

I. COUNTRY REFORM PROGRESS

Implementation of the regional integration project advanced significantly during the period. The IMF completed the conceptual framework for a phased digital system to support interoperability of origin documentation and finalized a comparative how-to note on the rules of origin of the African Continental Free Trade Area (AfCFTA) and the Regional Economic Communities (RECs). A major milestone was the regional workshop held in Pretoria in November 2025, which brought together customs officials from South Africa, Namibia, and Eswatini. The workshop strengthened practical cooperation by enabling the three administrations to work jointly with real customs data, identify inconsistencies, and explore opportunities for systematic information exchange. This collaborative approach is helping build the trust, technical capacity, and shared standards needed to promote regional integration and support the proper implementation of AfCFTA rules. The workshop's results will serve as a basis for scaling up cooperation and reinforcing revenue protection across the region in 2026.

A concept note was prepared to support tax administration in the Central African Economic and Monetary Community (CEMAC) and West African Economic and Monetary Union (WAEMU) as they adjust to tariff dismantling and strengthen domestic revenue systems. A roadmap outlining validation and implementation has been created. Next steps involve forming a working group and beginning the drafting of a guidance manual for CEMAC and WAEMU.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Project implementation advanced significantly during the period. A conceptual framework for a phased digital system enabling interoperability of origin documentation was completed, outlining a practical roadmap toward full integration with national single windows. A comparative how-to-note on the AfCFTA and REC rules of origin was finalized and is undergoing publication. Work is also underway to develop standard operating procedures (SOPs) that will guide customs authorities in harmonizing certification, verification, and risk management processes under the AfCFTA. In addition, a concept note was prepared to support tax administrations in CEMAC and WAEMU as they adapt to tariff dismantling and strengthen domestic revenue systems.

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 rules of origin how-to note, completing and validating the SOPs for customs administrations, and conducting a regional workshop on customs information exchange scheduled for November 2025, bringing together South Africa, Namibia, and Eswatini to strengthen cooperation and detect irregularities in origin claims. In parallel, the implementation of the tax-administration component will begin, including establishing a working group and launching the drafting of the guidance manual for CEMAC and WAEMU. 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 (Association of French-speaking Tax Authorities), 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 WEAMU consented to pilot the initiative.

Previous Progress: As planned missions during FY25 were shifted owing to administrative delays, no activities were carried out before FY26.

Next Steps: Next activities will strengthen regional integration, promote consistent application of AfCFTA provisions, and enhance coordination between customs and tax administrations across Africa.

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

Key Progress in FY26: Significant analytical work has advanced the project's objectives. A conceptual framework for digital interoperability of origin documentation was completed, proposing a phased approach toward AfCFTA-wide electronic certification and data sharing. A comparative how-to-note on AfCFTA and RECs rules of origin was finalized and is being prepared for publication. Drafting of AfCFTA-related SOPs is underway to operationalize these analytical outputs and guide customs administrations in harmonizing certification, verification, and control processes. A concept note on adapting tax procedures in WAEMU and CEMAC to tariff dismantling was also completed. Together, these deliverables support improved trade policy analysis, revenue protection, and regional integration.

Previous Progress: As planned activities during FY25 were shifted owing to administrative delays, no analytical or research activities were completed prior to FY26.

Next Steps: In FY26–27, 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. 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		
Objective – Improved customs administration functions (SDG 17.1) - CAD		Rating - 2
Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure	2 Partially Achieved	SOPs are being developed to strengthen information exchange and cooperation among customs administrations, while the

enforcement of customs laws		upcoming regional workshop (scheduled for November 2025) will further enhance coordination and data-sharing capacities.
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 ongoing development of AfCFTA-related SOPs and the November 2025 workshop on customs information exchange, will 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 forthcoming 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 RECs' 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 ongoing 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.
Objective – Strengthened revenue administration management and governance arrangements - (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Effective implementation of a new tax or modernized legislation	2 Partially Achieved	A tax procedure guide to support the implementation of the AfCFTA is in process.

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.,	Medium	Engage regularly with ministers and senior management to ensure government ownership of proposed actions and close consultation with the

Description	Rating	Mitigation Measures
management by customs, may be faced by political resistance.		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.
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.

V. PROJECT MANAGERS: CONTACT INFORMATION

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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 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. 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 FY25-26: In March 2025, FAD provided follow-up assistance on VAT reform implementation. Specifically, legal drafting was provided on territoriality rules and VAT refunds.

Previous Progress: Work on VAT and mining taxation delivered respectively in November and December 2024. On mining, The IMF Fiscal Analysis of Resource Industries (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 authorities and was well received.

Next Steps: A possible next step would be to formalize an MTRS to anchor and sequence these reforms. Authorities have also requested more follow-up support on VAT and mining reforms.

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	Work on VAT and mining taxation was delivered in November 2022 and December 2024, respectively. A follow-up VAT engagement took place in March 2025, focusing on territoriality rules and VAT refunds. On both fronts, authorities have requested further assistance in 2025, signaling strong interest in moving toward implementation. While some VAT reforms have been adopted—specifically on territoriality rules and refunds—the core measures recommended by FAD, notably the rationalization of

		exemptions and reduced rates, remain outstanding. Similarly, in the mining sector, the comprehensive reform proposed by FAD was well received but has not yet been implemented. on VAT and mining taxation delivered respectively in November 2022 and December 2024. Follow-up on VAT delivered in March 2025 (territoriality rules and VAT refunds). On both fronts (VAT and mining), follow-up assistance has been requested in 2025, indicating interest in implementation reform. While some reforms have been implemented on VAT (territoriality rules and refunds), the core changes recommended by FAD – particularly on VAT exemptions and reduced rates – have yet to be implemented. Similarly, on mining, the recommended reform, although well received by authorities, hasn't been implemented yet.
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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.	Low	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.
Resource Adequacy		
None	Low	Not applicable

Description	Rating	Mitigation Measures
Other Risks		
None	Low	Not applicable

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I. COUNTRY REFORM PROGRESS

Authorities continue to adjust the tax system in response to a growing and evolving economy. Recent and ongoing reforms include: (i) 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; (ii) 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 (iii) 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 2026 budget.

Authorities have been diligent in identifying capacity development (CD) needs and implementing CD advice. The finalization of the repeat IMF Tax Administration and Diagnostics Assessment Tool (TADAT) evaluation showed substantial progress since the original TADAT and warrants a new revenue administration project being created in CDMAP which can use the 2025 TADAT results as a new baseline, allows for contemporary recognition of the collaboration work with other CD donor partners, and allows for the easier creation of new objectives or updated milestones for existing objectives. The increased strengthening of core tax administration functions allows the State Revenue Committee (SRC) to be better placed to implement policy changes, including in relation to road transport (electric vehicles), capital gains or a universal tax declaration.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: The October 2024 review of road transport taxation proposed a vehicle feebate to replace regressive VAT and import-duty incentives, and subsequent discussions in March 2025 focused on practical implementation issues. Changes to electric-vehicle taxation are being incorporated into the 2026 budget law—consistent with FAD advice—including the replacement of the VAT exemption with a rebate mechanism. The March 2025 discussions also advanced a key recommendation of the 2023 tax-expenditure review, namely the introduction of a capital gains tax as part of a broader reform effort.

Previous Progress: In mining, a 2022 FAD tax policy engagement contributed to a major reform of the fiscal regime adopted in 2023–24, shifting toward a more progressive and balanced system.

Next Steps: Looking ahead, possible next steps include support on the design of a Financial Activities Tax, which authorities are actively considering, as a means to capture a fairer share of rising rents in the banking sector.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: A key milestone achieved with the execution of a repeat Tax Administration Diagnostic Assessment Tool (TADAT) assessment, covering core tax capabilities and compliance risk management (CRM) among other dimensions. The authorities incorporated the insights from the TADAT assessment into their updated strategic plan, and were able to refine their capacity development needs. We also have a better understanding of the absorptive capacity of the authorities. We are already coordinating

with the IMF's Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC), the World Bank, Asian Development Bank, Swedish International Development Cooperation Agency and Expertise France, all of which are providing CD assistance to Armenia.

Previous Progress: The SRC has been conscientious in implementing CD assistance provided over FY25 and FY26, reflected in overall improvement in TADAT outcomes. A new SRC Chairman brought forward the TADAT assessment to FY26. Resources earmarked for other CD were invested in the TADAT assessment. This sets a base for a new project within CDMAP.

Next Steps: Direct HQ virtual CD will be used for preparatory work on a CD project using the new TADAT assessment as a baseline, including securing better large taxpayer filing and payment compliance, but also having CD packaged around addressing the shadow economy, registration (universal declaration of income), CRM, performance measures, staff capability, stakeholder / whole-of-government engagement and customs-tax cooperation.

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	CD was delivered in FY25 on three topics: (i) tax elasticities; (ii) road transport taxation; and (iii) capital gains taxation. Changes in the taxation of electric vehicles are being implemented in the 2026 budget law.
RM II: Objective – Strengthened revenue administration management and governance arrangements		Rating - 3
Outcome	Rating	Narrative
Corporate priorities are better managed through effective risk management	3 Largely Achieved	CD on CRM, tax gap assessments and use of KPIs in FY25 and FY26. TADAT in FY26 confirmed substantial improvement. Continue in FY27 in the form of a focus on shadow economy, and include leadership, governance and HR elements.
RM II: Objective – Strengthened core tax administration functions		Rating - 3
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their filing obligations as required by law.	3 Largely Achieved	CD on CRM, tax gap assessments and use of KPIs in FY25 and FY26. TADAT in FY26 confirmed substantial improvement. Continue in

		FY27 in the form of a focus on shadow economy, and include leadership, governance and HR elements.
A larger proportion of taxpayers meet their payment obligations as required by law.	3 Largely Achieved	CD on CRM, tax gap assessments and use of KPIs in FY25 and FY26. TADAT in FY26 confirmed substantial improvement. Continue in FY27 in the form of a focus on shadow economy, and include leadership, governance and HR elements.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: 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 (Aug 2025).
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 (Aug 2025).
Political Support		
RM I: Lack of political support for reforms.	Low	The IMF's Stand-by Arrangement is a strong sign of political support. Considered unlikely under newly appointed (2024) Chair, who was former deputy Finance minister. If needed, engage the IMF's Middle East and Central Asia Department (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.
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.
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.

Description	Rating	Mitigation Measures
RM II: Resources available do not allow us to address some requested development areas. Resource adequacy has generally improved between 2021-24, although some skills (e.g., analytics) present challenges in all administrations.	Low	Focus CD on those matters that do not have resource constraints. If needed, direct CD to the process of how to overcome skilled resource constraints.
Other Risks		
RM I: N/A.	N/A	N/A
RM 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

The first half of FY26—a pre-electoral period for Benin (parliamentary elections in January 2026 and presidential elections in April 2026)—has been characterized by slower capacity development (CD) intake. The only activity under this Global Public Finance Partnership (GPFP) project took place in the field of public financial management (PFM) and contributed to finalizing the work on a climate-sensitive maintenance reform measure due for the last review of Benin's RSF program under the IMF's Resilience and Sustainability Facility (RSF).

Both the PFM and the tax policy modules will be winding down. The revenue administration module will continue, albeit with a much-reduced budget to reflect limited traction. A field visit is envisaged for March 2026 to assess the authorities' views on CD provided by the IMF's Fiscal Affairs Department (FAD) and discuss future CD engagement, against the backdrop of the 2024–28 Medium-Term Revenue Strategy (MTRS).

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: No activity delivered during this assessment period.

Previous Progress: No activity delivered prior to FY26.

Next Steps: No new steps are planned in the future. The tax policy module for this GPFP project will close owing to limited traction. A MTRS has been published in October 2023 for 2024–28. The proposed tax policy measures included in the strategy aimed to continue to improve the taxation of the informal sector, simplify property taxation, strengthen excise duties by increasing rates on specific goods, improve the taxation of companies operating in the digital economy, assess and rationalize tax expenditures, and adapt tax treaties signed with foreign countries. With the end of the Fund programs (and the current presidential mandate) approaching, it is time for the authorities to take stock of the success of revenue mobilization efforts and consider deepening the analysis in specific areas (e.g., excise and environmental taxes, property taxation, tax expenditures, formalization of the economy) to design and implement new reform measures aimed at further broadening the tax base and increasing revenues. In this context, an MTRS review mission could be envisaged in the future if needed.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: *Tax.* So far in FY26, there have been no field activities in tax administration. The overall pre-electoral context slowed down the revenue administration CD program. Meanwhile, the FAD-backed MTRS is moving forward according to reports. *Customs.* Customs activities for this project have not yet commenced pending detailed requests from the authorities in line with their demand-driven approach to capacity development.

Next Steps: Staff will visit in March 2026 to assess authorities' views on FAD CD and discuss future CD strategies.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: The final July 2025 short-term expert (STX) mission helped the authorities in piloting the new climate-sensitive methodology for maintenance of infrastructure assets as part of preparation of the 2026 budget (three pilot ministries plus agency in charge of roads maintenance). The budget documentation published in October 2025 reflected this preparatory work.

Previous Progress: A field mission helped the authorities in finalizing a manual on climate-sensitive maintenance of public infrastructure assets. The manual on climate-sensitive maintenance methodologies built upon work done in March 2024 during a previous mission (financed by the IMF's African Regional Technical Assistance Center in West Africa, AFW) and leveraged extensive exchanges with donor partners during the two missions, notably to ensure adequate capacity-building support for line ministries.

Next Steps: This final mission concludes the public financial management module for this GPFP project.

III. LOGICAL FRAMEWORK

Country – Benin		
RM I: Objective – Improved Tax Policy Design - TPD		Rating - 1
Outcome	Rating	Narrative
Increased/decreased revenue quantity	1 Not Achieved	No activities have taken place. The tax policy activity will be closed given limited traction.
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	Same as above.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	Same as above.
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	Unverified reports indicate that the monitoring of taxpayer register has been satisfactory. No activities have taken place yet.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	Unverified reports indicate that the filing compliance is improving. No activities have taken place yet.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Unverified reports indicate that the payment compliance is improving. No activities have taken place yet.

Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Unverified reports indicate that Audit and verification programs have improved in terms of organization and results. No activities have taken place yet.
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	October 2025: No progress has been made under this project, as activities have not yet commenced pending detailed requests from the authorities in line with their demand-driven approach to capacity development.
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	October 2025: No progress has been made under this project, as activities have not yet commenced pending detailed requests from the authorities in line with their demand-driven approach to capacity development.
SM II: Objective – Improve Fiscal Transparency and Reporting - FTR		Rating - 0
Outcome	Rating	Narrative
Strengthened accounting and audit processes	1 Not Achieved	Not relevant – no activity in this field (authorities did not request any support on fiscal reporting; climate budget tagging).
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 work on climate-sensitive maintenance methodologies started with the adoption of a roadmap in March 2024. The November 2024 HQ STX mission (the first under the GPFP project) assisted in the implementation of this roadmap. The July 2025 mission helped the authorities finalize the work in the run-up to the 2026 initial budget, with the piloting of this new methodology for select ministries. Elements shared with FAD CD show that the pilot is on track to be achieved with the submission of the 2026 budget later in October.

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.
Political Support		
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 Department team and the authorities.
Management and Technical Staff Support and Commitment		
RM II: Continuous rotation of managers and staff undermine the absorptive capacity and provoke permanent discontinuity.	Low	Encourage authorities to implement administrative reforms and closely monitor projects.
Resource Adequacy		
RM II: Resources are misused, nor properly accounted for, do not achieve value for money.	Low	Project resources will be employed in accordance with IMF policies and procedures, including in particular its Travel Policy.
Other Risks		
RM II: The reform momentum is highly based on the availability of a modern IT system that can support reform management and implementation	Low	Maintain close coordination and collaboration with other technical assistance providers, especially the World Bank to deliver forcefully a modern IT system.
RM II: Since 2025, country authorities have adopted a strictly demand-driven approach to capacity development under which TA must be requested by authorities with clear scope, objectives, impact, milestones, and indicators. This reliance on formal requests may lead to delays or incomplete submissions, slowing TA delivery and affecting project outcomes.	High	Engage regularly with authorities to identify and shape emerging TA needs. Offer scoping missions to help define requests where needed.

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I. COUNTRY REFORM PROGRESS

This project, approved Global Public Finance Partnership (GPFP) financing in January 2025, builds upon a multi-module program under the Revenue Mobilization Thematic Fund (RMTF). It aims to continue supporting authorities in implementing reforms that strengthen revenue administration, management, and core tax administration functions. The Bolivian tax administration (*Servicio de Impuestos Nacionales* – SIN) has further advanced its compliance risk management (CRM) process by implementing a tax risk assessment for mining export income. However, additional efforts are needed to improve access to mining income data and to refine the methodology for developing a tax compliance risk catalog specifically for the mining sector.

Moreover, in collaboration with tax officials, the audit manual was reviewed to identify areas for improvement to strengthen the audit process. This review includes integrating best practices of CRM and the IMF's Tax Administration Diagnostics Assessment Tool (TADAT), progressing toward a case management system for tracking, recording, and documentation, and defining enhanced Key Performance Indicators for the audit function within the context of the new IT system (SIAT), whose main modules have been fully operational since June 2025.

With project support, a repeat TADAT assessment was conducted by the IMF's Fiscal Affairs Department (FAD) in July 2025—the previous one took place in September 2018—in collaboration with the Inter-American Development Bank (IDB) and the Inter-American Center of Tax Administrations (CIAT). The assessment reveals significant progress in the taxpayer registry, which now incorporates information from related entities and ultimate beneficiaries. Advances have also been made in CRM, with enhanced analytical capabilities and the establishment of a governance framework. Additionally, performance and functions aimed at supporting voluntary compliance to deliver better services and information to taxpayers have been consolidated. A key achievement is the effort to categorize tax arrears based on collectability criteria, following FAD guidance and support.

Despite these improvements, SIN continues to face significant challenges within a complex political, economic, and social environment. According to the TADAT assessment, critical areas for further progress include ensuring timely filing and payment of tax declarations, strengthening the audit function, and reducing delays in the value-added tax (VAT) refund process—especially after integrating the risk-based model developed with project support. Furthermore, weaknesses persist in both internal and external controls, along with ongoing public trust issues regarding the integrity of the tax administration.

In light of the recent presidential election results and the anticipated changes in SIN management, it will be necessary to reassess project priorities and capacity development (CD) objectives, based on the recent TADAT assessment and further consultations with new authorities expected to be appointed in December 2025. This reassessment should ensure close coordination with other CD providers, particularly IDB, CIAT, and the European Union.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The second TADAT assessment conducted in July 2025 demonstrated significant progress in the taxpayer register, tax arrears collection, and compliance risk management. The main modules of the new IT system, which follows international good practices, have been fully operational since June 2025, with support from FAD in these improvement areas. However, substantial challenges remain in the audit function, transparency, and accountability, particularly regarding internal audit controls. SIN has enhanced compliance risk management by assessing mining export income risks, although further efforts are required to improve mining data access and refine the risk catalog methodology. Additionally, the audit manual was reviewed to integrate best practices, including TADAT Key Performance Indicators for the audit function. In close coordination with the project, the IDB assisted in building a Data Lake to support data analytics tools, while CIAT is helping to strengthen transfer pricing audits by developing a risk matrix for this purpose.

Previous Progress: Building on previous achievements from RMTF projects, SIN has made significant strides in improving its compliance risk management process, including the design of both strategic and tactical Key Performance Indicators, as well as in tax arrears management through advanced debt segmentation. Furthermore, SIN has improved VAT refund processing by introducing a risk-based scoring system to better detect noncompliance.

Next Steps: In light of the recent presidential election results, project priorities will be reviewed considering TADAT results and further discussions with the new authorities expected to be appointed in December 2025. This review will include the planned Revenue Administration – Gap Analysis Program (RA-GAP) for VAT, supported by the project. As a result, capacity development activities may slow down until the first quarter of FY2027.

