporting and transparency. Progress is being made, supported by technical assistance from CCAMTAC, to enhance the coverage and quality of fiscal statistics, and align these with international standards. A planned Fiscal Transparency Evaluation Update will identify gaps and recommend priority actions to further strengthen fiscal reporting.
SM II: Objective −Strengthen Macro-fiscal Frameworks - SMF		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	The Fiscal Strategy Paper includes a statement on fiscal risks covering most material fiscal risks, but there is scope to further enhance its content.

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 policymakers.
RM II: The appointment of a new Chairman TC and the dismissal of the long serving Deputy Chairman and some senior managers has created uncertainty which could pose a threat to reform momentum	Medium	- Engage regularly with senior government officers (e.g., Deputy Prime Minister, relevant deputy ministers) and the new TC leadership, to foster and monitor government ownership of reforms. - Strengthen relationships with new TC leadership and key officers to monitor reform progress, especially on critical milestones (e.g., as set out in the TC Strategic Plan 2025-30). - Leverage support from the IMF's Middle East and Central Asia Department
SM I: 2023 was characterized by political uncertainty, notably around the time of the MEF merger, inhibiting reform momentum.	Medium	Active coordination will ensure there is no duplication of work. The two projects are largely complementary, as the main driver of the spending policy work is practical implementation and capacity building, whereas the World Bank has focused on producing analytical reports.
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.
Management and Technical Staff Support and Commitment		
RM I: There is a risk that the MEF 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.
RM II: Low commitment of management and staff in TC and CC to implement reforms.	Low	Engage with senior management and technical staff and explain the rationale for the reforms.
SM I: Technical training does not successfully shape senior and political decision-making, limiting the impact of policy advice and analysis on practical outcomes and real prioritization.	Medium	- Engage with relevant Deputy Ministers to ensure top expenditure policy priorities are addressed by CD. - Collaborate closely with PFM module to align the building of analytical and policy skills with structural improvements in the budget process. - Assess operational links between technical and policy staff, and senior decision-makers; flag procedural and communication bottlenecks, with potential solutions as part of CD output.

Description	Rating	Mitigation Measures
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 recommendations consider current capabilities and incorporate 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, SM I, SM II: Insufficient technical capacity and human resources undermines the capacity in key entities (e.g., MEF, TC, CC) to implement reforms or absorb CD in key topics.	Medium	- 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. - Provide continuous LTX support to ensure reform stability and enhance momentum.
Other Risks		
RM II, SM 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: The World Bank is involved in providing CD on expenditure policy advice, which creates a risk of overlaps.	Low	Active coordination will ensure there is no duplication of work. The two projects are largely complementary, as the main driver of the spending policy work is practical implementation and capacity building, whereas the World Bank has focused on producing analytical reports.

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Virtual Training to Advance Revenue Administration (VITARA)

FY26 Progress Report (May 1, 2025–April 30, 2026)

I. REFORM PROGRESS

While progress has been slightly slower than initially envisaged, the Virtual Training to Advance Revenue Administration (VITARA) project is advancing steadily toward the final stage of its current cycle, with several new English and translated modules being developed. Global demand for high-quality VITARA training remains strong, and the four partner organizations are actively preparing plans for the next phase of the program.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module III – Training/Peer Learning and Fiscal and Macroeconomic Tools - Revenue
Key Progress in FY26: VITARA has trained over 3,100 participants, with an average learning gain of about 10 percent during FY26. Participation remained strongly concentrated in emerging market and low-income countries, which accounted for 82 percent of all learners. Africa represented the largest share of participants (36.5 percent), followed by the Western Hemisphere (21.1 percent), Europe (20.7 percent), Asia-Pacific (11.3 percent) and the Middle East and Central Asia (10.4 percent) regions. Women accounted for 43.5 percent of learners. During FY26, new online modules were launched in Payment and Debt Management (English), Compliance Risk Management (Russian), and Audit (French), alongside the publication of new VITARA Reference Guides on Compliance Risk Management and Performance Management. **Previous Progress**: Since July 2021, VITARA has trained nearly 20,000 participants, achieving an average learning gain of 12 percent. The program now offers approximately 25 online modules, 9 reference guides, and multiple microlearning video playlists. **Next Steps**: New English modules on Filing and Taxpayer Services will be released, while finalized content for new reference guides on Enterprise Risk Management, and Taxpayer Registration will be followed by a guide on IT and Data Management.

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.

Description	Rating	Mitigation Measures
Resource Adequacy		
A program manager and technical staff will need to be procured, managed by current IMF staff.	Medium	Additional funding will be required from GPFP in June 2026 to deliver planned activities in FY27.

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I. COUNTRY REFORM PROGRESS

The IMF's Fiscal Affairs Department (FAD) developed short-term emergency revenue plans with the Yemeni authorities which were formally adopted, comprising 32 tax administration measures and 18 customs administration measures focused on immediate revenue gains. Coordination is ongoing with the IMF's Middle East Regional Technical Assistance Center (METAC), the Middle East and Central Asia Department (MCD) and development partners that include the Organisation for Economic Co-operation and Development (OECD).

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration
Key Progress in FY26: Priority areas for revenue mobilization were identified for both the tax and customs administrations. In response, short-term emergency revenue plans covering a 12-month period were developed jointly with the authorities. These plans were formally adopted by the government and comprised 32 measures for tax administration and 18 measures for customs administration, focusing on immediate revenue enhancing actions. Following the development of these emergency revenue plans, the Presidency issued a decision formally adopting the reforms, demonstrating strong government ownership and a very positive impact of the reform agenda. **Next Steps:** Looking ahead to FY27, a diagnostic of the existing IT systems is planned, followed by technical assistance to support the implementation of an integrated tax administration system (ITAS), drawing on IMF experience from similar implementations in fragile and conflict affected states.

III. LOGICAL FRAMEWORK

Country – Yemen			
RM I: 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	FAD provided guidance to the tax administration on enhancing the integrity of the taxpayer register. Currently, the data is neither accurate nor centralized, which poses significant challenges. Addressing these issues is a long-term undertaking that will need to be carried out by the tax administration	
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	3 Largely Achieved	The organization structure of the TA is outdated and complex: FAD supported the TA in reviewing and proposing a new function-based structure along with segmentation of large taxpayers, in addition, high level mandates were developed. The new structure is waiting for minister of finance approval. Customs: Organizational structure is aligned with goods international practices, but HQ-regional offices relationship is hindered by interferences by the local authorities.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	An Economic Recovery Plan was developed by the government. Building on this, the tax administration prepared its own tax strategy; however, the customs administration has not yet developed a multiyear strategic plan. With FAD support, short-term emergency revenue plans were developed for both the tax and customs administrations, focusing on immediate and short-term measures. The reforms proposed in these plans were officially adopted by the government through a formal government decision, particularly those related to governance arrangements.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Extremely difficult security situation and unstable environment	Very High	Strengthening capacity of revenue administration as an important revenue generator
Political Support		
The Ministry of Finance has demonstrated strong support for the reform efforts.	Medium	Maintain good contact with the Minister of Finance to strengthen the work of revenue administrations and leverage MCD to maintain contact and provide progress briefings with Minister of Finance on priority areas.
Management and Technical Staff Support and Commitment		
Reform commitment of senior officials is high but weak technical skills among the staff could create obstacles to efficient delivery of the program.	Medium	Mentoring management of the revenue administrations to strengthen their capacity.
Resource Adequacy		
Outdated infrastructure and a predominantly manual operating environment for revenue administration staff.	Very High	Authorities to be encouraged to provide necessary resources to the revenue administrations (infrastructure, ITAS, etc.).

Description	Rating	Mitigation Measures
Other Risks		
Multiple donors are providing assistance to the revenue administrations, which could possibly create gaps and overlaps in donors.	Low	Establish mechanisms to incorporate and coordinate all partner CD relevant to the project's implementation.