III. LOGICAL FRAMEWORK

Country – Bolivia		
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	This GPFP project was approved in January 2025. A repeat TADAT assessment was undertaken in July 2025; the previous TADAT assessment (October 2018) showed significant improvements in CRM; TADAT scores evidenced improvements (POA 2-3 showed progress from C to B; POA 2-4, from C to B; and POA 2-5, from D to C). With FAD support, the authorities are beginning to assess and evaluate risk compliance in the mining sector. This process faces important constraints due the limited exchange of information from the

		agency responsible for collecting mining data. The results of the presidential elections and the likely appointment of new authorities impact the plans and activities of the tax administration. CD activities may slow down due to the very tight economic and political situation. Additionally, the expected rotation of managers and officials in the coming months could have a negative impact.
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, incorporating significant improvements aligned with international good practices, including a data lake for analytical purposes. Initial steps to implement subsystems related to tax arrears collection and the audit process have also been taken.
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 were defined to build a risk-based model for the refunds process, specifically for exporters. As a result, important fraud cases have been prosecuted against the judiciary system. IT specific applications will be established. In addition, the adoption of a clear legal framework to enhance the tax administration powers to manage and control the VAT refund tax process will be necessary.
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	According to the recent TADAT assessment (July 2025), the tax administration has shown modest progress in the nature and scope of the audit program compared to the previous TADAT assessment (October 2018). FAD supported improvements through a short-term expert activity, assisting the authorities in enhancing the development of the tax audit program. However, significant challenges remain in standardization, quality monitoring, and measuring the effectiveness of the audit function.

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.

Description	Rating	Mitigation Measures
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. Continuous / regular high-level engagement and monitoring, especially after presidential elections results.
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

This capacity development (CD) project has supported reforms with components in revenue administration, spending, and public finance management (PFM). Cabo Verde has maintained macroeconomic and financial stability, and the economy continues to strengthen. Economic growth in 2024 was robust at 7.3 percent, driven primarily by the tourism sector, with inflation contained at 1 percent inflation and a current account surplus recorded.

In revenue administration, the project has focused on domestic taxes. The tax administration (*Direção Nacional de Receitas do Estado* – DNRE) has achieved significant progress through digital transformation and the modernization of core business functions. Domestic tax collection increased by 14 percent year-over-year, raising the tax-to-GDP ratio to 20.1 percent—an improvement of 0.9 percentage points over 2023. DNRE is now aligning its business processes with a compliance risk management (CRM) strategy to optimize the use of limited resources.

The spending module enhanced understanding of how budget support for public utilities affects fiscal and policy outcomes, guiding future decisions. IMF CD empowered the Ministry of Finance to engage effectively with line ministries and oversee reforms in areas beyond its usual expertise. Coordination with development partners during the mission provided targeted technical assistance for key reform steps, such as ensuring tariffs are set at cost recovery levels. This included coordination with the World Bank in the electricity sector and LuxDev in the water sector to ensure utilities received support in developing and implementing a system to collect and analyze disaggregated technical and financial data needed to apply the tariff methodology. The next major initiative will be an in-depth review of wage bill expenditures, planned for the last quarter of FY26.

The PFM module has focused on strengthening public investment management (PIM) and integrating climate considerations into the capital project lifecycle. The support enabled the Ministry of Finance to develop a national project list (capital investment registry), which the authorities have committed to progressively updating and expanding to cover all projects across the investment cycle. Once fully operational, the registry will serve as the central repository for project selection and execution monitoring. Establishing a national list of pre-appraised projects including green and resilient capital investments is a reform measure under Cabo Verde's Resilience and Sustainability Facility (RSF) arrangement with the IMF, and a key component of the climate-financing strategy aimed at mobilizing funding for priority projects.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The DNRE is advancing a robust modernization agenda, centered on digitalization and professional capacity building. The reform agenda includes both taxpayer service and enforcement IT solutions deployment. The institution continues to make progress in implementing CRM. In FY26, (i) a new value-added tax (VAT) gap analysis identified risks related to the offsetting of VAT credits that need to be addressed; (ii) CD support was provided to enhance compliance with electronic invoicing by taxpayers; (iii) an audit manual was developed; and (iv) the annual audit plan was revised to align the audit function

with international good practices and the CRM strategy. The VAT review in FY25, conducted jointly by the IMF's Fiscal Affairs (FAD) and Legal (LEG) Departments, was submitted to parliament. The Semi-Autonomous Revenue Authority (SARA) project, aimed at ensuring greater autonomy in tax administration, was approved by the Council of Ministers.

Previous Progress: The Global Public Finance Partnership (GPFP) has supported the implementation of CRM as the backbone of DNRE's institutional transformation and the modernization of core functions, focusing on improving timely filing and payment compliance. An HQ-led mission recommended the need to align the audit function with the CRM strategy, which is currently being implemented. The GPFP project also supported the modernization of VAT law, which is now under parliamentary review

Next Steps: With the Council of Ministers' approval of SARA, CD support will be essential for its effective implementation, which includes significant changes, particularly in support functions. Additional CD in CRM is also planned to further align operations with risk-based approaches. Establishing a center of excellence in data analysis is still under discussion, but has the potential to enable a truly data-driven approach to tax administration.

SM I: Spending Module I – Spending Policy

Key Progress in FY26: The activity planned for FY26 on the wage bill will take place in the fourth quarter. Recent progress on the water and electricity sectors has been slow. Restoring the financial stability of public utilities in these sectors remains a long-term process that requires significant structural reforms, which will take time to implement. Currently, the government is collaborating with the World Bank on a major restructuring initiative for the electricity sector, though the pace of progress remains uncertain

Previous Progress: The first two activities in the engagement provided authorities with a clearer understanding of the electricity and water sectors, improving their ability to (i) monitor and assess the implications of providing budget support to public utilities; (ii) understand the steps needed to restore their financial viability; and (iii) negotiate with line ministries. This enhanced sectoral oversight and advocacy for necessary reforms. Collaboration with development partners is invaluable given their specialized technical expertise. However, as their focus may not always include fiscal considerations and their priorities can differ, enhancing the Ministry of Finance's sectoral knowledge enables more effective alignment of partner support with national objectives.

Next Steps: Authorities continue to collaborate with development partners to carry out technical reforms aimed at achieving financial sustainability in the electricity and water sectors. Authorities have confirmed interest in and availability to have the next activity on the wage bill in Q4:FY26.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: In 2026, with FAD support, the authorities developed a list of screened green and resilient capital projects. The authorities committed to this list as Reform Measure (RM) No. 4 under the RSF arrangement. Given the challenges faced in preparing the project list—largely due to weaknesses in the pre-investment phase—the authorities also requested FAD to: (i) suggest an investment project concept note template, incorporating climate adaptation elements; and (ii) propose financing options for feasibility and pre-feasibility studies.

Previous Progress: From the beginning, the PFM module has focused on integrating climate considerations into PIM, recognizing that climate change and natural hazards are already affecting Cabo Verde and will pose greater risks in the future. In previous years, with project support, the authorities developed a framework and guidelines for climate-aware public-private partnerships and subsequently quantified fiscal risks associated with natural disasters.

Next Steps: The authorities are committed to progressively refining and updating the national project list. This list will serve as an initial registry of project ideas and represents an important step toward establishing a comprehensive and sustainable PIM system in Cabo Verde. During FY26, and in line with the CD requests made by the authorities at the October 2025 Annual Meetings, additional support will be provided to further strengthen PIM practices.

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 has been monitoring most of their KPI regularly. However, it is a work in progress, and some KPIs are still depending on making timely information available.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	The Audit and Arrear Management structures are aligning their work processes to the CRM methodology.
Organizational arrangements enable more effective delivery of strategy and reforms	1 Not Achieved	The Council of Ministers approved the draft bill of a Revenue Authority, which will be sent to the President for final approval.
Support functions enable more effective delivery of strategy and reforms	1 Not Achieved	This outcome is part of the SARA implementation framework (expected by December 2025). Work is ongoing, and the government is advancing with the Revenue Authority bill approval.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	An STX visit supported improvements in the electronic invoice project. No further improvements to the other projects.
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 in 2026 TADAT assessment 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 outlined in FY25, but this outcome requires a set of measures to be implemented up to 2027. A new measurement will be taken during TADAT assessment in early 2026.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	DNRE has advanced reforms in the audit function by developing manual of audit procedures and reviewing the annual planning process to align with CRM strategies
Taxpayer services initiatives to support voluntary compliance are strengthened	1 Not Achieved	Work is ongoing. DNRE still has limited IT developers in place to modernize the IT system (SGP) as needed to enhance taxpayers services through online processes.
SM I: Objective –Strengthen Expenditure Policy Formulation and Design - EPD		Rating - 1
Outcome	Rating	Narrative
Reduce subsidies while mitigating impact on vulnerable households	2 Partially Achieved	Reform efforts in the electricity and water sectors are progressing slowly, with key initiatives such as tariff revisions and establishing a social water tariff delayed due to technical challenges, including insufficient data and staffing issues at the regulatory body. The financial situation of the main electricity company has deteriorated, causing blackouts in the capital city. At this stage, no additional actions are required, as development partners such as the World Bank are facilitating electricity sector unbundling, and LuxDev is providing support for water tariff reforms.
SM II: Objective – Build Sustainable Fiscal Institutions - SFI		Rating - 3
Outcome	Rating	Narrative
Strengthened institutional and legal frameworks	4 Fully Achieved	The PPP Law and associated manual has been approved. The law and manual include climate considerations.
Strengthened capacity to plan, implement and sustain infrastructure governance	2 Fully Achieved	The investment plan including green and climate resilient projects is under development.
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	2 Partially Achieved	The investment plan including green and climate resilient capital projects is under development.

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 in the recent Annual Meetings (October 2025) to receive support in this area.
SM II: Objective – Strengthen Budget Management - SBM		Rating - 2
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, SM I, SM II: External shocks (social, political, economic, etc.) impact government revenue and expenditures.	High	Work with the IMF country teams and other IMF departments to analyze emerging fiscal risks and propose potential fiscal policies to minimize fiscal risks.
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.
Political Support		
RM II: Lack of political support to ensure the autonomy needed to mobilize revenue collection.	Low	Focus on strategic advice to enhance government's awareness about the need for autonomy at DNRE. Keep close coordination with the IMF's African Department to facilitate this view.
SM I: The issue of subsidies removal is usually politically sensitive and could trigger some resistance.	Very High	Highlight the pressing needs in terms of infrastructure and social spending. Reiterate the case that subsidies are an inefficient type of spending.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
RM II: Two different career paths can undermine synergies and challenge some reforms	High	Encourage authorities to implement the unification of the two career paths and closely monitor projects.
SM I: Reform commitment of senior officials is high but weak technical skills among the staff could create obstacles to the implementation of the recommendations	High	Evaluate capacities during CD delivery and propose follow-up engagement to train and strengthen it, if needed.
Resource Adequacy		
RM II: Limited resources to implement reforms.	Medium	Improve governmental awareness of the need to ensure resources to achieve the expected results. Technical capacity is not an issue at DNRE, and the staff is very professional and committed. Even though, especially in IT, there are limited resources impacting results.
Other Risks		
RM II, SM I: Slow implementation of reforms	Medium	Aligning reforms timeline with conditions in the field - low capacity and lack of resources. Close monitoring and readiness to adopt necessary changes.
SM II - Other pressures on the ministry of finance can impact capacity for PFM reform	Medium	Work with the IMF country team and other IMF departments to assess emerging pressures and propose an action plan to phase in PFM reforms.

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I. COUNTRY REFORM PROGRESS

With the continuous and coordinated support of the IMF’s Fiscal Affairs Department (FAD) and the Regional Technical Assistance Center for Central Africa (AFC), significant improvements have been made and recorded during the second IMF Tax Administration Diagnostics Assessment Tool (TADAT) evaluation held in April 2025. They include the development of plans to promote tax culture, and improve the variety and accessibility of information and services; the generalization of e-procedures, which has been made compulsory for all taxpayers; the large-scale automated cross-checking of internal and external data; a sound multi-year compliance improvement plan, risk mitigation plan 202–25 implemented and regularly monitored; and multiple initiatives encouraging taxpayers to file accurate declarations. In terms of provisional scores, “A” scores go from 2 to 11; “B” from 3 to 6; “C” from 6 to 7; and “D” from 18 to 8, with D being the lowest score.

The period has been characterized by the organization of the presidential elections that has slowed down the pace of reforms and of CD support. However, the authorities have implemented reforms in the public financial management (PFM) and public investment management areas, including improving the transparency of budget preparation by reducing the use of budget common chapters and rationalizing Treasury correspondent accounts. The decree on public investment project maturation guide was finalized and posted online. Among other changes, the guide requires considering climate change at several stages of the process.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: With support from the Global Public Finance Partnership (GPFP)-financed project, the tax administration developed a post-TADAT action plan in October 2025 and are currently finalizing their 2026-28 reform strategic document, using the repeat TADAT evaluation main findings as planned.

Previous Progress: The TADAT assessment that was taken last April 2025 highlighted significant progress made by the tax administration supported by a digital transformation plan and strong political support.

Next Steps: Adoption of the tax administration strategic reform plan, follow-up of the post-TADAT action plan and support in enlarging the tax base and bringing to the tax net the informal sector.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: No activity was planned during this assessment period, ahead of the presidential election. The CD missions were confirmed with the authorities for the first quarter of calendar year 2026.

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: The upcoming activities include a mission to support the monitoring of state-owned enterprises (SOEs) and the implementation of a PIMA-CPIMA diagnostic. The authorities agreed with the objectives of

these technical assistances. The mission on SOEs will take place in the 1st quarter of 2026 and the PIMA diagnostic will be done in the second semester of 2026. Additionally, a short-term expert will undertake a mission in the first quarter of 2026 to follow-up on the implementation of the recommendations provided during the December 2024 assessment of budget execution

III. LOGICAL FRAMEWORK

Country – Cameroon		
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 repeat TADAT assessment was conducted last April 2025. Support was provided in September 2025 to the authorities in using the TADAT main findings to design the tax administration 2026-20 strategic reform plan.
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	1 Not Achieved	Reforms in this area will be launched in 2026, after the adoption of the 2026-20 tax administration strategic reform plan.
Corporate priorities are better managed through effective risk management	1 Not Achieved	Reforms in this area will be launched in June 2026, after the adoption of the 2026-2028 tax administration strategic reform plan.
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	3 Largely Achieved	Since the repeat TADAT assessment in April 2025, the rate of timely payment of obligations by VAT taxpayers has been steadily increasing (from 74% in 2016 to 82% in 2024) and the stock of outstanding debts has decreased over time (from 61% in 2016 to 13% in 2024).
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	Reforms in this area will be launched in 2026, after the adoption of the 2026-28 tax administration strategic reform plan.
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	No action has been taken on this topic so far
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, SM II: N/A	N/A	N/A
Political Support		
RM II: Political support is critical to help the tax administration implement the main recommendations of the last Governance Diagnostic Assessment mission (May 2023)	Low	Remind the authorities to implement the main recommendations with support of the IMF's African Department country team
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		
RM II: Resources are available, well allocated and secured	Low	None
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.

Description	Rating	Mitigation Measures
Other Risks		
RM II: N/A	N/A	N/A
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

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

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

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

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

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

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

III. LOGICAL FRAMEWORK

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

IV. RISK ASSESSMENT

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

Description	Rating	Mitigation Measures
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 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 or skilled staff	Medium	- Establish tailored frameworks for small states. - Close consultation with authorities to ensure resource adequacy.
Inability to retain trained staff	High	Institute a program of “train the trainers” as part of the CD delivery.
Other Risks		
Deficient transparency and accountability in revenue administration.	Medium	Development of reform projects approved by higher-level authorities, with clear objectives, outcomes, and milestones monitored by these authorities.
Overlap of reforms with other development partners	Low	Coordinate reforms with major development partners.

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I. COUNTRY REFORM PROGRESS

On the revenue side, with the coordinated support of the IMF's Fiscal Affairs Department (FAD) and Regional Technical Assistance Center for Central Africa (AFC), the Central African Economic and Monetary Community (CEMAC) Commission continues to strengthen its regional leadership to initiate large-scale reforms in member countries. These include the development of a regional strategy for mobilizing domestic tax revenues, the modernization and harmonization of the core tax procedures, the improvement of the processing of VAT credit refunds, in close collaboration with public financial management (PFM) colleagues, and the establishment of a regional identification number to facilitate the cross-referencing and sharing of information.

On the spending side, the CEMAC Commission aims at coordinating and accelerating the implementation of regional PFM directives across member states. Building on a regional action plan that identifies nearly 100 activities across 12 themes, the project has focused on developing and disseminating practical guides to address key areas such as budget frameworks, fiscal risks, budget execution, cash management, and fiscal reporting. During FY26, notable progress was made in drafting regional practical guides, which serve as hands-on references for policymakers and practitioners. The regional practical guides, will cover both revenue administration and PFM aspects, such as on value-added tax (VAT) refunds, reflecting the project's integrated approach. Going forward, the project prioritizes the development of additional regional practical guides identified as critical by the CEMAC Commission.

Despite these achievements, the project continues to face challenges, including delays in reform implementation at the country level (the CEMAC Commission's latest assessment of implementation of the regional PFM Directives indicated that implementation was on average at 51 percent across CEMAC member States, with implementation of the budget classification directive at 57 percent on average being the most advanced), staffing and capacity constraints, as well as limited financial resources within the Commission that hinder follow-up activities. Political support for PFM reforms remains uneven, and external factors such as tightening financing conditions and elevated debt vulnerabilities add complexity to the reform landscape. To mitigate these risks, the project continues to provide targeted CD aligned with regional priorities, consistently involves Commission staff in training events, and advocates for increased resources to advance reforms implementation. Looking ahead, the focus will continue to be on validating and disseminating the practical guides, to further strengthen PFM reforms in the region.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: A Regional domestic revenue mobilization strategy and regional performance indicators that will be the anchor of the national tax administration strategic reform plans were developed. The implementation of the Directive of the Community Tax Procedures Code (CTPC) using its teaching guide is underway.

Previous Progress: Adoption of the Directive of the CTPC and discussions on the strategic axis and indicators of the future regional domestic revenue mobilization (DRM) strategy. Regarding customs reforms, activities have slowed in the absence of a director in charge of customs at CEMAC.

Next Steps: Finalization of the financial processing guide for VAT credit refunds in close collaboration with FAD and AFC, validation of the regional DRM strategy and definition of the VAT regional tax identification number's parameters.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: Drafting of regional practical guides, 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 is underway.

Previous Progress: A draft regional practical guide on fiscal risks management expected to serve in harmonizing fiscal risks analysis and reporting across CEMAC Member States has been finalized and awaits validation at the CEMAC PFM practitioners' annual meeting. A preliminary draft of the regional practical guide on VAT refunds has been prepared and will be expanded to encompass both the revenue administration and PFM aspects.

Next Steps: Reflecting a coordinated approach between the revenue and spending components of the Global Partnership for Public Finance (GPFP) project for CEMAC, an updated draft of the regional practical guide on administration and accounting of VAT refunds will be prepared for consultation at the joint revenue administration and PFM workshop for CEMAC Member States in January 2026. The regional practical guide will then be expected to be further updated to reflect Member States' comments received at the workshop. The drafting of two additional regional practical guides, identified as priority for the CEMAC Commission, will be prepared, on annual financial statements, and on medium-term fiscal frameworks. A workshop of the CEMAC PFM practitioners in March 2026 is expected to validate the regional practical guide on fiscal risks and serve to gather inputs in finalizing the additional practical guides being drafted. The workshop will also be an opportunity to review and revise the three-year rolling PFM action plan.

III. LOGICAL FRAMEWORK

Country – CEMAC		
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 broad outlines of the regional tax administration reform strategic plan have 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 CTPC was adopted on 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.
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	Activity postponed upon request of the CEMAC Commission.
RM II: 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 to 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 to the appointment of the CEMAC customs union director.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	Activity postponed pending to the appointment of the CEMAC customs union director and its staff.
SM II: Objective – Improve Fiscal Transparency and Reporting - FTR		Rating - 2
Outcome	Rating	Narrative
Comprehensive, timely, and high quality fiscal reports	2 Partially Achieved	Drafting of the regional practical guide on VAT refunds has commenced and will continue now with a broader scope, including both the revenue administration and public financial management aspects
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 is almost completed, pending validation at the annual meeting of CEMAC PFM practitioners.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II: CEMAC country member commitment to reform tax and customs administration.	Low	Provide support in developing and adopting a regional revenue mobilization reforms strategy.
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.	Low	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.	Medium	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 envelop and advocate for increased resources.
Other Risks		
RM II: SM II: N/A	N/A	N/A

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The authorities are implementing digital and institutional revenue administration reforms. Developments include the rollout of an e-payments module and mandatory e-declaration for large taxpayers. The use of a unique taxpayer identification number and improved access to digital databases have facilitated control and cross-checking among tax agencies. An action plan to strengthen tax compliance and controls has been introduced with capacity development (CD) support from the IMF's Fiscal Affairs Department (FAD), alongside a sequenced monitoring framework. These measures are meant to enhance the capacities of revenue administrations in tackling the high number of defaulters, collecting recoverable tax arrears, redirecting tax audits toward taxpayers with the highest risks, and addressing suspected fraud cases in customs. Despite some advancements, there are ongoing challenges in achieving the full objectives of revenue administration reforms. Investments in IT infrastructure and human resources are required but have not yet been completed. Sustained political commitment will be equally important to ensure successful execution of the action plan. Effective implementation of the action plan on tax compliance is critical to support revenue gains over the short and medium term.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration
Key Progress in FY26: In FY26, Central African Republic authorities, supported by CD funded by the Global Public Finance Partnership (GPFP), undertook measures to modernize revenue collection, including the rollout of an integrated tax administration IT system, the adoption of a new tax compliance certificate regime, and the implementation of a systematic tax returns cross-check methodology. Previous Progress: Since the start of the current project, changes have been made in revenue administration processes. Support focused on fostering the digitalization process (introduction of e-procedures, electronic cash registers and IT module for effective data management) and improving staff management capacities. Next Steps: Planned initiatives will address current challenges and support the achievement of revenue objectives, with an emphasis on (1) executing comprehensive cross-checks of tax returns, and (2) actively pursuing the collection of outstanding tax arrears.

III. LOGICAL FRAMEWORK

Country – Central African Republic		
Objective – Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	According to unconfirmed reports, taxpayer register monitoring has improved. Outcome assessment reporting should be delayed until the KPI review in April 2026, when results can be compared with objectives and the current assessment adjusted if necessary.

A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	Unverified reports indicate that filing compliance has been satisfactory. Outcome assessment reporting will be postponed until the KPI review in April 2026, at which time results will be compared with objectives and the current assessment may be adjusted if needed
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Reports indicate that payment compliance has been satisfactory. Outcome assessment reporting is recommended to be postponed until the KPI review in April 2026, allowing for comparison with objectives and adjustment of the current assessment if required.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Authorities have indicated advancements in audit and verification initiatives. At present, the existing reports lack supporting documentation. It is advised to postpone the subsequent outcome assessment until the designated key performance indicator date in April 2026, allowing results to be measured against defined objectives and enabling appropriate review of the current assessment
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.
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.

Description	Rating	Mitigation Measures
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

The capacity development (CD) program has strengthened non-oil revenues in the first half of the year. Authorities aim to collect 0.28 percent of GDP in 2026 through CD-supported measures, such as broadening the tax base, addressing loopholes, enhancing digitalization, reducing taxpayer administrative costs, and encouraging compliance. Recent progress includes improved taxpayer identification coverage, expanded value-added tax (VAT) e-invoicing, updated digital tax legislation, and better integration between tax, customs, and mobile companies. These efforts support fiscal consolidation, with non-oil revenues projected to rise by up to 50 percent in the second quarter of 2025 compared to the first quarter, consistent with IMF Extended Credit Facility (ECF) projections.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration

Key Progress in FY26: In FY26, the Global Public Finance Partnership (GPFP)-financed project facilitated the issuance of a decree requiring electronic payment of taxes, fees, and duties through banks and mobile operators, while also expanding the reach of e-payment and ASYCUDA systems to additional tax and customs offices.

Previous Progress: Since its launch, the project has enhanced taxpayer identification processes, broadened VAT e-invoicing adoption, and established a computerized interface between the tax and customs divisions and mobile operators.

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	2 Partially Achieved	Taxpayer register monitoring is reportedly better. Outcome assessment reporting will be postponed to April 2026 for KPI review and potential adjustment
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	Preliminary reports suggest that filing compliance meets satisfactory standards. Outcome assessment reporting is deferred until the KPI review scheduled for April 2026, when results will be evaluated against established objectives and adjustments to the current assessment may be made as necessary

A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Reports show that payment compliance meets the expected standards. It is suggested to delay outcome assessment reporting until the KPI review in April 2026, when results can be compared with objectives and adjustments can be made to the current assessment if necessary
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Authorities report progress in audit and verification efforts, but current reports lack documentation. It is recommended to delay outcome assessment until the key performance indicator date in April 2026, to allow objective measurement and proper review
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	Despite significant advancements, governance weaknesses persist in achieving the full objectives of revenue administration reforms. Investments in IT infrastructure (data management IT modules) and human resources continue to be implemented and are not yet complete.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Resurgence of pandemic hinders CD delivery and changes CD priorities	Very High	Build on progress achieved with remote delivery of CD.
Political Support		
Political instability may slow down and even stop implementation of reforms	Very High	Focus on both strategic advice and hands-on capacity building to have a more permanent impact. Close consultation with the 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.	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	Encourage authorities to use their resources effectively.
Other Risks		
The reform momentum is highly based on the availability of a modern IT system that is able to support reform management and implementation	High	Maintain close coordination and collaboration with other technical assistance providers, especially the World Bank to ensure delivery of a modern IT system.

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

As a result of our sustained assistance and guidance, Comorian authorities have successfully produced the country's first tax expenditures report. Institutionalization of the new tax policy unit (TPU), which was created in September 2024, has however faced some severe challenges particularly when it comes to staffing and analytical capacity. Continued support therefore remains critical, although meaningful progress in the years to come will also require a strong commitment by authorities to adequately support the TPU—a desire the Minister of Finance has recently reiterated—as well as a willingness to introduce underlying policy reforms.

Tax administration has made significant progress in broadening the tax base with the support of the IMF's Fiscal Affairs Department (FAD), Regional Technical Assistance Center for Southern Africa (AFS), and French cooperation (sharing of action plans and exchange between experts on the cross-referencing of customs and tax data, use of this data for tax audit and new taxpayers enrollments purposes, and securing the Tax Identification Number). The number of large and medium-sized enterprises increased by 20 percent between 2024 and 2025, and efforts in this direction are continuing, with further increase expected by the end of 2025. With the assistance of the tax resident advisor, the processing of customs data has also enabled the development of an audit plan targeting an initial wave of importers who underreported or failed to declare their annual turnover.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: Initial priority under the project was to support authorities in producing a tax expenditures report on indirect taxes. Sustained capacity development (CD) resulted in the completion of Comoros' first tax expenditures report, although the exercise evidenced institutional fragility (e.g., inadequate staffing and operationalization of the TPU) and limited capacity.

Next Steps: A mission is planned for February 2026. Its mandate will be to provide introductory training on tax policy to the new TPU.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: *Tax.* The long-term tax resident advisor was appointed in Moroni in June 2025. He assisted the authorities in enrolling new taxpayers and developing as well as implementing the tax audit plan using data from the interconnection of tax (SIGIT) and customs (SYDONIA) IT systems and database. The number of active large or medium taxpayers has increased by 20 percent at end December 2024. *Customs.* HQ-led mission to evaluate the level of implementation of IMF recommendations in the field of customs since 2020. While some progress has been made (establishment of units in charge of risk analysis and audit, methodological improvements in the IT system and in risk analysis), the lack of analytical capacity and use of data has been identified as a structural obstacle for reforms implementation by field offices and monitoring by the central administration

Previous Progress: Given the limited capacity in place and the expected revenue mobilization needs, emphasis has been placed on establishing structures and strengthening the capacity of key officials responsible for collecting and processing customs data in order to identify new taxpayers and combat fraud.

Next Steps: *Tax.* With the support of the tax resident advisor, working on broadening the tax base, taxing major SOEs, and combating fraud using various external data sources will continue. *Customs.* Further technical assistance will be in the field of data literacy, data analytics to implement and monitor reforms, as well as for risk analysis and integrity.

III. LOGICAL FRAMEWORK

Country – Comoros		
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 1
Outcome	Rating	Narrative
Increased/decreased revenue quantity	1 Not Achieved	Initial CD provided in April 2025, such that is too early expect progress on this outcome at this point in time.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	Initial CD provided in April 2025, such that is too early to expect progress on this outcome at this point in time.
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	Initial CD provided in April 2025, such that it is too early expect progress on this outcome at this point in time.
RM I: Objective – Strengthen Policy Monitoring, Evaluation and Institutions - TPM		Rating - 1
Outcome	Rating	Narrative
Improved transparency and outreach	2 Partially Achieved	A draft tax expenditures report was produced in October 2025. However, much of its contents originate from the mission team, raising some concerns over authorities' ability to replicate the exercise independently going forward. It is also unclear at this time whether the report will be published as an annex to the upcoming Budget; publication is critical to achieve desired transparency over public finances.
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	In view of the very limited capacity of the tax administration, priority has been given for the time being to strengthening essential functions, including broadening the tax base. This activity is supported by the newly appointed resident tax advisor.

Corporate priorities are better managed through effective risk management	3 Largely Achieved	A compliance improvement plan targeting large and medium-sized taxpayers is in place.
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	2 Partially Achieved	In view of the very limited capacity of the tax administration, priority has been given for the time being to strengthening essential functions, including broadening the tax base.
RM II: 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	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 have increased by 5 percent at end June 2024. The new long-term resident advisor will assist to help continue broadening the tax base, notably by enlarging the data external sources.
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 during the first semester of 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 during the first half of 2025.
RM II: 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 IMF's Extended Credit Facility (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.

Description	Rating	Mitigation Measures
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 the two islands' staff.
Political Support		
RM I: Obtain needed leadership from the Minister and sufficient buy-in from the whole government to enact meaningful legislative reforms.	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 into our 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.	Medium	Engage regularly with the Minister to ensure ownership of reforms. Ensure CD on revenue is focused on the ECF program and engage with the IMF's African Department team to align structural benchmarks with the CD recommendations.
Management and Technical Staff Support and Commitment		
RM I: Buy-in and commitment by our direct counterparts at the Budget Ministry.	High	Engage constructively with counterparts to ensure that they appropriate themselves of reform options and that their views are considered in the analysis and recommendations. Remain agile and build the CD program based on their needs and preferences. Ensure frequent communication, including regular in-person missions.
RM II: Commitment by the DG has been gained but that of his staff is still weak. Several regional appointments, and reform's ownership by managers on the two of three islands is still low.	Medium	Engage proactively with management and technical staff, including in Ndzuwani and Mwali, and explain the importance of the tax administration reform plan and strengthening tax risk management.
Resource Adequacy		
RM I: Resource adequacy in Budget ministry, including number of staff and skillset.	Medium	Sequence CD and reform proposals to align with country capacity. Offer complementary CD in the form of follow-up engagements or support in legal drafting. Coordinate closely with the revenue administration division.
RM II: Insufficient technical capacity and human resources necessary to implement reforms are limited.	High	Ensure CD plans include sufficient training and prioritize CD to risks areas where resources are limited.
Other Risks		
RM I: N/A	N/A	N/A
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.	High	Ensure that the IT system (SIGIT) is interconnected, developed a clear job description, and engaged regularly with the local authority during CD missions.

Description	Rating	Mitigation Measures
Multiple donors are providing intense technical assistance on tax area and contradictory recommendations, or overlaps may arise as a result.	Low	The long-term tax resident advisor will 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 mission.

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I. COUNTRY REFORM PROGRESS

The tax policy module is reaching a juncture at which (1) some clear successes have been reached (Tax Expenditures assessment, excise tax increase, provincial tax drafting, regular progress on non-tax revenue drafting, etc.); (2) blockages on some topics will be hard to overcome (e.g., strong reluctance to rationalize excise taxes); (3) other forms of support than CD are becoming more appropriate (e.g., program targets for implementing a plan to rationalize parafiscal charges); and (4) some capacity development (CD) themes will take more time than initially expected (non-tax revenue drafting). In addition, new themes are emerging on mining taxation. It therefore appears that a reorientation of this CD program toward mining taxation and non-tax revenue drafting (with the additional challenge of speeding things up on that topic), with some other topics falling in a follow-up mode, is due. A proposal will be prepared to that effect.

On revenue administration, the Democratic Republic of the Congo has adopted a post-Tax Administration Diagnostic Assessment Tool (TADAT) plan. But fully mobilizing the Tax Department on these efforts has been hard due to delays in the acquisition and implementation of the value-added tax (VAT) billing system. It is expected that once this is implemented (program benchmark), more efforts can be dedicated to digitalization, a core issue for the Tax Department.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key progress in FY26: (1) Tax Expenditures: review of customs VAT exemptions / Preparations of an appendix to VAT form on exemptions / Study on the Investment Code. (2) Non-tax revenue drafting: "recettes domaniale" (mines, environment, habitat, housing, etc.) are completed. (3) Provincial taxation: texts completed on the four provincial taxes. (4) Parafiscal charges (fees by administrative bodies): a body recommended by the IMF's Fiscal Affairs Department (FAD) to review and rationalize is in place.

Previous progress: Recent progress supports a reorientation of activities. (1) Annual tax expenditures are routinely updated and analytical support will ebb after December 2025. (2) Excise tax rates on beer and cigarettes were increased, but there is little hope for rationalization. (3) The four provincial taxes were harmonized (property taxes, rental income, excises and vehicle fees). (4) Parafiscal charges are now reviewed by a formal structure (COPIRAP) inaugurated by the prime minister in September 2025 and should benefit from the adoption of a "décret de reclassement", to support a comprehensive review. On these four fields, it is expected that CD work would enter a "follow up" mode, with ad hoc and targeted interventions, which could benefit from synergies with the IMF program. However, while non-tax revenue drafting has covered 80-90 percent of the work revenue-wise, much more work needs to be done on a very large number of smaller taxes and ways to speed up and complete the effort need to be found. In addition, new reports by the Extractive Industries Transparency Initiative (EITI) and German Agency for International Cooperation (GIZ) point to gaps on mining taxation, and mining revenue forecasting (benchmark), and additional help will be required.

Next steps: Prepare amendments to this CD program to speed up the work on non-tax revenue and include mining taxation (mining revenue forecast, international taxation, and cobalt valuation), with follow-up on other activities.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The Global Public Finance Partnership (GPFP)-funded project enabled the country to generalize the standardized VAT billing system and adopt a post-TADAT revenue mobilization plan, meeting key requirements of its economic program.

Previous Progress: Authorities have reported progress in revenue collection by recovering taxes, implementing the VAT system, and activating the Commission for unpaid customs claims. These reports are not supported by accompanying documentation. The project assessment scheduled for April will report on the performance for 2025, using data validated by the IMF's African Department (AFR) country team.

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	Progress in key fields of this CD program supports a reorientation of activities, with an acceleration of the work on non-tax revenue and new work on mining taxation (revenue forecast, reference prices for cobalt and international taxation). Work on tax expenditures, excise taxes, provincial taxes and parafiscal charges would benefit from ad hoc and targeted follow-up.
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	Monitoring of taxpayer registers has progressed. It is recommended that the next reporting of the outcome assessment be postponed until the scheduled achievement date of the key performance indicator in April 2026. At that time, actual results can be compared with predefined objectives, and the current assessment may be reviewed if necessary.
A larger proportion of taxpayers meet their filing	2 Partially Achieved	Filing compliance has been good. Reporting of outcomes is recommended to be postponed until the next scheduled key

obligations as required by law		performance indicator date in April 2026, when results can be compared to established objectives and the current assessment may be reviewed as needed
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Payment compliance has been good. Reporting of outcomes is recommended to be postponed until the next scheduled key performance indicator date in April 2026, when results can be compared to established objectives and the current assessment may be reviewed as needed.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Authorities have reported progress in audit and verification programs. Currently, the reports are not supported by accompanying documentation. It is recommended to delay the next outcome assessment until the scheduled key performance indicator date in April 2026, when results can be compared with established objectives and the current assessment may be reviewed as appropriate

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Pandemic / Coups	Medium	Build on progress achieved with remote delivery of CD, use data shared by the authorities. However, the events in the East of the country have had no negative impact on the program, nor have recent floods.
RM II: Resurgence of pandemic hinders CD delivery and changes CD priorities	Very High	Build on progress achieved with remote delivery of CD.
Political Support		
RM I: Political instability may slow down and even stop implementation of reforms	High	The new Minister is a previous technical partner and links with his two tax advisers are strong. The difficulties in the East of the country have increased pressure for more revenue, and hence additional pressure to increase excise taxes. There is strong buy-in from provinces as well on provincial tax reforms (close contacts with provincial ministers). Overall, the political buy-in has significantly improved over the past six months, but overall, the political landscape remains risky.
RM II: Political instability may slow down and even stop implementation of reforms	Very High	Focus on strategic advice and hands-on capacity building to have a more permanent impact. Close consultation with the 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	Given the length of the project, local staff turnovers on local working group was always a potential problem and hence the need to use consultants as a fallback option and to get as much data as possible to continue the work. However, local counterparts (CTR, COREF, the Minister himself) have managed

Description	Rating	Mitigation Measures
		that risk well and the quality of staff on the local groups has improved. Data (even with tax identifiers) is also shared on a regular basis. Furthermore, a local "Commission Permanente" was set up to work on parafiscal charges, and this should minimize this risk on that topic as well. Yet, political interferences at the technical level remain a possibility.
RM II: Continuous rotation of managers and staff undermine the absorptive capacity and provoke permanent discontinuity.	Very High	Encourage authorities to implement administrative reforms with a stable internal environment and closely monitor projects.
Resource Adequacy		
RM I: Significant demand on local working groups and difficulties delivering on tight and heavy schedule	Low	So far, COREF and CTR, our main organizational counterparts, have dealt well with these issues by mobilizing necessary resources. However, additional stress could be dealt with by extending deadlines and reviewing outputs. This type of ongoing adjustments has been going on for a while, sometimes the other way round, by tightening deadline and increasing output when things go well.
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 (notably on health excise taxes).	Medium	Mobilize other donors (i.e., World Health Organization, World Bank, GIZ, French Development Agency). Use structural benchmark, if possible. The 2025 budget excise increase though seems to signal a change of tack from the authorities, and hence the lower risk.
RM II: The reform momentum is highly based on the availability of a modern IT system that is able to support reform management and implementation	Very High	Maintain close coordination and collaboration with other CD providers, especially the World Bank to deliver a modern IT system.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Revenue administration. The most recent activity in revenue administration was the technical assistance mission of February–March 2024. This mission assessed the Republic of Congo’s Directorate General of Taxation and Estates (DGID) reform progress since 2019 and identified priorities for 2024–26. While non-oil tax revenues increased modestly, major challenges remain, including a limited taxpayer base, high non-compliance, and weaknesses in tax collection and information systems. Recommendations were made to improve compliance, organization, and digitalization. Since then, no follow-up or evaluation mission has taken place due to limited interest from the authorities.

Spending policy: After having taken strong measures to increase transparency in the fuel sector and reduce the fiscal cost of fuel subsidies by \$15 million per year, reform progress has slowed because of competing policy priorities and constrained implementation capacity. However, the authorities remain committed to increasing spending efficiency and progressivity, particularly in the context of fiscal consolidation. Against this background, future support will be provided to build capacity in assessing and projecting public wage bill and pensions spending (FY27).

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Following the February–March 2024 mission that assessed DGID’s reform progress and set priorities for 2024–26, no FAD capacity development (CD) activities on RA issues occurred during this reporting period. However, an explicit technical assistance request was made during the October 2025 IMF-World Bank Annual Meetings.

Previous Progress: Earlier CD activities supported DGID’s reform efforts by advising on strengthening its strategic plan and updating the action plan to address critical weaknesses in compliance, organization, and digitalization.

Next Steps: Based on the authorities’ request, FAD will conduct a mission in March 2026, with expected outcomes, including (1) a short-term action plan addressing six key tax non-compliance risks; (2) a strategy for system and data integration, taxpayer registry improvement, legislative adaptation, and governance enhancement; (3) defined performance indicators and a monitoring framework; and (4) strengthened 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: There was no new CD activities on spending issues during FY26. The implications for spending efficiency and domestic resource mobilization of the 2024 CD on fuel subsidy reform were discussed during a webinar organized by the French Inter-ministry Exchange and Coordination Platform on the Mobilization of Domestic Public Resources (MRIP). Participants included Congolese and Chad authorities, representatives from the IMF, the French Treasury, and Oxfam. Following the event, and as part

of their commitment to increasing transparency in the fuel sector, the authorities authorized the publication of the 2024 CD report in August 2025, on the IMF website.

Previous Progress: After efforts to reduce the fiscal cost of fuel subsidies, progress has slowed down. However, the authorities remain committed to fuel price reform in a broader context of fiscal consolidation that requires reform prioritization.

Next Steps: In the context of fiscal consolidation, support to build capacity at the Ministry of Finance to accurately project spending on public wage bill and pensions will be provided in FY27.