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The Global Public Finance Partnership (GPFP) project has supported initiatives to advance 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 European Union, German Agency for International Cooperation (GIZ) and the World Bank). The authorities have been actively engaged with these 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 helped the authorities to improve transparency on the use of tax incentives in Zambia, reflected in their December 2025 edition of the report. In April 2025, FAD undertook a comprehensive diagnostic of the tax system. The recommendations aim to improve the fairness and efficiency of the tax system by making it more principles based. In summer 2025, Zambia implemented a corporate minimum alternative tax consistent with the diagnostic recommendations. Looking ahead, additional GPFP-funded support will be provided to Zambia on revenue forecasting, and Zambia is developing a medium-term revenue strategy that will build on the GPFP-funded recommendations from April 2025.

During the year, FAD provided sustained support to the Zambia Revenue Authority (ZRA) to strengthen and operationalize its compliance risk management (CRM) framework. This support included HQ and short-term expert engagements that reviewed progress in CRM implementation; delivered workshops and training to deepen institutional understanding; strengthened risk analysis, assessment, and reporting practices; and enhanced compliance improvement plans (CIP) for corporate income tax filing and value-added tax (VAT) fraud. FAD also supported the development of consolidated risk views, refined market segmentation and parameters, strengthened the compliance risk register, and advanced the use of risk models to support operational decision-making. In parallel, FAD assisted with the design of performance dashboards to monitor CRM outcomes and shared a roadmap to embed CRM as standard practice within the ZRA. Complementing this hands-on technical assistance, a study tour to the Australian Taxation Office exposed ZRA officials to international good practices in risk-based compliance management, including the use of advanced data analytics, third-party information, behavioral insights, and differentiated treatment strategies across the taxpayer lifecycle.

On the spending side, to support the authorities' commitment to strengthen the fiscal framework, FAD provided advice on how to operationalize the rules based fiscal framework, by introducing an operational fiscal rule targeting the non-resource primary balance, in addition to the debt rule capping the debt at 65 percent of GDP. The necessary improvements in macro-fiscal forecasting, fiscal risk management, and fiscal rules monitoring and reporting have also been highlighted to support the implementation of a rules-based framework. The authorities are making strong efforts to strengthen and sustain the technical and analytical capacity of the macro-fiscal team while carefully deliberating potential fiscal rules and stabilization mechanisms.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: Zambia implemented a corporate minimum alternative tax in summer 2025 consistent with the diagnostic recommendations provided by FAD in FY25, raising revenues and reducing inefficiencies in the corporate income tax system. **Previous Progress**: At the request of the authorities, FAD reviewed the December 2024 tax expenditure report on income tax, excise tax, and customs measures; the February 2025 review led to changes reflected in the December 2025 edition of the report. This will help to improve transparency on the use of tax incentives in Zambia. In April 2025, at the request of the authorities, FAD conducted a two-week mission to provide a diagnostic of the tax system. The recommendations if implemented will generate revenues and improve the fairness and efficiency of the tax system by making it more principles based. **Next Steps**: The authorities have requested additional training on revenue forecasting; a limited mission is anticipated for FY27, which will improve budgetary planning. The authorities are working on a medium-term revenue strategy that is expected to include additional tax policy reforms recommended in the 2025 GPFP-funded diagnostic; the strategy should support implementation of changes that will improve domestic resource mobilization in Zambia. On tax expenditures, the authorities are looking to work with other providers (likely GIZ) to develop VAT modeling capacity.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: The main benefit during the reporting period was the consolidation of key foundations for modernization, including widespread adoption of e-invoicing and the formal establishment of CRM governance structures. These reforms supported progress on digitalization and risk-based compliance, although their impact remains constrained by uneven implementation, weak integration of e-invoicing into VAT control, and the early stage of CRM execution. Close coordination with GIZ supported the design and rollout of these reforms, providing a coherent framework for future scaling-up, despite capacity and accountability challenges that still need to be addressed. **Previous Progress**: ZRA has made gradual progress in advancing its CRM framework, notably through the establishment and operationalization of the Risk Committee and Risk Management Unit. The approval of initial CIPs and the incorporation of the VAT control model—including refunds—into the CRM framework represent important steps forward, with more than 85 percent of VAT taxpayers now using the e-invoicing system. However, the absence of a specific obligation for government bodies, ongoing merger-related delays, and incomplete CIP execution continue to limit the effectiveness of implementation. **Next Steps**: Upcoming capacity development activities will focus on operationalizing ZRA's strategic CRM framework by strengthening governance and accountability, developing the risk engine, reinforcing the VAT control model, and integrating it more effectively with e-invoicing processes. These efforts will aim to move from foundational reforms toward more consistent execution and measurable compliance outcomes.
SM II: Spending Module II – Managing Public Finance
Key Progress in FY26: The Ministry of Finance and National Planning (MoFNP) is committed to strengthening the fiscal framework by institutionalizing the rules based fiscal framework, while also