III. LOGICAL FRAMEWORK

Country – Republic of Congo		
RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	The strategic plan has been elaborated. However, it has yet to be institutionalized.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	The March 2024 HQ mission advised on priority actions to fix the current IT loopholes, address IT management challenges, and implement full functionalities. The action plan is yet to be implemented. To be re-assessed in FY26.
RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	On-time filing has shown improvement and will be reassessed during the upcoming TA mission scheduled for March 2026.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Current ratio is below expectations. Reassessment will be made during the upcoming CD mission (March 2026).
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	The taxpayer base has improved. Reassessment will be made during the upcoming CD mission (March 2026).
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. Reassessment will be made during the upcoming CD mission (March 2026).
SM I: Objective – Strengthen Expenditure Policy Formulation and Design – EPD		Rating - 2

Outcome	Rating	Narrative
Authorize the publication of the 2024 CD report on fuel subsidy reform on the IMF website	1 Achieved	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		
RM I, SM I: Fragilities (e.g., in CAR) and widening economic risks from fiscal unbalances in neighboring countries (e.g., Gabon) could rapidly reshuffle CD priorities in a context of fiscal consolidation	Medium	Early engagement with the authorities to list likely fiscal priorities, and routine checks with country teams of the Central African Economic and Monetary Community (CEMAC).
Political Support		
RM I, SM I: Political instability (planned presidential elections in March 2026) may slow down and even stop implementation of reforms.	High	Combine/focus on strategic advice and hands-on capacity building to have a more permanent impact. Close consultation with the IMF's African Department team and the authorities.
Management and Technical Staff Support and Commitment		
RM I, SM I: Staff instability in the local working groups and significant bureaucratic interference	High	Ensure that IMF consultants work with maximum flexibility in case of local blockages (i.e., share maximum information with the consultant). Use structural benchmarks to enforce commitments, if possible.
Resource Adequacy		
RM I, SM I: Resources are misused, nor properly accounted for, do not achieve value for money.	Low	Project resources will be employed in accordance with IMF policies and procedures.

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I. COUNTRY REFORM PROGRESS

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).

Revenue Administration. Activities related to tax administration have slowed somewhat due to a lack of formal requests from the authorities, who are still too preoccupied with the latest electoral cycle. Consequently, the implementation of the MTRS has not yet been formally evaluated, despite a joint project with the World Bank under the IMF-World Bank Joint Domestic Resource Mobilization Initiative (JDRMI). Regarding customs, Côte d'Ivoire continues to advance its customs modernization agenda, building on earlier progress in digitalization, data governance, and the development of AI tools for risk classification and valuation fraud detection. Although no new CD activities took place during the reporting period, the September 2025 mission by staff of the IMF's Regional Technical Assistance Center for West Africa (AFW) supported the Directorate General of Customs in refining its Data Strategy and evaluating AI-based selectivity models, helping maintain reform momentum. These steps strengthen the foundation for the next phase of work planned for 2026, which will deepen data-governance practices and expand the use of analytics and AI to improve risk management and revenue performance.

Climate policy. Côte d'Ivoire is advancing climate mitigation policies in line with its National Determined Contribution (NDC) and the IMF's Resilience Sustainability Facility (RSF) Program. In FY26, FAD provided capacity development (CD) supported by the EU-IMF Public Financial Management Partnership Programme 2 (PFM-PP2) to advise the authorities in the design and implementation of carbon taxation strategy. The CD was tailored to Côte d'Ivoire's specific circumstances and aligned with the emissions reduction targets in its NDC. The carbon taxation strategy is expected to be completed by the end of calendar year 2025. The mission coordinated closely with the IMF's African Department (AFR) country team, and met with staff of the World Bank, EU and United Nations Development Programme while in Abidjan. Moreover, the EU delegation in Abidjan was briefed before and at the conclusion of the mission, and the CD report was shared with them.

Public Finance Management (PFM): Côte d'Ivoire, through the RSF, is integrating climate and environmental considerations into public finance and investment management. A ministerial decree in October 2024 established climate-tagging of investment expenditure, followed by a May 2025 decree on transition taxonomy and climate disclosure. Supported by GPFP-funded FAD missions in FY25 and FY26, the country released its first climate budget document, and the 2026 fiscal risk statement integrates quantitative analysis of climate-related risks. These efforts coordinated with the World Bank and United Nations Office for Disaster Risk Reduction (UNDRR), which supports climate finance and disaster risk management in the country.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: In 2025, the market value was adopted as the tax base for the property tax on both built and unbuilt property, in line with FAD recommendations made in FY24-25, with the important exception of property rented out, for which the tax base remains the 'valeur locative' (rental value). Work funded by the Global Public Finance Partnership (GPFP) began during this reporting period, with follow-up assistance provided on a phased introduction of the reform. In addition, the authorities confirmed their interest in follow-up assistance to implement FY24 FAD recommendations on the CIT.

Previous Progress: The MTRS was adopted in May 2024, outlining key tax policy reforms on the property tax and the CIT, as well as setting goals in improving tax expenditure costing and reporting. This GPFP-funded project in CIV started in FY25. In March 2025, fine-tuning of the property tax reform was supported by FAD, including on a mechanism to cap yearly adjustments to tax liabilities following the introduction of the new tax base (the market value).

Next Steps: CD in FY26 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 early 2026.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: *Tax.* No CD activities were carried out under this project during the reporting period, at the authorities' request, to allow time to assess ongoing support from other partners and confirm new commitments. *Customs.* No CD activities were carried out under this project during the reporting period, as implementation has not yet begun. A related mission conducted by AFW in September 2025 supported the Directorate General of Customs in implementing its data strategy and evaluating AI-based selectivity models.

Previous Progress: *Tax.* Project activities were scheduled to begin in July 2025. *Customs.* Project activities were scheduled to begin in August 2025 but were postponed at the authorities' request to allow time to assess ongoing support from other partners and confirm new commitments.

Next Steps: *Tax.* Support is expected to resume in April 2026, focusing on assessing the implementation of the Tax administration reform plan and the MTRS. *Customs.* Support is expected to begin in 2026, focusing on establishing a data-governance framework, designing comprehensive data architecture, and launching strategic AI initiatives, including risk-analysis tools, interactive dashboards, and invoice-data extraction using generative AI. Subsequent missions will operationalize these reforms by deploying scalable infrastructure and advancing the implementation of the priority AI projects.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: During this period, this project supported the Ministry of Finance and Budget (MFB) in strengthening their 2026 annual budget documentation. FAD provided training to staff from the MFB and various other ministries and institutions on methodologies for assessing fiscal risks related to natural disasters and reviewed the relevant section of the annual fiscal risk statement. The mission's findings informed the development of FAD tools used to assess and quantify government exposure to natural disaster risk. Under the project, FAD also performed quality control for the green budget document. Both

documents are scheduled to be published as annexes to the 2026 annual budget law and contribute to progress on the IMF's Resilience and Sustainability Facility (RSF)'s reform measures (RM) focused on climate-related fiscal risks and the integration of climate considerations into public financial management.

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 RM on climate related fiscal risks. Activities are benefiting from coordination with the World Bank on disaster risk management and financing and with the United Nations Office for Disaster Risk Reduction 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. To meet the international standards for green budgeting, a gradual expansion of the scope of green tagging is planned, with an extension each year until 2028. The expansion schedule set by the Ivorian authorities aims to include tagging of all investment expenditures for all ministries (Green Budget 2027), current expenditures (Green Budget 2028), and tax expenditures (Green Budget 2029). This will require support over the period for developing tagging methodologies and related guides for each type of expenditure mentioned above, with assistance from FAD.

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	Following FAD CD on MTRS and authorities' commitments under the ongoing IMF lending program, the MTRS was adopted in May 2024. On property tax, market value was adopted in the tax base in 2025, as was recommended by FAD in FY24; however, for those properties which are rented out, the tax base remains the 'valeur locative'.
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 continuing, but for the moment, no evaluation has yet been carried out as planned with the authorities. Meanwhile, the tax administration continues to implement its Reform

		Strategy Plan. The next planned activity of the GPFP project, jointly with the World Bank under the JDRMI concept, will be to assess the two-year MTRS implementation.
Digital technologies are better aligned with strategic objectives	1 Not Achieved	Project activities have not yet commenced.
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	Project activities have not yet commenced
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	Project activities have not yet commenced
Foreign trade operators better comply with their reporting and payment obligations	1 Not Achieved	Project activities have not yet commenced
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 FY26 planned activities on fiscal risk related to natural disasters (following FY25 activities) were organized in July/August 2025. In August 2025, another mission was organized to support the authorities on green budget tagging methodologies and green budget document. These missions help meet RM2 and RM3 of the RSF, whose deadline is November 2025.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II: Weak coordination between the minister cabinet and the tax and customs administrations may slow down the implementation of the MTRS	Medium	Remind the political authorities to appoint a steering committee and strengthen the coordination with the tax and customs administrations.
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.

Description	Rating	Mitigation Measures
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: Coordination between the ministerial cabinet and the tax administration	Medium	Strong coordination is needed and governance structure should be strengthened.
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.
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: Commitment to tax administration reforms has remained solid since the TADAT assessment, December 2021.	Low	N/A
SM II: Due to lack of designated focal point, early confirmation of the request and of the best slots for the missions, activities planned are being postponed, or 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		
None	Low	N/A
Other Risks		
RM II: Multiple donors are providing technical assistance on same topics and gaps, or overlaps may arise as a result.	Low	Take an active role in engaging with other donors to ensure support is well coordinated.

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I. COUNTRY REFORM PROGRESS

The project has achieved meaningful progress insofar as it has helped the Ministry of Budget identify several potential reforms to core taxes such as the value-added tax (VAT), personal income tax (PIT), business income tax, excise taxes, and property tax. The authorities have already implemented some reforms—such as taxation of dividends in Finance Law 2024, which were previously exempt from tax—and have followed our advice to push back against generous tax incentives included in the new draft investment code.

While there remains ample room for authorities to introduce additional (and arguably more ambitious) reforms, an incremental approach appears necessary considering weak capacity and political-economy constraints. In this regard, the next few finance laws will be helpful in assessing authorities' commitment to implement more challenging reforms. Moreover, institutional reforms such as the creation of a new dedicated tax policy unit are actively being considered and, quite understandably, may take some time to come to fruition. Information made available to us suggests the unit could be created and made operational in the coming months.

The project is being delivered in collaboration with the IMF's Middle East Regional Technical Assistance Center (METAC), who has taken leadership in complementing this project with targeted support, notably the tax expenditures workstream. Coordination with other development partners is ongoing, including the World Bank, United Nations Development Programme, European Union and the *Agence Française de Développement*.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy

Key Progress in FY26: Key progress in FY26 includes broadening the tax base for the new tax on dividends and achieving progress on tax expenditures reporting (workstream supported via METAC, in close collaboration with HQ). A 5 percent tax on dividends was introduced in Finance Law 2024, and an updated tax expenditures report was finalized in October 2025.

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 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 our key recommendations.

Next Steps: A mission on property taxation will be delivered by end-2025 (focusing primarily on the taxation of rental income and recurrent taxes on immovable property), and another to conduct a stock-taking exercise (reviewing past analyses and recommendations to support the authorities in identifying reform priorities and potential impediments to their implementation) will be delivered by end-FY26. METAC also plans to deliver additional support on tax expenditures, with a mission tentatively scheduled for Q4FY26. Beyond FY26, it is expected that capacity development (CD) may focus on providing intellectual support to authorities as they prepare to hold new *Assises Nationales sur la Fiscalité*, which are tentatively planned for Summer 2026.

III. LOGICAL FRAMEWORK

Country – Djibouti		
Objective – Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased/decreased revenue quantity	2 Partially Achieved	Some reforms have been implemented (e.g., taxation of dividends and review of draft investment code), and several others are being considered. Some positive effect on revenues, but external factors (e.g., regional instability) have had a negative effect.
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), yet significant room for further improvement remains (e.g., to limit distortionary exemptions).
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 program and remain flexible in delivering the workplan.
Political Support		
Obtain needed leadership from Budget and/or Finance Ministers and sufficient buy-in from the whole government to enact meaningful reforms in the National Assembly.	Very High	Engage constructively with high-level officials to ensure that they appropriate themselves of options and that their views are considered and factored into the analysis. Work closely with country team.
Management and Technical Staff Support and Commitment		
Buy-in and commitment by our direct counterparts at the Budget Ministry.	Medium	Engage constructively with high-level officials (Minister and/or Secretary General) to ensure that they appropriate themselves of reform options and that their views are considered in the analysis.
Resource Adequacy		
Resource adequacy in Budget ministry, including number of staff and skillset.	High	Sequence CD and reform proposals to align with country capacity. Offer complementary CD in the

Description	Rating	Mitigation Measures
		form of follow-up engagements or support in legal drafting. Coordinate closely with the revenue administration division to avoid overburdening our counterparts in the <i>Direction Générale des Impôts</i> .
Other Risks		
N/A	N/A	N/A

V. PROJECT MANAGERS 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) is being promoted among EAC Partner States through GPFP-supported work. This includes advancing or completing projects that have already been underway, such as directives on excise taxation and administrative procedures, and preparation of a model tax treaty (for use by Partner States in negotiations with non-Partner States) and a multilateral tax treaty that would apply among Partner States. The directives will improve the efficiency of the tax systems and administrations in the Partner States, removing barriers to intra-community trade and investment. 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. During the first half of FY26, the IMF prepared a background paper and led a workshop on the directive, following which a revised draft of the VAT directive has been circulated to the Partner States. 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. 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 developed with IMF support. During the 2025 Annual Meetings, the EAC Deputy Secretary indicated that endorsement of the council directive is expected by the end of calendar year 2025. 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 the IMF's Fiscal Affairs Department (FAD) and Legal Department (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. In FY26, this objective has been advanced through a workshop, in June 2025, that resulted in a draft VAT directive that is currently being reviewed by EAC Partner States. 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. A background study on the VAT directive was also completed by FAD and circulated to EAC Partner States prior to the June workshop.

Previous Progress: A draft directive on excise taxation was concluded in November 2023 and is awaiting approval from EAC ministers. The first workshop on the VAT directive was held in August 2024; it produced an outline that informed the preparation of a first draft of the directive. On tax treaties, FAD assistance contributed to the completion in 2023 of a model tax treaty and development of a multilateral tax treaty; the former is final, and the latter is going through the EAC approval process. These products will help promote trade and investment while protecting tax bases in the region. FAD led a workshop to train EAC Partner State authorities on tax treaty negotiation skills in October 2024. 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.

Next Steps: The near-term focus is on advancing the VAT directive. Partner State comments have not yet been received but are anticipated before the end of calendar year 2025. The preparatory work required to incorporate substantive changes to the directive, based on the feedback FAD and LEG anticipate from Partner States, will necessitate in-person multilateral discussions. To enable these exchanges and ensure the revisions are effectively integrated, an additional workshop will need to be organized. Accordingly, a request for supplementary funding will be submitted for SC endorsement to support this workshop.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Regarding the harmonization of tax procedure and administration legislation, there is little to report in this reporting cycle (as in the previous one) as no feedback has been received from the Partner States of the EAC Secretariat. FAD and LEG completed drafting of a council directive to harmonize these legislations long time ago, which is now in the process of approval by the respective authorities. Assistance has been continuously offered to clarify any necessary information to expedite approval, but we have not been called upon. On international tax administration, there is also little to report, since it was decided not to organize an in-person workshop in November 2025, but rather to prioritize virtual engagements through the community of interest created for member states. Appetite for this format seems very low, as very few participants have joined the meetings and engagements, with only the representatives from Kenya and Uganda standing out. The fact that the main counterpart for our projects at the EAC Secretariat has left his position has also affected the planning of further activities and the continuity of engagement with member countries.

Previous Progress: On the harmonization of tax procedure and administration legislation, FAD and LEG completed drafting a council directive a long time ago, which is currently under approval by member countries. On international tax administration, in-person workshops were held to discuss key aspects of the IMF Framework for International Tax Administration Strengthening (FITAS). In this context, Partner States have developed capabilities in international compliance risk management and bridged the gap between international tax theory and the practical application of international tax toolkits (such as transfer pricing guidelines) through hands-on clinics and training activities. Partner States also conducted FITAS self-assessments to identify vulnerabilities and weaknesses in this workstream and created a CoP (led by the Kenya Revenue Authority) to establish a forum where tax officers can engage in continuous knowledge exchange and share experiences with peers and experts, exploring emerging trends and approaches in international tax administration.

Next Steps: To complement the training activities of the technical assistance on international tax administration, the workplan includes developing a best practices manual tailored to the EAC region countries' needs. This manual would capture the approaches discussed in the workshops and meetings to improve the management of international tax risks. The IMF will start defining the content of this manual based on previous IMF work on this workstream and determine the best way to develop it before April 2026, including the participation of representatives from member countries if possible and interested.

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 VAT directive study was completed in June 2025 and discussed with EAC Partner States at a workshop that month. The workshop was also used to advance a first draft of the VAT directive. Significant progress was made and a second draft was circulated for comments after the workshop. A key feature is an innovative approach to placing guardrails on the use of the VAT system for incentives and social measures. Next steps for the VAT directive are further revisions based on forthcoming comments from the Partner States, and approvals within the EAC machinery. Following completion of the VAT directive, the EAC will need to decide whether to pursue further tax harmonization with respect to income taxes.
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. During the Annual Meetings, the EAC Deputy Secretary indicated that endorsement of the council directive is expected by the end of the calendar year 2025.
Corporate priorities are better managed through effective risk management	3 Largely Achieved	The project developed a roadmap to enhance EAC Partner States' capabilities on international tax administration based on FITAS self-assessments. In addition, EAC Partner States agreed to create a CoP (led by Kenya

		Revenue Authority) to establish a forum where tax officers can engage in continuous exchange of knowledge and experiences with peers and experts and explore emerging trends and approaches on international tax administration. Hands-on clinics bridged the gap between international tax theory and the practical application of international tax toolkits (such as transfer pricing guidelines). Development of the handbook has been delayed.
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IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: Impact of Ukraine war and conflict in Gaza.	Medium	Time the implementation appropriately.
Political Support		
RM I, RM II: All member states must agree to the harmonized framework. Political instability at the member states' level may slow down and even stop implementation of reforms.	Very High	Close consultation with the IMF's African Department (AFR) and government authorities. Hold workshops to increase buy-in at officials' level 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		
RM I, RM II: Although the current EAC Secretariat leadership is strongly in favor of this project, there are no policy experts at the Secretariat.	Low	Hold workshops to ensure a minimum level of policy expertise.
Other Risks		
RM I, RM II: Timeliness: The EAC Secretariat fails to achieve the milestones and deliver the expected outcomes on time and project fails.	Medium	Timeliness: The project will be delivered and monitored by IMF staff and experienced HQ experts. This includes 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.
RM I, RM II: Sustainability: Reform fatigue may weaken commitment.	Medium	Sustainability: Regular high-level engagement at Annual and Spring Meetings to reinforce importance of finalizing products and the economic benefits from increased tax harmonization.

Description	Rating	Mitigation Measures
RM I, RM II: Security: Certain EAC states are fragile or conflicted affected states. This may prevent normal technical assistance activities.	Medium	Security: Use of alternative modes of CD delivery, such as remote assistance, and delivery of workshops in more secure member countries or outside the region.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The project financed by the Global Public Finance Partnership (GPFP) has supported important fiscal developments in Ecuador. Overall, progress in both the mining fiscal regime and public finance management reflected ongoing efforts to improve revenue mobilization and spending management.

On the revenue front, capacity development (CD) was instrumental in strengthening the mining sector's fiscal framework, leading to the submission of key reforms to Congress in November 2025 that should mobilize additional revenue. Planned CD will continue in line with Ecuadorian authorities' interest in further assistance, especially to review tax expenditures.

For public financial management, planned CD activities on budget and treasury management in 2025 were postponed due to elections and changes in the Ministry of Finance's leadership. Notwithstanding, previous CD delivered by a short-term expert in August and September 2024 supported treasury management and arrears prevention, cementing the way forward to comply with structural benchmarks in the context of the IMF's Extended Fund Facility (EFF) with Ecuador. The IMF's Fiscal Affairs Department (FAD) anticipates resuming CD work on budget and treasury management, along with additional support from short-term experts in 2026. Remaining CD activities related to treasury, budgeting, and fiscal risk management are scheduled to continue into FY27.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: An FAD mission analyzed Ecuador's mining fiscal regime and 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. Following some of the recommendations put forward by the mission, Ecuadorian authorities submitted to Congress a set of reforms to the Mining Regulation in November 2025 aiming to simplify the calculation of the royalty base and strengthen the framework for the implementation of the sovereign adjustment mechanism. FAD has also analyzed and provided recommendations on Ecuador's tax reform initiatives. Ecuadorian authorities have mentioned their intention of requesting additional support on the review of tax expenditures.

Previous Progress: The team has supported the government in enhancing tax policy design by providing feedback on reform proposals through the IMF's Western Hemisphere Department country team.

Next Steps: Follow-ups on the adoption of recommendations to improve the mining fiscal regime and support requests to evaluate and streamline tax expenditures.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: The CD activities on budget and treasury management were postponed due to the elections in 2025 and changes in the vice ministry of finance, still uncompleted.

Previous Progress: A short-term expert delivered CD on treasury management and arrears prevention in August and September 2024. This stream of CD continued under IMF's own financing to assist the authorities with the IMF program benchmarks.

Next Steps: FAD met with the authorities and is expecting the HQ mission on budget and treasury management and support from short-term experts in the first quarter of 2026. The rest of CD including treasury, budget and fiscal risks will be phased out to FY27.

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	A CD mission was conducted in June 2025 to review the country's fiscal mining regime. A major recommendation from the FAD mission was for the authorities to introduce a sovereign adjustment mechanism, as outlined in the Constitution, to help ensure appropriate revenue collection from mining activities. Ecuadorian authorities are currently revising the Mining Regulation to incorporate these changes. 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 plan to evaluate 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	Discussions with the newly created Fiscal Risks unit started last year. The Medium-Term Fiscal Framework report is using the FAD fiscal risk assessment tool (CD provided in the past) but no CD provided in the last months. The project will deliver on fiscal risks management mainly in FY27.
SM II: Objective –Strengthen Budget Management - SBM		Rating - 2
Outcome	Rating	Narrative

Strengthened asset and liability management processes	2 Partially Achieved	The first year FAD delivered TA on the cash forecast and treasury financial plan. The TA on budget preparation and execution and interaction with treasury management was postponed in 2025 due to elections and government changes. It is expected to resume in 2026.
Strengthened budget execution and control processes	2 Partially Achieved	The first-year activities of the project focused on budget execution rigidities to improve investment spending execution and on the arrears' prevention strategy. In 2026, activities are expected on budget execution control and treasury operations.

IV. RISK ASSESSMENT

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

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

As the project was approved in September 2025, no activities funded by the Global Public Finance Partnership (GPFP) took place during the reporting period. Notwithstanding, the IMF's Fiscal Affairs Department (FAD) provided continued support to the authorities to help achieve the structural benchmarks of the IMF program. Although not included in this project, the development of a medium-term fiscal framework (MTFF) has been an important milestone related to several activities of the Fund program. The MTFF was sent for FAD's desk review—aligned with the program structural benchmarks and a significant improvement in terms of transparency. Its publication is yet to be confirmed.

The October public investment management assessment (PIMA) stocktaking mission found interest in improving pre-evaluation and selection processes, the development of a new system, and a new public private partnerships law (with World Bank advice). The mission also adjusted developments that affect the recommendations made in 2019, indicating some valuable progress.

II. PROJECT DELIVERY HIGHLIGHTS

SM II: Spending Module II – Managing Public Finance
Key Progress in FY26: As the project was approved in September 2025, no activities funded by the Global Public Finance Partnership (GPFP) took place. Nonetheless, endorsed activities are already planned and one of them is currently in execution. The first mission by a short-term expert (STX) related to the stocktaking of PIMA recommendations took place in October/November 2025, and the government has agreed on the dates for the Digital Solutions Modularization mission, as well as a tentative date for the Fiscal Transparency Evaluation. A donors coordination meeting was held during the PIMA stocktaking mission, fulfilling our commitment to support coordination of objectives and activities. The mission was organized through the resident representative office, and involved the European Union (EU), World Bank, Inter-American Development Bank and German Agency for International Cooperation. Additionally, the STX met with EU country representatives to discuss further details on their ongoing support for public investments.

III. LOGICAL FRAMEWORK

Country – El Salvador		
SM II: Objective – Build Sustainable Fiscal Institutions - SFI		Rating - 1
Outcome	Rating	Narrative
Strengthened capacity to plan, implement and sustain digitalization	1 Not Achieved	The project was approved in September 2025, therefore no activities have taken place yet.

RM II: Objective – Improve Fiscal Transparency and Reporting - FTR		Rating - 1
Outcome	Rating	Narrative
Comprehensive, timely, and high quality fiscal reports	1 Not Achieved	The project was approved in September 2025, therefore no activities have taken place yet.
SM II: Objective – Strengthen Macroeconomic Frameworks - SMF		Rating - 1
Outcome	Rating	Narrative
Strengthened medium-term fiscal frameworks	1 Not Achieved	The project was approved in September 2025, therefore no activities have taken place yet.
Strengthened identification, monitoring, and management of fiscal risks	1 Not Achieved	The project was approved in September 2025, therefore no activities have taken place yet.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
N/A	N/A	N/A
Political Support		
The finalization of the current SAFI II 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 in separate and together with the different departments of the Ministry to ensure consistent reflection of each department needs and views.
Management and Technical Staff Support and Commitment		
N/A	N/A	N/A
Resource Adequacy		
The development of the software requires investment.	High	The development partners of the country will need to coordinate to help finance the finalization of the project.
Other Risks		
N/A	N/A	N/A

V. PROJECT MANAGER: CONTACT INFORMATION

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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. With assistance from the United Kingdom Foreign, Commonwealth & Development Office (FCDO), the authorities have developed a consolidated reform strategy, which identifies the gaps and the development partner to approach for 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 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, 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. FAD staff maintain contact with counterparts in other technical assistance partners such as the World Bank, the 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, the IMF's Fiscal Affairs Department (FAD) responded to requests from the authorities for assistance in finalizing amendments to the income tax legislation. The amendments were subsequently passed by parliament. They will improve the efficiency of the income tax system and increase revenues. On capacity development (CD), a workplan has been prepared and agreed with the authorities. However, implementation has stalled as the authorities have not shared the required data.

Previous Progress: Previous CD identified areas for improvement to Ethiopia's tax policy and suggested a roadmap, which was reflected in the MTRS developed with FAD help and published in 2024. Thus there is political commitment to move forward with legislative changes that fit within FAD's recommendations for a more efficient, effective, and fair tax system. A key step forward was the implementation of a new VAT law in 2024 that was originally drafted by the IMF, reflected in the MTRS, and was followed by increased VAT revenue collections. In March 2025, a mission by the IMF's Legal Department and FAD provided advice and drafting assistance to the authorities on revisions to the income tax proclamation, to implement

recommendations in the MTRS. 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.

Next Steps: The authorities have requested CD regarding the tax system and capital markets, in the context of the recent reforms liberalizing these markets. FAD is currently working with the authorities to determine the timing for this work. Training on macro-fiscal forecasting in collaboration with the IMF's Institute for Capacity Development and FAD's macro-fiscal advisor is planned for FY26. Other CD work will proceed depending on the priorities of the authorities.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The authorities engaged FCDO to assist with the development of a consolidated reform plan to address the identified gaps. This work was coordinated with other development partners like the World Bank. It identifies areas where the authorities require CD from development partners.

Previous Progress: On the back of FAD CD, the authorities approved their NMTRS. A TADAT assessment was carried out in FY25, which culminated in the consolidated reform plan compiled by FCDO. The authorities had indicated interest in developing capacity in compliance risk management. This was postponed as the authorities wanted to complete the reform strategy to better inform their priorities.

Next Steps: With the consolidated reform plan in place, engagements are underway to agree on priority areas to be addressed by FAD.

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	Responded to requests from authorities for assistance in finalizing income tax amendments that were subsequently passed by parliament.
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 1
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	Responded to requests from authorities for assistance in finalizing income tax amendments that were subsequently passed by parliament.
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 approved in September 2024. Following a TADAT assessment conducted by FAD, the authorities engaged FCDO to assist then develop a reform strategy. This has been discussed and approved and it identifies capacity gaps and the potential development partner to provide assistance.
Corporate priorities are better managed through effective risk management	1 Not Achieved	Yet to agree mission dates 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		
RM I: 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		
RM I, RM II: Coordination between Ministry of Finance and Ministry of Revenues 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 in, e.g., revenue forecasting.
RM II: Minister of Revenues may not be aligned with the stated CD priorities.	Medium	Continue providing CD support and engaging authorities in a coordinated way.
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

Description	Rating	Mitigation Measures
		approach) and prioritize CD to priority or highest risk areas where resources are limited.
RM II: Minister of Finance showed commitment to supporting implementation of an integrated tax administration system.	Medium	Continue providing CD support and engaging authorities in a coordinated way.
Other Risks		
RM I, RM II: Delays in putting in place active and effective governance structures for NMTRS between Ministry of Finance and Ministry of Revenues are a threat to the country's DRM efforts.	Very High	Engage the IMF Resident Representative and other development partners to assist in coordinating between the ministries to ensure timely implementation of the NMTRS.
RM I, RM II: Overlaps may arise as multiple donors are providing technical assistance on fiscal risk topics and gaps.	Medium	Take an active role in engaging with other donors, especially the World Bank, to ensure support is well coordinated.

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I. COUNTRY REFORM PROGRESS

The project was launched recently and has already delivered tangible results, including the development of a model tax treaty for Gabon and a micro-simulation model for income tax on wages. There has been strong traction at the technical level, with counterparts demonstrating high levels of engagement.

Nonetheless, challenges persist—particularly regarding capacity, which remains low relative to Gabon’s level of economic development as an upper-middle-income country. Broader political-economy dynamics may also complicate reform efforts (e.g., post-coup government seeking “re-election” during the April 2025 Presidential elections and wanting to secure broad support from the community, and hence hesitant to introduce possibly unpopular reforms). Further engagement will be essential to assess whether our capacity building efforts can effectively motivate policymakers to pursue meaningful reforms. The next few finance laws should also offer valuable insight into the authorities’ reform appetite and commitment.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy

Key Progress in FY26: Support on micro-simulation modeling assisted authorities in understanding policy options and tradeoffs related to possible reforms of the personal income tax (PIT), such as the elimination of the family quotient or amendments to the “*abattement forfaitaire au titre des frais professionnels*”. It is unclear at this time whether any PIT measures will be introduced as part of Budget 2026.

Previous Progress: Previous support focused on tax treaties, with considerable capacity building provided including a new draft model treaty specific to Gabon.

Next Steps: A mission on mining taxation is planned for November 2025. This mission will help identify best practices in the design of a balanced fiscal regime for the sector. While promoting collaboration between the Economy/Finance Ministry and the Mining Ministry.

III. LOGICAL FRAMEWORK

Country – Gabon		
Objective – Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased/decreased revenue quantity	1 Not Achieved	CD was initiated in March 2025, such that it is too early within the program to expect achievement of this outcome.

Increased economic efficiency by minimizing economic market failures	1 Not Achieved	CD was initiated in March 2025, such that it is too early within the program to expect achievement of this outcome.
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	CD was initiated in March 2025, such that it is too early within the program to expect achievement of this outcome.
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).

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
World economy, regional and national security, etc.	Medium	Factor authorities' priorities into our work program and remain flexible in delivering the workplan.
Political Support		
Obtain needed leadership from Ministry of Economy and sufficient buy-in from the whole government to enact meaningful reforms in the National Assembly.	Very High	Engage constructively with high-level officials (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 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 the revenue administration division to avoid overburdening our counterparts in the Direction Générale des Impôts.
Other Risks		
N/A	N/A	N/A

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I. COUNTRY REFORM PROGRESS

The authorities have made notable progress in their reform agenda, supported by Extended Credit Facility (ECF) and Resilience and Sustainability Facility (RSF) arrangements and complementary capacity development (CD) provided by the IMF's Fiscal Affairs Department (FAD). Domestic revenue mobilization is a priority for development efforts, and tax-to-GDP increased substantially in the past two years. The recent adoption of a Domestic Revenue Mobilization Strategy (DRMS), progress on tax expenditure (TE) reporting, and ongoing amendments to tax legislation are all underpinned by FAD CD. These developments point toward further positive reforms in the months and years ahead and show encouraging signs regarding the authorities' growing internal capacity. Furthermore, a planned carbon-based excise tax developed following climate policy CD will better align revenue policy with environmental and social objectives.

Progress on revenue mobilization will be complemented by CD on spending policy in the near future. Electricity subsidies and the public sector wage bill are major areas of fiscal expenditure and require thorough review to assess their efficiency and equity and to identify reforms.

FAD CD benefits from strong engagement and relationships with senior officials. It is closely integrated with the IMF country team and ECF/RSF arrangements, with several areas of CD (e.g., the DRMS, tax incentives and expenditures, and electricity subsidies) supporting areas of conditionality in these arrangements. This ensures a holistic and tailored CD approach that responds to the greatest needs and opportunities of The Gambia. CD is coordinated with other CD providers to ensure complementarity and avoid duplication. During a February 2025 mission, FAD staff met with representatives of the European Commission, the World Bank, African Development Bank, and French Development Agency (AFD), with those conversations informing the CD provided in FY26. The majority of fiscal CD from these donors focuses on revenue administration and public financial management. Likewise, the RSF design and related CD has been strongly coordinated with the World Bank, the Global Center on Adaptation, and AFD.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: (1) DRMS was adopted by cabinet in September 2025—a structural benchmark under the ECF program. It provides a roadmap for tax policy until 2030, aiming to increase tax-to-GDP by 1.7 percent. Remote review was provided in June 2025, following extensive earlier support. (2) Amendments to The Gambia Investment & Export Promotion Agency (GIEPA) Act agreed by the cabinet and will move the investment tax incentive regime away from profit-based incentives, removing tax holidays altogether (see FY25 mission). (3) Authorities made good progress on their inaugural TE report—another structural benchmark for December 2025. They shared a draft benchmark tax system and TE inventory in September 2025, and FAD provided remote review and recommendations. (4) Authorities commenced amendments to the Income Tax and Value Added Tax (VAT) Act, notably to extend VAT to digital supplies, in line with recommendations made in a FY25 mission.

Previous Progress: (1) Extensive input and recommendations to develop and refine the DRMS, both remotely and then in detail during a February 2025 mission. This helped develop the document into a more

credible and coherent strategy. (2) Drafted amendments to the GIEPA Act largely reflect recommendations from a FY25 mission, with a move away from profit-based incentives. (3) Progress on TEs, with a TE policy to guide the governance of TEs across ministries, departments and agencies reflecting FAD input. The February 2025 mission provided detailed guidance for commencing TE reporting in The Gambia.

Next Steps: (1) HQ mission in November 2025 on final amendments on an upstream petroleum fiscal regime law before this goes to parliament. (2) Remote support (November 2025) on the methodology and drafting of the first TE report. (3) Authorities request a HQ mission for FY26 on the taxation of land and property in the country, in line with the implementation of a newly adopted national land policy. (4) Authorities request a HQ mission on reforming and modernizing the VAT system—a priority for the DRMS.

SM I: Spending Module I – Spending Policy

Next Steps: Planning is well underway for the upcoming missions on the wage bill and electricity subsidies. The authorities continue to prioritize these areas of CD support. The team is currently assessing the suitability of the data for the electricity subsidies mission and following final discussions with the authorities, the team will schedule the two missions in early 2026.

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

Key Progress in FY26: This project is supporting the implementation of two reform measures under the RSF. CD has been successfully delivered on the implementation of a carbon-based excise tax. Authorities have incorporated this measure into the DRMS, with implementation expected in January 2026.

Next Steps: A mission on the impact of natural disasters on macro-fiscal variables, such as revenues, expenditures and economic growth, is planned for late January 2026. This workstream will further strengthen ongoing work on the fiscal risk statement, including the coverage of climate-related risks.

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 12.3 percent in 2024, against 10 percent in 2023. Much of this is due to nominal GDP revisions and a reclassification of nontax revenue, but higher corporate income tax, VAT and excise duty revenues account for a 0.4 percent increase. The DRMS has been adopted by the cabinet and aims for a further 1.7 percent-of-GDP increase in tax revenues by 2030. Legislation to streamline investment tax incentives has been adopted by the cabinet and now goes to parliament. The authorities shared a draft of the first chapter of

		their inaugural TE Report in September, 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 - 2
Outcome	Rating	Narrative
Government pay and employment are more competitive and consistent with fiscal constraints	2 Partially Achieved	Planning is well underway for missions on a public sector wage bill mission in early 2026. This will provide 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.
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).	2 Partially Achieved	Same as above
Public expenditure is fiscally sustainable and efficient	2 Partially Achieved	Same as above

RM I (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	4 Fully Achieved	Diagnostic completed, providing recommendations for a potential RSF.
Improved fiscal policy for climate mitigation	4 Fully Achieved	CD delivered, including design options, detailed analysis on fuel supply chain and legal drafting for the implementation of a carbon-based excise.
Enhanced use of fiscal policy for building resilience to climate and disaster risks	1 Not Achieved	Planned for late January/early February 2026.

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: Lack of support from development partners and/or private sector stakeholders in advancing climate policies or reforms	Low	Coordinate with key development partners and donors present in the country.
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 support from development partners and/or private sector stakeholders in advancing climate policies or reforms	Low	Provide inputs to the authorities so they can socialize the reforms with the general public

Description	Rating	Mitigation Measures
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.
CP: Low capacity to implement recommendations in the Ministry of Finance	Medium	Build strong relationship with the key counterparts and the Ministry leadership
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.
CP: Lack of means to implement reforms	Medium	Ensure an adequate estimation of resources required for the reform and that the authorities can meet those requirements
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.
SM I, CP: N/A	N/A	N/A

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 an important 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 assistance in 2024—authorities reported in November 2025 that they are still considering its implementation.

FAD has been coordinating closely with the World Bank on tax policy analysis and recommendations.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: 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.

Previous Progress: Capacity development (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: (i) 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; (ii) 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 Medium-Term Revenue Strategy was finalized and published in December 2024 and follow-up assistance was provided on capital markets taxation (as a follow-up to 2023 TA).

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 non-residents (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		
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased/decreased revenue quantity	2 Partially Achieved	(i) 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. (ii) Capital markets taxation. Follow-up TA 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.
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IV. RISK ASSESSMENT

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

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Capacity development (CD) delivered through this project is improving the design of tax policy for the extractives sector and is building capacity of government to analyze extractives tax policy and forecast petroleum revenues.

The IMF's Fiscal Affairs Department (FAD) supported the Ghana authorities to update forecasts of petroleum revenues for the 2026 budget. Ministry of Finance (MoF) staff now do most of the hands-on work for the revenue forecasting model, with a FAD expert providing support. FAD also supported the MoF to progress toward finalization of the Extractive Industry Fiscal Regime Act (EIFRA) and built capacity of government staff in designing and implementing extractives tax policy. The EIFRA is now close to finalization. On petroleum, a firm consensus was established on final regime parameters to establish the EIFRA fiscal regime; on mining, a close consensus was also established on regime structure and parameters, with divergent views remaining between the MoF and Ghana Revenue Authority (GRA) on the rates of profits taxes. FAD also participated in the review of the new value-added tax (VAT) Act, in collaboration with the IMF's African (AFR) and Legal (LEG) departments. On revenue administration, 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 the IMF's Regional Technical Assistance Center for West Africa 2 (AFW2). The GRA is training its staff and reviewing its VAT compliance management processes with support from this Global Public Finance Partnership (GPFP) project.

The project works with AFW2 to coordinate a unified approach to revenue reform support, and closely works with the Ghana Country Team to give input to Fund advice on revenue reforms. Collaboration and coordination with other development partners is anchored in the Development Partner Coordination Forum, which brings together key actors such as IMF, World Bank, German Agency for International Cooperation (GIZ), United Kingdom Foreign, Commonwealth & Development Office (FCDO), African Development Bank (AfDB), and others under a common framework. The IMF actively participates in bi-annual meetings and technical working groups to harmonize support with Ghana's medium-term revenue strategy (MTRS) and broader national priorities. Collaboration includes joint diagnostic assessments (e.g., Tax Administration Diagnostic Assessment Tool (TADAT) evaluations in collaboration with the African Tax Administration Forum, World Bank, GIZ and FCDO), shared capacity-building initiatives, and the use of mapping tools to avoid duplication and ensure complementarity.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: The EIFRA is very close to completion, with only a few parameters to be decided by MoF. Two short-term expert (STX) activities planned for the first half of FY26 will be delivered in the second half, once MoF communicates its final policy decisions. MoF submitted their petroleum revenue forecasts as part of the 2026 budget.