considering a significant increase in copper production anticipated in the next years. An FAD CD mission recommended to introduce an operational fiscal rule targeting the non-resource primary balance, in addition to the debt rule capping the debt at 65 percent of GDP to be achieved by 2027. The mission sounded a note of caution around the creation of a sovereign wealth fund (SWF), noting that any assets accumulated as part of the fund represent debt that is not being repaid. Of the several SWF design options currently being considered by the authorities, the IMF recommends creating a stabilization fund to complement the proposed fiscal rule. The requisite improvements in macro-fiscal forecasting, fiscal risk management and fiscal rules monitoring and reporting have been emphasized

Previous Progress: To support the authorities' desire to access the IMF's Resilience and Sustainability Facility (RSF), FAD conducted a public investment management assessment (PIMA) / Climate PIMA (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/C-PIMA recommendations inform reform initiatives aiming at strengthening the efficiency and climate resilience of public investment in Zambia.

Next Steps: IMF will further support Zambia to enhance the MoFNP capacity in assessing fiscal impact of macroeconomic shocks, climate events and public-private partnerships, and managing the risks arising from them.

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	March 2026: SUT request referred to the IMF's Statistics Department in 2025. No developments since then on SUT. Next edition of tax expenditures published December 2025.
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	2 Partially Achieved	Authorities had requested training on revenue forecasting to improve the budgeting process in Zambia and allow decisions on possible tax measures to be better informed by estimates of revenue impacts. This training is tentatively planned for FY27.
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 85 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	Despite the formalization of CRM governance arrangements, core weaknesses persist in ZRA's CRM framework. Execution of CIP—particularly the VAT fraud CIP—remains limited, reflecting weak core foundations, fragmented implementation, and diffuse accountability. While the establishment of the Risk Management Unit and CRM committees marks important progress, CRM has yet to become a central organizational priority, and the absence of strong senior-level ownership and systematic tax gap analysis continues to constrain effective risk prioritization and compliance outcomes.
SM II: Objective – Build Sustainable Fiscal Institutions – SFI		**Rating - 3**
Outcome	**Rating**	**Narrative**
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	2 Partially Achieved	Alongside PIMA, C-PIMA was conducted during November 6-19, 2024. The assessment identified opportunities 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 C-PIMA was delivered during November 6-19, 2024. These assessments identified opportunities to improve the efficiency of public investment in Zambia.
SM II: Objective – Strengthen Macrofiscal Frameworks – SMF		**Rating - 2**
Outcome	**Rating**	**Narrative**
Strengthened medium-term fiscal frameworks	2 Partially Achieved	Opportunities to improve the medium-term fiscal framework identified. These include the adoption of the operational fiscal rule to support the debt limit, and the consideration of the introduction of the Stabilization SWF in light of the significant increase of mining resource revenue.

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	Medium	Careful alignment of reforms with the main priorities of the government. Reforms at ZRA and MoFNP 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. RM II addition: Zambia has made solid progress in its institutional consolidation process.
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: In light on upcoming elections in August 2026, the risks of slipping on spending and PFM reforms commitment are heightened.	High	Coordinate closely with the IMF's African Department to leverage the Extended Credit Facility program in ensuring the political support to fiscal and PFM reforms. Work with the development partners on the ground to closely monitor the implementation of the reforms
Management and Technical Staff Support and Commitment		
RM I, RM II: Continuous rotation of managers and staff undermine the absorptive capacity and provoke permanent discontinuity.	Low	Encourage authorities to implement administrative reforms that contribute to a more stable staff. Continual/regular high-level engagement and monitoring. RM II: Senior management is now stable with no further continuous rotation of managers and staff that could undermine absorptive capacity or cause persistent discontinuity
SM II: Upcoming election may impact the level of commitment by staff and their supervisors to undertake desired tasks and decisions and follow-through with recommended actions provided by CD	Medium	Coordinate with the IMF's African Department country team.

Description	Rating	Mitigation Measures
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	RM I: Take an active role in engaging with other donors to ensure support is well coordinated, especially with GIZ because they have a strong physical presence in the country. RM II: Proactive engagement with development partners, particularly with GIZ has been used to ensure well-coordinated CD support. This includes the regular participation of GIZ staff in all FAD mission meetings in Zambia, helping to reduce duplication and strengthen alignment.
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 the GIZ as they have a strong physical presence in the country.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Zimbabwe has continued to benefit from support from the Global Public Finance Partnership (GPFP) to strengthen its domestic revenue mobilization efforts and improve spending efficiency. In revenue administration, support efforts prioritized strengthening Zimbabwe Revenue Authority's (ZIMRA) compliance risk management (CRM) and audit capacity as key foundations for improved tax administration and resource mobilization.

A multi-divisional workshop assessed CRM processes, addressing weaknesses identified by the previous Tax Administration and Diagnostic Assessment Tool (TADAT) evaluation and recommending reforms in compliance management, informal sector taxation, and other priority areas. Support was provided to craft the 2026–2030 Corporate Strategic Plan. This informed a high-level reform planning aligned with ZIMRA's strategic priorities and capacity needs. A hybrid mission, applying the IMF's Revenue Administration Gap Analysis Program (RA-GAP) methodology, identified sectors with high revenue potential. The RA-GAP results will inform compliance strategies for the future. A Customs HQ mission highlighted gaps in reform oversight, adaptation of procedures, and data-driven decision-making, particularly within the context of ZIMRA's adoption of new technologies, development of ASYCUDA and data matching procedure with Zambia. Future assistance will focus on data literacy, analytics, performance measurement, and integrity. An Audit Capacity Strategy and Implementation Plan (ACSIP) was approved to enhance audit skills and tools, complementing ongoing modernization under the Corporate Strategic Plan 2026–2030.

On the expenditure side, GPFP support has focused on strengthening the medium-term management of the public sector wage bill, a key driver of spending pressures and fiscal risks. In July 2025, a wage bill mission supported the authorities in assessing the adequacy, efficiency, and fiscal sustainability of the wage bill. The mission identified the need for a medium-term wage bill plan, anchored in headcount data and prepared by the authorities, to strengthen predictability and control over wage bill dynamics. The proposed plan aims to align staffing, pay policies, and budget allocations with available fiscal space and medium-term fiscal objectives. Building on this work, ongoing support is being provided through policy dialogue and follow-up engagement to help advance the formulation of the medium-term wage bill plan, including clarifying data requirements and institutional responsibilities. Further support, including targeted short-term expert assistance, is envisaged once the authorities confirm mission dates.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: Building on previously identified weaknesses from the TADAT assessment requiring additional technical assistance, further support was provided to enhance auditor capacity. An ACSIP was developed and approved by ZIMRA Audit HQ and regional management. Key recommendations include appointing a full-time training coordinator to develop and deliver the annual training plan, updating the audit manual with sector-specific chapters, collaborating with IT to procure specialized software and high-capacity laptops, and delivering training on Computer-Assisted Audit Techniques and financial statement auditing. Concurrently, a Corporate Strategic Plan for 2026–2030 has been formulated and is under implementation.

Previous Progress: Previous support aimed at strengthening CRM included a multi-division workshop to assess and enhance CRM processes, addressing TADAT-identified gaps, and promoting best practices. An IMF RA-GAP mission assessed the VAT gap, highlighting sectors with potential for increased revenue through improved compliance.

Next Steps: The next steps include implementation of the ACSIP and enhancing analytical capacity for reform oversight and integrity.