Previous Progress: FAD has delivered CD on extractives tax policy and petroleum revenue forecasting since 2018 (previously funded by the IMF Managing Natural Resource Wealth Thematic Fund, that has continued under this GPFP project). Assistance on policy has focused on modernizing key fiscal legislation for the extractives sector in a new sectoral law, the EIFRA.

Next Steps: The minister of finance directed MoF staff to resolve outstanding issues as soon as possible. Once government communicates to FAD its final decisions on outstanding issues, it will provide a revised and final EIFRA draft and will continue to assist in drafting supporting documentation. Once approved by parliament, there will be a need to assist government in drafting implementation regulations to the EIFRA. FAD will also continue to support in forecasting petroleum revenue.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Key progress includes the review of the VAT law in collaboration with FAD, 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. The planned mission on MTRS progress review for FY26:Q1 was postponed to FY26:Q3, which best suited the authorities.

Previous Progress: The authorities approved and published a MTRS in FY24, launched MTRS implementation governance arrangements, completed procurement of an integrated tax administration system (ITAS), and agreed on new priorities for CD support to enhance revenue mobilization. The project coordinated with AFW2 to participate in the Development Partner Group meetings chaired by the FCDO to better coordinate support provided to Ghana.

Next Steps: Future support will be on MTRS progress review and implementation, rollout of the ITAS and support on implementation of revised VAT law.

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 new Minister (appointed in December 2024) has been supportive of the work to overhaul the mining and petroleum fiscal regimes.
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, and work has also focused on building capacity of key 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. However, inadequate resources are allocated to MTRS implementation and Steering Committee needs to meet more frequently to monitor MTRS progress across all implementing agencies.

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 meeting with high-level authorities are included in the mission
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 GRA executive management	Very High	Government advised to review 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.

Description	Rating	Mitigation Measures
Other Risks		
RM I: No new risks expected (as of November 2025)	Low	N/A
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 administrations and is not a policy assessment tool.

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

The RAGIA tool maintains this broader view of governance vulnerabilities. The assessment is intended to highlight legal, organizational, policy and operational matters in tax and customs administration and in their human resources, financial management and oversight functions, that are risks to good governance and integrity in the administrations. Importantly, an assessment of these governance and integrity weaknesses does not establish a conclusion of improper or corrupt conduct in the administration of taxes and customs. Rather, a systematic assessment using the RAGIA framework is intended to highlight the governance and integrity-related risks that need to be mitigated. They inform a dialogue 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 assessment framework was piloted in Liberia over the period June 19 to July 3, 2025. This pilot mission encompassed a series of engagements with LRA staff, coupled with a comprehensive assessment of the various governance features. The primary objective of these engagements was to identify potential vulnerabilities related to governance and integrity within the six Governance and Integrity Measurement Areas (GIMAs). This was achieved through a systematic evaluation and scoring of specific governance features and measurement areas. The overall assessment using the RAGIA framework scored Liberia in the range where governance and integrity risks in revenue

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

administration are assessed as “high”. In other words, substantial governance weaknesses were found to be prevalent. In a letter from the Commissioner-General, Mr. James Jallah, dated August 19, 2025, he stated, “We deeply appreciate the insights, findings...provided by the assessment team, which offer invaluable guidance in strengthening the governance and integrity of our tax administration system.”

Previous Progress: Revisions to the framework (Excel spreadsheet) were carried out, and the tool was cross-checked against the WCO’s framework for customs to ensure adequate coverage for customs administration. The comprehensive guidance note has now been completed. Additionally, the framework has been summarized for incorporation into an IMF book entitled, “*A Risk-Focused Approach to Addressing Fiscal Governance Vulnerabilities: A Practical Guide.*”

Next Steps: Feedback from the pilot mission to Liberia is currently being taken into consideration and changes made to the RAGIA framework and the Excel worksheet. Additionally, a request from Sierra Leone at the Annual Meetings for a RAGIA assessment has been received. Two additional pilots are also being sought to ensure a good cross-section of countries in differing stages of economic development are tested.

III. RISK ASSESSMENT

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

IV. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The overarching challenge in Guinea-Bissau is to create a tax system that raises the required level of revenue in a consistent, predictable, and equitable manner, and the 2025 implementation of a broad-based value-added tax (VAT) marks a substantial step forward in that regard. A repeal-and-replace income tax reform has, however, been awaiting parliamentary elections for two years. With those elections taking place now, capacity development (CD) over the second half of FY26 is aiming to accelerate the legislative modernization of the income tax framework to set the foundations for both revenue mobilization and private sector growth.

The domestic tax revenue collection in Guinea-Bissau relative to GDP in 2024 declined compared to the previous year. This reduction is mainly due to lower revenue from the cash campaign and the corporate income tax (CIT). The introduction of VAT in Guinea-Bissau has shown positive results, as the projected VAT performance for 2025 surpasses that of the previous general sales tax (IGV) in 2024. However, compliance with VAT filing obligations has been lower than that of IGV, indicating that revenue could be even higher if taxpayer compliance in 2025 were similar to that observed for IGV in 2024.

Customs modernization continues, with IMF support helping update procedures, develop regulations and operating procedures aligned with good practices, and strengthen transparency through a revamped website and a new electronic training platform. In collaboration with the IMF's Regional Technical Assistance Center for West Africa (AFW), progress was also made on preparing human resource reforms. Coordination with development partners could be further strengthened, particularly with UNCTAD on the implementation of SYDONIA World and related process re-engineering, and with the European Union and World Bank as they advance complementary work on trade facilitation and institutional modernization. Addressing persistent weaknesses in staff remuneration will be essential to sustain reform momentum and ensure that modernization efforts translate into lasting gains in integrity, efficiency, and revenue collection.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

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

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: A Ministerial Order on October 31, 2024 that VAT legislation approved by the National Assembly in 2022—developed with RMTF support—would be implemented as of January 1, 2025, allows

the focus to turn the income tax reform initiative being supported by the Global Public Finance Partnership (GPFP). A draft income tax statute for consideration by the government, whenever a legislature has been reconvened, will be prepared remotely in FY26.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: *Tax.* The Directorate-General for Contributions and Taxes (DGCI) has been promoting voluntary compliance using its IT system (Kontaktu) for filing and payment obligations. However, monitoring and follow-up by taxpayer relationship managers lack consistency, and a training program and work plan were developed to strengthen compliance monitoring. Ongoing actions include: (i) support for VAT implementation, (ii) design of revenue analysis monitoring and reporting tools (monthly and quarterly), and (iii) migration of the Kontaktu 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 early 2026. End-use controls for exempt goods began.

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 instalment 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 is to leverage all available information to improve voluntary and enforced compliance, starting with VAT. CD will focus on the use of third-party data collection and data matching and on strengthening monitoring and enforcement actions against non-compliant taxpayers. Enhancing the use of electronic payments also remains a key priority. *Customs.* CD will focus on 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	Work on a modernized income tax statute is restarting with the hope that November elections will lead to the formation of a legislature. This work will build on previous technical assistance activities, but there remain significant risks related to the lack of policy capacity within the government.
Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	The focus for tax policy technical assistance is on a repeal and replace income tax reform and the fiscal framework

		for mining and petroleum. Fundamental reform related to the highly distortive expansive use of Stamp Duties, fees and charges is dependent on the mobilization of revenue from the more efficient income and consumption tax bases. General policy direction for income tax reform was obtained in a January 2024 series of mission presentations and discussions; with concurrent scoping on the fiscal framework for mining and petroleum. Activities to develop and refine an income tax statute are moving forward in FY25/26.
RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) – RAM		Rating - 2
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	1 Not Achieved	The elections are scheduled for November 24, 2025. With senior staff focusing on the electoral process, it is better to discuss the reform strategy with the upcoming tax administration.
Corporate priorities are better managed through effective risk management	1 Not Achieved	Digitalization has supported increased compliance risk management in the small taxpayer segment and in arrears collection and payment in instalments. However, with the implementation of VAT in January 2025, since then, the limited resources were prioritized to that task.
Effective implementation of a new tax or modernized legislation	2 Partially Achieved	VAT was implemented, starting on January 1, 2025. Despite some challenges with filing compliance, the implementation continues to run without serious issues. The Tax Incentives Code is drafted, waiting for the reopening of Parliament.
Support functions enable more effective delivery of strategy and reforms	1 Not Achieved	Parliament has been closed since the beginning of 2024, and legal measures are key to achieve this outcome.
The participants value this training	3 Largely Achieved	A prototype of the platform has been developed and made available to customs for testing. Four training modules have already been developed. The fifth module, on customs value, is currently under development. Platform entry into production is scheduled for January 2026.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	DGCI has benefited from intense modernization using Kontaktu, which allowed domestic collection surpass customs collections for three years in a row, for the first time in history. VAT is implemented and CIT in professional transportation services, with the modules being developed by DGCI's IT staff.

RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their filing obligations as required by law	1 Not Achieved	An automated module to enforce timely filing has been in place for the past year. However, DGCI replaced almost all taxpayer relationship managers, impacting monitoring and enforcing. As a result, the use of the module to improve filing obligations remains deficient. The elections also reduced the appetite for enforcement.
A larger proportion of taxpayers meet their payment obligations as required by law	1 Not Achieved	The automated module is available for tax officials. However, its implementation lacks coordination and action from senior management, affected by both the replacement of taxpayer relationship managers and the elections.
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	A new module for management of the Annual Audit Plan is under development, but its enforcement is not expected to be implemented before the elections.
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	A wide reclassification of taxpayers countrywide started on September 2024 and is expected 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	Earlier this year, first controls on the end use of exempt goods were initiated, with post-clearance audit to be implemented. In June 2025, FAD 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 manuals for both audiences is planned to begin in January 2026.
Foreign trade operators better comply with their reporting and payment obligations	2 Partially Achieved	In October 2024, FAD supported the authorities 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 FAD October 2025 mission revised the drafts to reflect the new ASCYUDA version, reinforced previous recommendations on the topic, and supported the preparation of service orders to streamline customs operations and procedures.

IV. RISK ASSESSMENT

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

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

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Guyana's economy has witnessed unprecedented growth, posting the world's highest real GDP growth at an average of 47 percent annually between 2022 to 2024, driven primarily by a booming oil and gas sector. Oil production is projected to reach 900,000 barrels per day (bpd) by end of 2025 and surpass 1 million bpd in 2026, reinforcing the sector's dominance in the national economy.

The authorities have taken steps and are progressively strengthening fiscal administration capacity in the sector. The foundational industry knowledge, technical skills, and audit capabilities have been established. The focus is now on applying this knowledge and skills in real-world field engagements to deepen expertise.

An innovative internship and training program has been launched in partnership with the University of Guyana to address staffing challenges and ensure a sustainable pipeline of skilled professionals capable of meeting the demands of a rapidly expanding petroleum sector.

Progress is also being made on the development of an in-house revenue administration system, featuring a central data warehouse designed to integrate with other government platforms. Integration will enable electronic data exchange and facilitate automated risk assessment processes. The risk assessment module is expected to be completed by early 2026, marking a major advancement in modernizing revenue administration in Guyana.

Capacity development (CD) activities were coordinated with the IMF's Western Hemisphere Department country team and development partners, including the World Bank, United Kingdom's Foreign, Commonwealth & Development Office (FCDO) and the US Treasury's Office Technical Assistance (OTA) to provide complimentary CD.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Extractive Industries. The authorities have continued to receive practical audit training to strengthen audit capacity and technical skills, complemented by specialized training in Computer-Assisted Audit Techniques (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.

Previous Progress: Data analytics and audit integration- The Guyana Revenue Authority procured software and received training in CAATs to enhance audit effectiveness in the oil and gas sector, alongside plans for a training and internship program with the University of Guyana.

Next Steps: CD efforts will continue to focus on strengthening audit capabilities in tax and cost recovery, while supporting the integration of CAATs into the authorities' audit processes. Additional CD may be required during the initial implementation phase of the training and internship program with the University of Guyana to ensure effective rollout and sustainability.

III. LOGICAL FRAMEWORK

Country – Guyana		
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 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.

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 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	Low	Careful alignment of reforms with the priorities of government. Reforms are underpinned by

Description	Rating	Mitigation Measures
reforms.		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 a 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.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

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 approval of the Global Public Finance Partnership (GPFP) project in January 2025. The authorities' priority remains revenue administration, particularly in preparation for the implementation of the new tax code by October 2026 and, more broadly, revenue mobilization.

In coordination with the workplan of the IMF's Caribbean Regional Technical Assistance (CARTAC) and in close collaboration with the IMF's Fiscal Affairs Department (FAD) and French cooperation, the implementing regulations for the new tax code were finalized before its scheduled entry into force last October 1, 2025 which, however has been delayed to October 2026. Subsequently, and to consider the priorities of the Minister of Finance regarding securing tax revenue, the project was adapted to support the deployment of digital solutions (mobile payment, e-filing, e-payment, etc.) aiming to secure tax revenue collection and effectively combat tax fraud by using imports data from customs.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: There are no country-level activities yet, as the Haitian authorities have not requested any CD support in tax policy since the approval of the GPFP project in January 2025. The last activity took place prior to the GPFP project in April 2024, when FAD provided CD on the taxation of insurance companies to support the drafting of implementation laws for the new fiscal code adopted in 2023. The authorities' priority remains revenue administration, particularly in preparation for the implementation of the new tax code in October 2026, and more generally revenue mobilization. Despite the current focus on administration, the authorities may still need technical assistance for some tax policy aspects of the new tax code implementation.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The entry into force of the new tax code has been postponed again to October 1, 2026. In the meantime, the new Minister of Finance, who is very committed to reforms, wants to accelerate the digitalization of tax payments and strengthen the use of cross-referenced data between tax and customs administrations.

Previous Progress: Support was provided for the preparation of the main implementing texts and administrative documents aimed at facilitating the implementation of the provisions of the new tax code.

Next Steps: The Minister of Finance, strongly committed to tax administration reforms, wants to accelerate the digitalization of tax procedures. In the coming months, support will be provided for the implementation of mobile tax payments, the deployment of online tax returns, and the use of customs data for tax audits.

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 is still in its early stages, with 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	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 aligned with modern standards and international protocols	2 Partially Achieved	The entry into force of the new tax code has been postponed a second time to October 1, 2026. In the meantime, a roadmap for implementing mobile phone tax payments has been developed with the GPFP project support.

Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	1 Not Achieved	This activity was rescheduled at the request of the minister of finance.
Effective implementation of a new tax or modernized legislation	2 Partially Achieved	Although the entry into force of the new tax code has been postponed from October 1, 2024, to October 1, 2026, the main texts implementing the new tax code have been drafted. There are still a few texts to be finalized.
RM II: Objective – Strengthened core tax administration functions (SDG 17.1) – TAD		Rating - 2
Outcome	Rating	Narrative
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	A roadmap for implementing mobile phone tax payments has been developed with the 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.	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		
RM I, 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 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's Staff-Monitored Program and engage with the IMF's African Department country team to align structural benchmarks with CD recommendations.
Management and Technical Staff Support and Commitment		
RM I: 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.

Description	Rating	Mitigation Measures
		Continuous/regular high-level engagement and monitoring.
RM II: Weak leadership and lack of capacities combined with low absorptive capacity. Lack of reliable management of the information system may prevent the evaluation of tax and customs administration performance outcomes.	Very High	Encourage authorities to implement HR policy reforms and a sound training plan. Continual/regular high-level engagement and monitoring. Encourage authorities to respect the timetable and speed up the implementation of the new IT system.
Resource Adequacy		
RM I, RM II: 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 DG has been gained but that of his staff is still weak. Several regional appointments, and reform's ownership by managers on the two of three islands is still low.	Very High	Engage proactively with management and technical staff, and explain the importance of the tax administration reform plan and strengthening tax risk management.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

On the revenue administration side, this three-year Global Public Finance Partnership project aims to consolidate the progress made through previous tax administration reforms to improve tax compliance and boost revenue collection. At the authorities' request, the project also supports strengthening customs administration. The tax-to-GDP ratio in Honduras has slightly declined, from 18.47 percent in 2022 to 18.27 percent in 2023, and further to 18.15 percent in 2024. During this period, modernization efforts focused primarily on implementing the new IT system, SIISAR, which has been operational since June 2024.

The authorities promoted a major tax reform bill, the *Ley de Justicia Tributaria*, designed to reduce widespread exemptions. However, due to a challenging political environment, the bill was ultimately not approved. Nonetheless, to improve the management and control of tax exemptions and incentives within the existing legal framework, officials from the tax and customs administrations, together with the ministry of finance (MoF), developed a joint action plan—with support from the IMF's Fiscal Affairs Department (FAD)—to conduct pilot audits. Additionally, capacity development (CD) efforts focused on jointly designing with tax officials a risk-based model to enhance the value-added tax (*Impuesto sobre Ventas*, VAT) refund process. The authorities also plan to improve the personal income tax (*Impuesto sobre Renta Personal*, PIT) refund process, following CD guidance.

In close coordination with the IMF Regional Technical Assistance Center for Central America, Panama, and the Dominican Republic (CAPTAC-DR), the project supports the implementation of electronic signatures in Honduras, which fall under the responsibility of the tax administration. Additionally, a workshop aimed at strengthening tax arrears management was also held, along with activities to assist the tax administration in designing KPIs to improve revenue management.

Activities to strengthen customs administration have been closely coordinated with CAPTAC-DR to ensure efficient use of resources. During this period, FAD HQ staff provided guidance to address specific questions from the authorities on enhancing cargo traceability, designing a new customs clearance model, and establishing a national intelligence and monitoring center. No short-term expert (STX) missions coordinated by FAD HQ were conducted, as the authorities had limited capacity to absorb technical assistance, and the missions delivered through CAPTAC-DR were sufficient. However, in-person missions coordinated by FAD HQ are expected to resume in the second half of the current fiscal year.

On the spending side, the public financial management (PFM) module of this project aims to strengthen both budget formulation and execution in Honduras, with the dual objectives of improving the delivery of public spending and integrating climate change considerations. This will be achieved through targeted advice on: (1) strengthening budget preparation to ensure comprehensive and credible budgets; (2) addressing bottlenecks to enhance budget execution; and (3) identifying and tracking strategic budget allocations that support climate action.

A four-day virtual workshop, delivered in April 2025, provided a solid foundation for further collaboration with the authorities to improve budget preparation. Serving as a launchpad for a headquarters mission planned later in the year, the virtual workshop showcased good practices and techniques in budget formulation and facilitated active engagement with Honduran officials to establish a shared understanding of the current situation, challenges, and bottlenecks.

Consensus was reached with the authorities on the main issues affecting budget preparation. Primary among these is the frequent and ongoing budget adjustments, which undermine the credibility of budget ceilings and

consume significant MoF staff time. These adjustments are largely driven by unresolved issues in the budget negotiation process between the MoF and line ministries, with the latter often viewing budget formulation as a compliance exercise rather than a strategic one, and a lack of consequences for exceeding budget ceilings.

The project's second objective—improving budget execution—is being pursued in close coordination with CAPTAC-DR, which has supported the authorities in implementing a new methodology for commitment planning, including the operationalization of quarterly commitment ceilings set by a commitment committee. In June 2025, a mission was delivered to continue supporting the Budget Directorate in implementing a comprehensive financial programming methodology. Key deliverables included validating current budget and cash management practices, conducting workshops to train officials on recommended financial planning concepts, and executing a full quota calculation exercise for several pilot ministries.

Honduras has made substantial progress in strengthening budget execution through the pilot implementation of a comprehensive programming methodology in five key ministries: Health (SESAL), Infrastructure and Transport (SIT), Finance (SEFIN), Social Development (SEDESOL), and Education (SEDUC). During the June 2025 technical assistance mission, these ministries participated in a closed exercise that validated the new methodology across three stages—macroprogramming (resource estimation), mesoprogramming (identification of fixed and priority expenditures), and microprogramming (detailed allocation by institution and expenditure group). This process enabled the ministries to acquire technical competencies, test the methodology, and generate actionable insights for official rollout in 2026.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: In FY2026, a draft of a new customs law was reviewed to ensure alignment with international best practices. 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, the tax authorities concentrated their priorities and efforts on obtaining approval for the tax reform bill—*Ley de Justicia Tributaria*—and on implementing the new IT system, thereby postponing other projects and objectives.

Next Steps: FAD will continue to provide strategic guidance to support Customs modernization efforts, funded by the Inter-American Development Bank. Presidential elections on November 30, 2025 are likely to shift authorities' priorities. New or renewed authorities are expected to be appointed by late January 2026. Consequently, CD activities may slow down until FY26:Q4.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: Honduras has made notable progress in budget execution by piloting a comprehensive programming methodology in five ministries. Each ministry improved its capacity to plan and manage budget commitments: SESAL prioritized health-related spending, SIT focused on infrastructure projects, SEFIN addressed payment bottlenecks, SEDESOL enhanced social transfers and scholarships, and SEDUC improved teacher salary and university transfer planning. The pilot also strengthened coordination between budget planning and cash management, improved expenditure traceability, and highlighted areas for further improvement, such as eliminating fictitious accruals. Successful validation sets the stage for expanding the model to more institutions and full nationwide implementation.

Previous Progress: A four-day virtual workshop in April 2025 highlighted key challenges undermining budget credibility and consuming MoF staff time: limited involvement of top leadership in setting priorities, unclear communication of budget initiatives to line ministries, significant budget rigidity, and a weak link between planning and budgeting. Although the budget has a medium-term orientation, forward estimates are not tied to economic or program demand variables, and program baselines remain unclear despite previous zero-based budgeting efforts.

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

III. LOGICAL FRAMEWORK

Country – Honduras		
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating – 2
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	A joint action plan including Customs, Tax administration and MoF was developed with FAD support to enhance management and control of tax incentives moving towards a sustainable and efficient control model. However, the tax reform bill advanced by the authorities—which seeks to rationalize tax incentives, abolish banking secrecy, and establish a beneficial ownership registry—was not approved by the General Assembly after four years of parliamentary discussions. Presidential elections on November 30, 2025 are likely to shift authorities' priorities considering this and other

		factors. New or renewed authorities are expected to be appointed by late January 2026. Consequently, CD activities may slow down until FY26:Q4.
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, there has been no significant progress. 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 of the IMF's Tax Administration Diagnostic Assessment Tool (TADAT).
Support functions enable more effective delivery of strategy and reforms	2 – Partially Achieved	Based on previous CD activities, tax authorities have continued working on human risk management, making progress in the training program and improvements in remuneration. However, other activities—such as identifying workloads and effectively reinstating the Human Capital Risk Committee—have been postponed. The political environment, particularly the upcoming presidential elections on November 30, 2025, combined with continuous rotation of officials and managers, could slow down CD activities related to human resources management.
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	2 Partially Achieved	The project was approved in January 2025, and the first activity was conducted in April 2025. The initial activity focused on reviewing the draft of a new customs law, providing several recommendations to ensure its alignment with international best practices and readiness to tackle current international trade challenges
Digital technologies are better aligned with strategic objectives	2 – Partially Achieved	The project was approved in January 2025, so the first activities will begin to be carried out in FY26. However, some activities were carried out through IMF01 resources and CAPTAC-DR. While progress is being made, it is still too early to achieve more concrete results.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating – 0
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their	3 Largely Achieved	A risk-based model to improve the VAT refunds process has been defined jointly with tax compliance risk managers. The

payment obligations as required by law		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. Authorities are committed to implementing further actions for both processes during FY26.
RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 2
Outcome	Rating	Narrative
Foreign trade operators better comply with their reporting and payment obligations	2 – Partially Achieved	The project was approved in January 2025, so the first activities will begin to be carried out in fiscal year 2026. Using resources from IMF and CAPTAC, progress has been made in defining a new traceability and customs clearance model, as well as establishing a new national intelligence center.
SM II: Objective –Strengthened Budget Management - SBM		Rating - 2
Outcome	Rating	Narrative
Strengthened budget execution and control processes	2 Partially Achieved	CAPTAC-DR supported the creation of a practical manual for budget execution programming, helping institutionalize and improve these processes. Honduras piloted the new methodology in five ministries, enhancing their ability to plan and manage budget commitments. The pilot improved coordination, expenditure traceability, and identified areas for further improvement, such as eliminating fictitious accruals. Successful validation paves the way for broader adoption and nationwide implementation.
Strengthened annual budget process, and effective allocation	2 Partially Achieved	The April 2025 virtual workshop showcased good practices and techniques on a range of budget formulation issues. The focus of the planned HQ mission will be targeted to a select number of issues and identifying practical solutions to address the challenges. A comprehensive assessment will be made after the HQ mission takes place later in 2025.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II: Risks that external events create a	Low	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events.

Description	Rating	Mitigation Measures
more challenging environment to implement reforms.		
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 impacts the implementation of reforms. Upcoming presidential elections on November 30, 2025, may slow down CD activities until FY26:Q4. New/confirmed authorities will be appointed late January 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 current/forthcoming authorities will be crucial.
SM II: The country is experiencing a very difficult government transition in the aftermath of the November 30th general elections that can reduce momentum for reform implementation.	High	The team keeps engagement with the technical level to anticipate any potential changes in political support to the work program.
Management and Technical Staff Support and Commitment		
RM II, SM II: Continuous rotation and lack of preparation of	Very High	The missions will work with stable staff and officials encouraging authorities to implement administrative reforms that contribute to a more stable staff. Continual/regular high-level engagement and monitoring, especially after presidential elections results.

Description	Rating	Mitigation Measures
managers undermine the absorptive capacity.		
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 Inter-American Development Bank .
SM II: N/A	N/A	N/A

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Colombia's fiscal reform agenda has advanced significantly over the past two years, supported by targeted technical assistance (TA) from the IMF's Institute for Capacity Development (ICD). The Autonomous Committee for the Fiscal Rule (CARF) has emerged as a key institution for independent macroeconomic analysis and fiscal oversight, thanks in large part to the development and integration of the *Plataforma de Análisis Económico* (PAM) macroeconomic projection tool. This tool enables CARF to independently assess the realism of Ministry of Finance (MoF) projections, quantify macroeconomic risks, and contribute to more transparent and prudent fiscal planning. The TA project coincided with Colombia's broader efforts to strengthen debt sustainability and macroeconomic stability, and addressed concerns regarding institutional capacity, data quality, and the need for evidence-based policymaking.

Throughout the project, ICD worked closely with CARF and the MoF, coordinating with FAD and leveraging local ownership to embed analytical rigor into Colombia's macroeconomic policy framework. The project integrated the PAM into CARF's forecasting processes, improved stakeholder engagement, and promoted a culture of transparency and accountability. The TA team prioritized capacity building, documentation, and the creation of a user manual to ensure continuity despite staff turnover. The successful conclusion of the project has positioned CARF as a credible fiscal watchdog and strengthened Colombia's resilience in a challenging global environment. Continued collaboration with development partners will be essential to consolidate these gains and support future reforms.

II. PROJECT DELIVERY HIGHLIGHTS

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

Key Progress in FY26: The CARF staff finalized integrating the PAM macroeconomic framework into their workflow, enabling independent scenario analysis and more robust fiscal oversight. The project's conclusion marked a major step in developing evidence-based forecasting and enhancing coordination between CARF and the MoF.

Previous Progress: In FY25 and prior, CARF established a dedicated forecasting team, streamlined procedures, and developed a comprehensive macroeconomic framework and associated database. Recent work built on these achievements by embedding the PAM tool and finalizing documentation, ensuring sustainability and ease of use.

Next Steps: With the project now concluded, CARF will focus on consolidating its analytical outputs, maintaining capacity, and deepening engagement with stakeholders to support Colombia's ongoing fiscal reform agenda.

III. LOGICAL FRAMEWORK

Country – Colombia		
Objective - Develop capacity in macroeconomic forecasting and policy analysis to support policy decision making and communications - MFR		Rating - 4
Outcome	Rating	Narrative
Authorities have a baseline understanding of their existing forecasting and analytical capabilities and opportunities for improvement	4 Fully Achieved	The results from scoping were transmitted to authorities in the form of a TA report which was eventually published in the IMF website. Authorities agreed on an action plan to develop analytical and forecasting capacity, including developing a macroeconomic projections tool.
Improved analytical skills, and better macroeconomic forecasting and policy analysis capacity	4 Fully Achieved	The core team has been established, and responsibilities have been effectively allocated. The team has deepened its understanding of key macroeconomic relationships among the four sectors and the economic impact of various policies. They have also developed expertise in producing macroeconomic forecasts using a macroframework, generating both baseline and alternative scenarios, which they have presented to senior management along with a coherent narrative. The macroeconomic framework is being used for internal and external analysis, including official reports to Congress and MoF.
Analytical models and forecasting tools are developed and operational	4 Fully Achieved	The macroeconomic projection tool has been tailored to CARF's needs, including the development of a macroeconomic database sourced with locally obtained data. The core team can update and operate the tool independently. The tool integrates the fiscal rule, and enhanced external and monetary sectors, including an endogenous risk premium. The core team also produced a user manual.

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I. COUNTRY REFORM PROGRESS

The course Macroeconomic Management in Resource-Rich Countries (MRC), managed by the Institute for Capacity Development, focuses on macroeconomic policy issues and challenges faced by resource-rich countries (RRCs). The course provides participants with an understanding of the macroeconomics of growth and diversification; and how to manage fiscal policy, macroeconomic policy coordination, and public-sector assets in RRCs. The course uses lectures, hands-on workshops, debates, case studies, and various online modules to achieve these objectives.

In FY26, the course was delivered at the Joint Vienna Institute (JVI) and the Africa Training Institute (ATI). It was noted by participants as helpful in improving their policymaking. At JVI, several participants noted the usefulness of the course materials for tasks such as developing diversification strategies, analyzing resource revenue performance, introducing carbon pricing, and drafting medium-term policy documents. At ATI, many cited examples of how they plan to use acquired knowledge to the benefit of the policymaking process in their countries.

II. PROJECT DELIVERY HIGHLIGHTS

Spending Module III – Training and Peer Learning

Key Progress in FY26:

The course MRC (JV25.30) was delivered at JVI during September 22 – October 3, 2025. It achieved a rating of 4.7/5 and great learning gains (22 percentage points). 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 the probability of applying the newly learnt concepts at work. The course received 153 applications and 30 of those were invited to participate in the training. Out of this pool, 23 applicants (of which 10 women) from 10 countries confirmed their participation. The course was delivered in English with Russian interpretation.

The blended course MRC (AT25.27) was held at ATI between July 7–18, 2025. The course went very well, with a high rating (4.6) and learning gains (23 percentage points). Participants praised the course's 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, and covered basic concepts during four hours of self-paced learning and two virtual office hours with counselors. Both overall rating and learning gains are higher than those in the most recent non-blended in-person course at ATI in 2023. 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). The course was delivered in English with French and Portuguese interpretation.

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.
Outcome	Rating	Narrative
Africa Training Institute (ATI)		
The participants value this training.	3 Largely Achieved	The blended course 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
External Climate/Conditions		
To be determined after the initial deliveries	Low	To be determined after the initial course deliveries
Political Support		
To be determined after the initial deliveries	Low	To be determined after the initial course deliveries
Management and Technical Staff Support and Commitment		
To be determined after the initial deliveries	Low	To be determined after the initial course deliveries
Resource Adequacy		
Funding not available for all planned deliveries	Low	Virtual delivery, reschedule to the next FY; seek alternative funding sources for different types of costs.
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.
Other Risks		
To be determined after the initial deliveries	Low	To be determined after the initial course deliveries

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I. COUNTRY REFORM PROGRESS

There has been no further engagement on tax reform since the last mission in FY24, as the government has remained focused on administrative improvements. Given the lack of progress, and as indicated in the FY25 GPFP Annual Report, project funds have been reallocated to countries with stronger demand. This is the final report, and the project will now close.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: No engagement with the authorities during this assessment period. Previous Progress: A menu of tax policy reform options to update the medium-term revenue strategy (MTRS) of 2019 and an assessment of regional revenue potential was presented to the authorities. The authorities have not requested technical assistance in FY25 or FY26.

III. LOGICAL FRAMEWORK

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

IV. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Medium-term capacity development (CD) plans for both the Tax and Customs Administrations were developed by the IMF's Fiscal Affairs Department (FAD) several years ago. Implementation of these reform initiatives is currently underway. However, recent conflict in the Middle East, coupled with upcoming elections in Iraq, has delayed the delivery of some CD activities. Regular coordination was maintained with partners supporting Iraq's revenue administration reforms, particularly 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: Regional conflict and the upcoming elections have delayed the implementation of key reforms in the revenue administrations. As a result, CD activities are now planned for the second semester of FY26, targeting both the Tax and Customs Administrations. These efforts will concentrate on establishing a reform-oriented governance framework for the Tax Administration and drafting implementing regulations for the Customs Administration. Next Steps: Looking ahead to FY27, a diagnostic of the hydrocarbon sector is scheduled, alongside enhanced capacity-building efforts focused on improving the valuation of goods within the Customs Administration.

III. LOGICAL FRAMEWORK

Country – Iraq		
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	A reform governance framework will be developed soon by the General Commission for Taxes with support of FAD.
Corporate priorities are better managed through effective risk management	1 Not Achieved	A diagnostic of the hydrocarbon sector is planned for FY27 to identify key risks and develop targeted strategies to address them. This initiative aims to strengthen oversight, enhance revenue mobilization, and support informed policy decisions within the sector.
Organizational arrangements enable more effective delivery of strategy and reforms	2 Partially achieved	The customs administration has prepared a draft organizational structure.
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	Capacity-building efforts aimed at strengthening the valuation of goods during the clearance process will commence in FY27, with support from FAD. These activities are intended to enhance customs efficiency, ensure accurate revenue collection, and align procedures with international best practices.

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 adaption needs.	Low	Further strengthening of revenue policies to deal with natural disasters and to ensure continued and additional revenue mobilization.
Political Support		
There is strong support for revenue administration from the minister of finance and from the Council of Ministers (CoM).	Very High	Maintain good contact with the minister of finance and with CoM and ensure minister's and CoM's support to strengthen the work of the General Commission for Taxes and General Customs Authority. Leverage the IMF's Middle East and Central Asia Department country team to maintain contact and provide progress briefings with minister and CoM on priority areas.
Management and Technical Staff Support and Commitment		
Weak technical skills among management and staff could create obstacles to efficient delivery of the program.	Very High	Strengthening management capabilities and technical knowledge of management and technical staff.
Resource Adequacy		
Lack of financial resources, weak infrastructure, and limited support functions.	Very High	Authorities to be encouraged to provide necessary resources to the Ministry of Finance and to revenue administrations to maintain the day-to-day operations (infrastructure, etc.).
Other Risks		
Multiple donors are providing assistance to the RAs 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. REFORM PROGRESS

Data spanning 10 years (fiscal years 2014–23) on tax administration resources, practices and performance are now publicly available through a new streamlined International Survey on Revenue Administration (ISORA) portal: <https://isoradata.org>. The ISORA portal also provides background on the survey to facilitate the interpretation and use of the extensive database covering over 180 tax administrations, as well as links to publications using ISORA data by the ISORA partner organizations (Asian Development Bank, Inter-American Center of Tax Administrations (CIAT), IMF, Intra-European Organisation of Tax Administration (IOTA), and Organisation for Economic Cooperation and Development (OECD)). Use of ISORA data by parties other than the ISORA partners and tax administrations is growing, as evidenced by detailed questions received from academics, the private sector, and public servants about the data. Its wide coverage led to the inclusion of ISORA data in the Blavatnik Public Administration Index (<https://index.bsg.ox.ac.uk/>). ISORA data were incorporated into a G20 background document and a departmental paper on capacity building. ISORA data highlight gaps in the practices and performance of tax administrations in advanced economies and emerging and developing economies. For example, while the gap in offering e-services such as e-filing and e-payment has closed, a large gap remains in the use of third-party data and application of data analytics.

The ISORA 2025 survey is currently underway, following the development and distribution of guidance materials and other tools to support the collection of high-quality data. Online training sessions were attended by staff from more than 50 administrations and completion rates are higher for this round than they were for previous rounds at this point in the collection cycle. In addition, some administrations proactively enquired about the launching of the current round, suggesting that the value of participating in ISORA is now being recognized by tax administrations. Increasingly administrations are seeking to correct inaccuracies in data provided for earlier years while they complete the current survey. The data quality review phase in early 2026 will be followed by publication of the additional and revised data around May 2026.

The use of ISORA data in benchmarking and planning by tax administrations continues to be promoted through workshops incorporating peer-to-peer learning and hands-on comparative analysis using ISORA data. Following two successful workshops in FY2025, a third workshop for members of the IMF's Regional Technical Assistance Center for East Africa (AFE) and Southern Africa (AFS) was organized jointly with AFE and AFS. More than half the participants were unaware of ISORA data at the start of the workshop but demonstrated their understanding of the application of the database in their wrap-up presentations, providing examples of how they intended to use the data within their administrations. One participant observed "ISORA gives a tax administration a clear view of where it is and where it can go, serving as a map for reforms and international comparisons." Another country provided a concrete example of the use of benchmarks for ISORA in assessing their performance in their annual reporting cycle.

The development of the International Customs Administration Survey (ICAS) continues. The draft survey, submitted and reviewed by customs officials from 13 Latin American countries and Spain, will be refined based on input from customs administrations of 22 sub-Saharan African countries participating in a workshop in December 2025. It is worth noting that participants in a recent ISORA workshop requested a similar survey for customs administrations, confirming both the interest in and the need for launching the ICAS survey.

II. PROJECT DELIVERY HIGHLIGHTS

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

Key Progress in FY26: A third regional workshop on the use of ISORA data was held in August 2025 and attended by officials from 20 tax administrations, organized jointly with AFS and AFE. The new survey collected data for FY 2024 has been launched, guidance documentation has been shared with participants, and online training sessions held, resulting in a faster than usual start to data collection by administrations.

Previous Progress: A workshop on the use of ISORA data for members of the IMF's Regional Technical Assistance Centers for West Africa (AFW and AFW2) deepened the understanding of participants of comparative analysis and its value to their administrations, and increased appreciation for contributing complete and accurate data to the ISORA database.

Next Steps: A workshop for Latin America and the Caribbean region will be held in March 2026 and is being organized in collaboration with CIAT and the OECD, and the IMF's Regional Technical Assistance Center for Central America, Panama, and the Dominican Republic (CAPTAC-DR), and the Caribbean Regional Technical Assistance Center (CARTAC). Support is being provided to administrations completing the survey and they will be guided through the quality review phase of data collection in early 2026.

An ICAS workshop for Francophone countries across Africa will be held in Abidjan in December 2025, in collaboration with AFC, AFS, and AFW. The ICAS survey is expected to be officially launched by the end of the fiscal year.

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

Key Progress in FY26: ISORA data for 164 tax administrations for FY 2023 was published in multiple formats on the new data collection platform (<https://isoradata.org>), together with data covering the preceding nine fiscal years, information about the survey, and links to analyses using ISORA data. A publication on ISORA 2023 presenting findings on tax administration practices and performance is undergoing internal review. The findings will shape questions to be included in the survey in the future.

Previous Progress: With the support of the IMF's Information Technology and Statistics Departments, a modernized and streamlined ISORA portal was designed and developed, to meet the needs of ISORA partners and other users of ISORA data.

Next Steps: Data products supporting analysis of tax administration performance and practice over a decade are to be developed and analysis undertaken to identify trends in tax administration practice and performance.

III. LOGICAL FRAMEWORK

Project – ISORA		
Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Authorities have a baseline understanding of the current state of the government's revenue administration, management, and governance arrangements and core revenue administration operations	2 Partially Achieved	Comparative analysis of tax administration in a region performed by staff of 20 tax administrations provided these workshop participants with an understanding of their administration's relative weaknesses and strengths, which they were eager to share with their senior management.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	Recent ISORA data provide evidence of improved ability to provide 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.
Management and Technical Staff Support and Commitment		
Low commitment of senior management or technical staff to contribute data to	Medium	Engage with senior management and technical staff proactively and explain the importance of participating in ISORA and ICAS.

Description	Rating	Mitigation Measures
comparative revenue administration databases through 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.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The capacity-building activities aimed to strengthen the authorities' ability to identify and quantify tax expenditures, publish tax expenditure reports, and assess inefficiencies in the national tax policy framework. These efforts were designed to enhance fiscal transparency and provide analytical input for the development of the medium-term revenue strategy (MTRS).

A comprehensive diagnostic of the country's tax policy system was conducted in May 2025. The assessment identified key inefficiencies and provided targeted recommendations to improve revenue mobilization and policy efficiency. Several of these findings and recommendations were subsequently incorporated into the MTRS, which was finalized in October 2025. The MTRS outlines a sequenced reform program encompassing tax policy and revenue administration measures.