SM I: Spending Module I – Expenditure Policy

Key Progress in FY26: During FY26, the authorities gained a clearer understanding of the reforms needed to strengthen medium-term control of the public sector wage bill, a key source of fiscal pressure. Building on analytical work, engagement focused on supporting the authorities in moving toward a medium-term wage bill framework anchored in headcount data and consistent with fiscal objectives. This work cut across expenditure efficiency and fiscal sustainability priorities and benefited from close coordination within the IMF's Fiscal Affairs Department (FAD), particularly on public financial management issues regarding links between payroll, budgeting, and fiscal reporting.

Previous Progress: Engagement on expenditure policy topics laid the groundwork through diagnostic analysis of wage bill dynamics and identification of structural weaknesses affecting predictability and control. The July 2025 wage bill mission analytical findings served as inputs into a reform framework centered on a medium-term wage bill plan owned by the authorities.

Next Steps: Over the coming fiscal year, support will focus on helping the authorities operationalize the medium-term wage bill plan, including clarifying data requirements, institutional responsibilities, and sequencing. Progress toward agreement on next milestones will be important to ensure the reform agenda remains aligned with broader fiscal consolidation and public financial management objectives.

III. LOGICAL FRAMEWORK

Country – Zimbabwe		
RM I: 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 CRM exists, and a compliance improvement plan has been developed at the Domestic Taxes.
Support functions enable more effective delivery of strategy and reforms	3 Largely Achieved	The Tax and Revenue Management 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 clean 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 payments rates are still below the TADAT standard for good practices. However, data integrity issues impact the statistics on time filing
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Some work has been done to improve accuracy of reporting. Additional work is planned in 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, and data-driven performance management must be set up.
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 practice and non-compliance. A visit assessed the gaps against international standards and provided recommendations to align 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 - 3**
Outcome	**Rating**	**Narrative**
Public expenditure is fiscally sustainable and efficient	3 Largely Achieved	The authorities are currently preparing a medium-term wage bill plan anchored in headcount. The plan should be grounded in a clear set of steps aimed at (i) developing a funded establishment framework—linking payroll, HR, and budget systems, and anchoring the wage bill in actual headcount and funded posts; and (ii) clarifying the framework for in-year budget adjustments to preserve credibility in a volatile macroeconomic environment.

		A short-term expert (STX) will support the authorities by reviewing the draft plan and providing detailed comments, preparing short technical notes to clarify reform concepts and implementation requirements, and advising on how to structure the plan to facilitate potential IMF program follow-up.
Government pay and employment are more competitive and consistent with fiscal constraints	3 Largely Achieved	During the October 2025 Annual Meetings, the authorities requested follow-up support and training. FAD emphasized the need for detailed payroll data and skilled ministry staff to absorb the training. The authorities proposed February 2026 for the training and requested further assistance on expenditure rationalization in the next fiscal year. Exact mission dates are still being confirmed. In February 2026 the IMF reaches Staff-Level Agreement with Zimbabwe on a New Staff-Monitored Program. FAD has been supporting the authorities on the development of medium-term staffing plan, which is part of the program conditionality due in September 2026. An STX will be hired to provide further support. The wage bill training will take place after September.
SM I: Objective – Strengthen Policy Evaluation and Institution Building – PEI		**Rating - 3**
Outcome	**Rating**	**Narrative**
Authorities have an understanding of opportunities to enhance the adequacy, efficiency, and sustainability of public expenditure	3 Largely Achieved	The FY26 wage bill mission provided authorities with a clear diagnosis of public employment and compensation issues, along with reform options to contain spending. The authorities strengthened their capacity to safeguard fiscal sustainability. Extensive discussions with key ministries and unions enhanced the authorities' understanding of efficiency, adequacy, and fiscal sustainability of spending. Although limited payroll data constrained analysis, per recommendations of the wage bill mission team, the authorities are now developing a medium-term wage bill plan anchored in headcount. FAD will provide continuous support to ensure the plan is aligned with its intended objectives and is operationally robust.

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 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 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		
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		
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		
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. Debrief meetings are held after every headquarter mission to update development partners on observations and relevant CD needs, and to get updates from other development partners.

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