However, progress on the transparency front—particularly with respect to the publication of tax expenditure reports—has been limited. The authorities have shown little appetite to advance work in this area. Moreover, having already developed a three-year tax policy reform plan under the MTRS, and facing internal political constraints, they have expressed limited interest in pursuing further tax policy reforms or discussions.

As a result, no additional tax policy–related activities are planned until conditions become more favorable. Accordingly, the project has now been formally closed.

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 efficiency and revenue mobilization. These include: (i) improving the effectiveness of the personal income tax (PIT); (ii) refining the design of tax incentives within the corporate income tax system; and (iii) strengthening the efficiency of the VAT and excise tax regimes. Several of these recommendations were incorporated into the country's MTRS document.

Previous Progress: This is the first activity undertaken under the auspices of GPFP. However, a capacity-building mission in 2023 assessed tax expenditures in Jordan, and its outputs were significantly utilized in the comprehensive diagnostic mission conducted in May 2025.

Next Steps: The country has developed an MTRS that outlines tax policy reforms for the next three years, using the findings and recommendations from the May 2025 mission as a foundation. Given the current political economy challenges, there is limited appetite for further tax reform. Therefore, no capacity-building activities are planned for the next fiscal year. If the situation evolves positively and the authorities express interest, we will revisit the need for capacity development (CD). The project has no planned next activities.

III. LOGICAL FRAMEWORK

Country – Jordan		
Objective – Improve Tax Policy Design-TPD		Rating - 3
Outcome	Rating	Narrative
Increased/decreased revenue quantity	3 Largely Achieved	The authorities have published a MTRS that outlines tax policy reforms planned over the next three years, along with the expected revenue gains from their implementation. The MTRS benefited from mission conducted in May 2025, which provided a comprehensive assessment of the country's tax system, recommended key reforms, and estimated their revenue impact. Additionally, findings from the 2023 tax expenditure mission contributed to shaping the revenue estimates.
Objective –Strengthen Policy Monitoring, Evaluation, and Institutions-TPM		Rating - 1
Outcome	Rating	Narrative
Improved transparency and outreach	1 Not Achieved	Due to the authorities' limited political commitment, no further capacity-building missions are planned to support the publication of tax expenditure reports.

IV. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Kenya faces persistent tax policy and administration challenges, including weak revenue performance, rising tax arrears, and compliance inefficiencies. Revenue mobilization remains weak at an estimated 13.2 percent of GDP in FY2024-25. Narrow tax bases and under-taxation of capital income limit revenue potential, while declining compliance reflects eroding public trust. The complex socio-political situation leaves little space for tax policy changes. Improving tax policy analysis (including distributional impact) and proper consultations with main stakeholders are key to building support for reforms. In coordination with other capacity development (CD) providers (particularly the World Bank and UK's Foreign, Commonwealth & Development Office (FCDO), which are very active on tax reform in Kenya), the project is supporting the National Treasury (NT) and the Kenya Revenue Authority (KRA) to strengthen their analytical as well as operational capacity.

On revenue administration, the Global Public Finance Partnership (GPFP) project is providing support to develop a whole-of-KRA Compliance Improvement Plan (CIP), revising tax arrears strategy, improving audit programs to ensure accurate reporting by taxpayers in their tax declarations, and improving value-added tax (VAT) compliance including estimation of VAT Gap. The project will continue to work closely with other development partners to advance efforts to replace the aging integrated tax administration IT system (i.e., ITAX) and implement KRA's 5th ICT Strategy.

On tax policy, the project is continuing to support the authorities (NT and KRA) to improve their capacity on tax policy analysis. Current efforts focus on developing microsimulation models for VAT, personal income tax (PIT), and corporate income tax (CIT), aimed at enhancing their ability to design evidence-based reform options.

The GPFP project works with the IMF's African Department (AFR) country team to align CD to national priorities and partners with the IMF's Regional Technical Assistance Center for East Africa (AFE) to create synergies. Collaboration extends to participation in the Development Partners Group (DPG), led by the IMF and co-led by the World Bank, and includes bilateral engagement with other donors to harmonize support and avoid overlaps.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: During this period, a VAT model has been finalized (including distributional impact) and authorities confirmed that it will be used in preparation for the next budget (analysis of policy options and preparation of the tax expenditure report). Close coordination and collaboration with other development partners working on tax policy (World Bank and FCDO), including regular coordination meetings and participation in missions (UK: VAT modeling, Oct 2025).

Previous Progress: The project contributed to strengthening the government's capacity to forecast tax revenues and policy analysis. The IMF's Fiscal Affairs Department (FAD) team also reviewed the government's tax policy capacity resulting in a draft work program for the new regional tax policy advisor with Kenya. 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. The development of PIT and CIT models has been confirmed as a priority.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: With support from both AFE and the GPFP project, KRA continued to: review its compliance risk management (CRM) framework to develop a whole-of-KRA CIP, assess the VAT GAP, and review tax arrears strategy. The project also continued to collaborate with the AFR country team to align CD to country priorities and participated in the DPG meetings led by the IMF Resident Representative. The project collaborated with AFE to strike synergies and eliminate duplications. The authorities undertook a governance diagnostic assessment; its recommendations will potentially impact the CD support plan.

Previous Progress: The authorities approved a medium-term revenue strategy (MTRS) in December 2023 and formed a Steering Committee 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 a 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.

III. LOGICAL FRAMEWORK

Country – Kenya		
RM I: Objective - Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	During this period, a VAT model (including distributional impact) has been developed under the new regional tax policy advisor work program. Authorities confirmed that the model will be used for tax policy analysis during the next budget preparation.
Increased/decreased revenue quantity	2 Partially Achieved	In progress. Given the sensitive social and political situation, the government is trying to pass non-controversial measures that would allow some additional revenue. Inefficiencies and weakened compliance contribute to revenue underperformance.
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)	2 Partially Achieved	During this period, a VAT model has been finalized (including distributional impact) and authorities confirmed that it will be used in preparation of the next budget,

related to tax policy advice and analysis.		including for the tax expenditure report. The team is working in close coordination 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. The development of PIT and CIT models has been confirmed as a priority.
Improved transparency and outreach	1 Not Achieved	Ongoing support under the new regional tax policy advisor work program on VAT and HQ planned for PIT and CIT. The models built for each tax heading will help improve the tax expenditures report.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Arrears continue to increase and are 110 percent of forecast revenue for FY2025. Authorities have launched an amnesty running from September 2023 to an extended deadline of March 2025 from June 2024. And significant delays are still reported in paying refunds, mainly due to inadequate allocation by the National Treasury for refunds.
Audit and other verification programs more effectively ensure accuracy of reporting	3 Largely Achieved	A March 2024 mission noted weaknesses and recommended improvements to current audit approach to make it more effective. A CRM mission took place in February 2025, and a follow-up took place in September 2025 and both guided KRA on improvements to CRM to help better target audits.
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 approved and implemented and monitored by the National Treasury-led Steering Committee. Deadly public protests against some tax reform measures stalled implementation. The MTRS plan needs adequate financing (as of 04/28/2025). MTRS Steering Committee is not yet working effectively and MTRS is not yet implemented in a coordinated manner.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	Annual CIP is 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 a 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 creating policy uncertainty.
Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	Revenue administration has not yet developed a business case for enhanced funding to support MTRS reforms implementation, including procurement of a new ITAX. Current ITAX is at the end of its useful life and is not integrated with the Customs system for sharing information.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Support work has not yet started. KRA has developed and is implementing its 5th ICT Strategy. Replacement of ITAX is stalling due to lack of funding and data strategy is not yet approved. Business case for funding MTRS related reforms has not yet been approved by the National Treasury.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: Abrupt global slowdown or recession could adversely impact growth, fiscal balances, and debt vulnerabilities.	Medium	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.
Political Support		
RM I, RM II: Unrest could reemerge in connection with protests against higher cost of living, need to raise more taxes, and electoral process supported by the political opposition.	Very High	RM I: 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. RM II: Guide authorities on proactive political stakeholder engagement, and collaboration with country team to engage authorities at a higher level on importance of supporting revenue reforms for macro fiscal and macroeconomic stability.
Management and Technical Staff Support and Commitment		
RM I, RM II: Low commitment of management and staff in finance, other	Medium	RM I: Engage with senior management and technical staff proactively to support the development of an

Description	Rating	Mitigation Measures
ministries, and KRA to adopt and implement tax reform measures.		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. RM II: Engage with senior management proactively to guide them on overseeing reforms and driving accountability for results. Continue to collaborate with other development partners to provide technical expertise for reforms and sustained revenue performance.
Resource Adequacy		
RM I: MTRS might not be fully resourced.	Very High	Ensure the MTRS actions are fully costed and that a business case is developed, approved, and the government is committed to making the investment needed for a return in improved revenue performance.
RM I, RM II: Insufficient technical capacity and human resources necessary to implement reforms.	High	Ensure CD plans include sufficient capacity building and training elements and prioritize CD 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 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		
RM I, RM II: Multiple donors are providing technical assistance on DRM and gaps, or overlaps may arise as a result.	Medium	Continue to take an active role in coordinating with other development partners to ensure complementarities and active participation in the current country-level coordination framework.

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I. COUNTRY REFORM PROGRESS

In recent months, Lebanon’s economy has shown resilience, and some progress has been made. Despite the impact of the regional conflict, a partial economic rebound is occurring on the back of diaspora tourism over the summer months. During this period, the authorities have maintained a tight fiscal and monetary stance. They have also moved ahead with the establishment of regulatory authorities in the electricity and telecommunications sectors. In the banking sector, recent approval of the Bank Resolution Law is a positive step forward, though the legislation needs further refinement.¹ On fiscal matters, a new Income Tax Law has been referred to the Council of Ministers. Further, some progress has been made in developing implementation procedures around the Bank Secrecy Law passed in April, which is important for tax administration purposes.

Steps toward major structural reforms are also occurring in tax and customs administration. With tax administration, in September the minister of finance ordered Beirut City staff of the ministry’s two tax directorates, VAT and Revenue, to be co-located at the VAT headquarters building. While not an endorsement of integration, the placement of staff in the same building is an enabler for eventual reform. With customs administration, a new leadership team is expected to be appointed, and the Prime Minister’s Office and Ministry of Finance (MoF) have endorsed publication of an IMF Governance Diagnostic report that includes recommendations on critical customs administration issues, including reform of its governance mechanism.

Throughout these developments, IMF capacity development (CD) support has played a crucial role, adapting as circumstances have evolved in close collaboration with development partners. In the next reporting period, the focus with tax administration will be on digital transformation and supporting potential implementation of a new Income Tax Law. In customs, CD support will be increased to develop capacity in the still nascent Risk Management Unit. As has become a standard feature of CD in Lebanon, these and other planned activities have been coordinated with the World Bank, European Union, United Nations Development Programme, and the Embassy of France.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration

Key Progress in FY26: A comprehensive digital transformation roadmap for tax administration has been prepared. The Ministry has secured some resources for its implementation, which will introduce structural reforms in IT operations and potentially include the acquisition of an Integrated Tax Administration System (ITAS). 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 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

¹ Includes excerpts from [IMF Staff Concludes Visit to Lebanon](#)

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 evaluating and finalizing the digital transformation roadmap. In support, CD activities will be included in the workplan to advance its implementation. Additional support will be organized to deliver an audit training plan and advance implementation of a new potential income tax law. In customs administration, output from activities on risk management and IT will inform future short-term CD planning. In the next six months, the authorities are also anticipated to request a full customs administration diagnostic, which could inform more comprehensive engagement.

III. LOGICAL FRAMEWORK

Country – Lebanon		
Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Corporate priorities are better managed through effective risk management	2 Partially Achieved	Good progress was made toward improving the compliance improvement plans for large taxpayers and implementation has started. Implementing instructions for the integration of a single 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, there has been no forward progress and the reform should be considered stalled. A comprehensive set of analytical programming scripts were developed for VAT, enhancing the MoF's ability to work with data.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	Some 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. Additionally, the MoF 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 have been prepared. However, the prior minister did not sign the package and the newly appointed minister also elected not to sign, suggesting that the reform is stalled.
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 for finalization and implementation by the MoF. The roadmap was prepared collaboratively with MoF staff and external stakeholders. No similar support has been provided to customs administration. However, an activity to perform a functional evaluation of ASYCUDA World is planned for November. Its conclusions could lead to enhanced engagement.
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.
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	Due to deterioration of security, little progress has been achieved in delivering CD support to improve the use of ASYCUDA World for clearance processes. However, a risk management unit has been created and accountability for the topic transferred from the Higher Customs Council to the Lebanon Customs Authority. This is an important change that opens the door to significant improvements. Delivery of CD activities is now underway to scope a program of support for the risk management unit and perform a functional review of the ASYCUDA World system.
Foreign trade operators better comply with their reporting and payment obligations	1 Not Achieved	Due to deterioration of security, no progress has been achieved in delivering CD support to improve the use of ASYCUDA World and electronic manifests. However a CD activity is planned to perform a functional review of ASYCUDA World in November, which will inform next steps.
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 stock-taking exercise is required to inform next steps.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Lebanon is now well into its fifth year of an ongoing social and economic crisis, the effects of which could be magnified through the deterioration of regional security. The crisis has emerged from the joint effects of failures in the banking sector, the COVID-19 pandemic; the dangerous depletion of government resources; the Port of Beirut explosion; a very high inflation rate; the devaluation of the Lebanese Pound; and spillovers from the war in Ukraine. Adding to the unprecedented recession is the fact that the banking sector has ceased lending. Collectively the external situation is very fragile and has the potential to worsen dramatically from aggravation in any of the areas noted, particularly with security. Any further stresses have the potential to negatively impact revenue collection, reforms, and delay an eventual recovery.	Very High	Missions will regularly discuss recommendations and prioritization of reform actions with the authorities. Configurations allowing for remote delivery of CD will be maintained should security deteriorate, and they be needed for continuity of the project.
Political Support		
A complex political system exists in Lebanon. Between May 2022 and February 2025, a technocratic, “caretaker” government was in place, which had spillover effects in all areas of reform that require sustained commitment across the relevant stakeholder communities. Accordingly, the ability to obtain the legislation necessary to enable major fiscal reforms (e.g., integration of tax directorates, implementation of new customs organizational design) was limited and beyond the ability of MoF leadership to influence. A new government has recently formed and the priorities communicated suggest that political support may be available to advance structural reforms.	Medium	During high level and technical discussions, staff will encourage and support full transparency and extensive communication on reform benefits, including reform cost and impacts. The project will leverage the IMF’s Middle East and Central Asian Department to maintain contact and provide progress briefings with the minister. Outputs will be selectively encouraged for publication to create momentum beneficial to policy action.
Management and Technical Staff Support and Commitment		
Administrative leadership is motivated to implement reforms and supportive of IMF engagement. However, basic functioning of the tax and customs workforces may be jeopardized by the current crisis with very low staff presence in offices. An immediate concern persists that an unchecked departure of senior IT staff could lead to loss of key systems and a failure of basic operations in both tax and customs administrations. Ensuring the protection of essential staff for mission critical functions is an extremely urgent priority.	Very High	Staff will continually prioritize the encouragement of senior management commitment to long-term reforms, while providing the CD support possible to help address immediate needs (e.g., guidance on addressing IT matters).

Description	Rating	Mitigation Measures
Resource Adequacy		
A perceived unwillingness to prioritize tax and customs administration expenditure in the existing budget could lead to further loss of staff, operational failures and a limited ability of counterparts to absorb IMF support. However, challenges with financing for IT infrastructure have receded somewhat as the budget has included additional funding. Further, development partners have offered loans to support the replacement of major IT systems in tax administration.	Medium	Staff will highlight and advocate for prioritization of revenue administration in the national budget, while encouraging that options for long-term structural financing arrangements are included in reform strategy (e.g., semi-autonomous configurations, redirection of customs service fees).
Other Risks		
Sufficient donor and development partner support will be needed to implement major reforms, and its delivery could be delayed.	Medium	Staff will proactively and transparently engage with known donors and development partners to convey our understanding of priorities and requirements for support.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Using a programmatic approach to CD delivery in Lesotho, the IMF's Fiscal Affairs Department (FAD) is providing focused, sequenced capacity development (CD) support to strengthen its public financial management (PFM) and domestic revenue mobilization.

In tax policy, the establishment of a Tax Policy Unit (TPU) within the Ministry of Finance and Development Planning (MoFDP) is a key institutional milestone. The TPU is now operational and using simple tax forecasting models developed with the macro unit and the Revenue Services Lesotho (RSL). However, data quality and staff turnover and limited skills remain challenges, and further support is planned to build TPU's analytical capacity.

In revenue administration, progress against the response plan of the IMF's Tax Administration Diagnostics Assessment Tool (TADAT) developed in-house is now regularly reviewed by RSL's executive team. Exposure to a peer revenue authority's practices (i.e., the Rwanda Revenue Authority) instilled a better understanding of compliance risk management (CRM), the integration of risk management into planning, the importance of building analytical capacity, and data-driven decision-making. Challenges persist in data quality and coverage. Liaison with the African Tax Administrators Forum (ATAF) on their support to RSL on tax gap analysis is ongoing to coordinate this area with work with strengthening revenue and compliance analysis.

On the PFM side, internal control reforms are gaining traction, with the next Integrated Financial Management Information System (IFMIS) upgrade prioritizing these improvements. Authorities are also working to improve budgeting practices, including integrating gender budgeting. A follow-up workshop on gender budgeting in April 2026, along with training for master trainers, will further develop the budget department's capacity to implement gender budgeting reforms. In parallel, the MoFDP is advancing digital transformation by configuring digital signatures and moving toward paperless processes, supported by planned upgrades to IFMIS hardware and software.

Overall, while many outcomes remain partially achieved, Lesotho is laying the groundwork for sustainable reform through institutional development, strategic planning, and targeted capacity building, with continued donor coordination and political commitment being essential to sustaining momentum.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: The TPU (2 staff, Director's appointment pending) is operating at the MoFDP. They are using the simple forecast models developed in close collaboration with the macro unit and RSL (December 2024). FAD support on data management continues to overcome challenges and build the basis for tax policy analysis and forecasting activities.

Previous Progress: During FY25, a joint FAD tax policy and administration team has supported efforts to strengthen revenue forecasting capacity through a whole-of-government approach, involving the MoF, RSL, 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 on tax policy analysis, which will require coordinated efforts with both the macro unit and RSL, will commence. The authorities have also signaled tax incentives analysis as a priority.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: A study tour to Rwanda brought together teams working on enterprise risk, CRM and revenue analysis, who engaged collectively with a peer administration to learn how they had strengthened their data management and analytical skills, embedding the use of data in decision-making and planning across core tax administration processes, and at enterprise level. An STX mission reinforced engagement across operational and analytical teams to address data management and thereby strengthen monitoring and analytical capability.

Previous Progress: A post-TADAT HQ mission (in partnership with the IMF's Regional Technical Assistance Centre for Southern Africa, AFS) was undertaken in May 2024. A high-level three-year TADAT response plan developed with remote short-term expert (STX) support is in implementation. The FAD mission (December 2024) to strengthen revenue and a subsequent STX-led interactive workshop in April 2025 enhanced foundational knowledge and skills on revenue reporting, analysis, and forecasting.

Next Steps: Continued support to strengthen data management and analytical skills within RSL will be coordinated with FAD support to the TPU, as well as ATAF's support on tax gap analysis.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: Lesotho is slowly advancing its PFM reforms. An FAD diagnostic mission helped the Budget Department develop a roadmap for gender budgeting, a step toward inclusive fiscal policy. Internal controls in PFM processes are improving, with stronger IFMIS security, better user access management, and fixes to configuration gaps. A key reform to introduce digital signatures to eliminate paper and reinforce controls remains pending, awaiting legal updates, infrastructure readiness, and the Ministry of IT's rollout of digital signature services. Hardware and IFMIS upgrades are already planned to support this shift. In infrastructure governance, with FAD support, the MoFDP completed a Public Investment Management Assessment (PIMA) that is now guiding reforms. Using PIMA diagnostics, authorities are drafting PIM regulations and building a project database, with assistance from the African Development Bank, laying the foundation for stronger investment planning and execution.

Previous Progress: In FY25, some progress was made in managing fiscal risks from state-owned enterprises and strengthening internal controls. Improvements were observed in securing IFMIS and addressing key configuration gaps. In addition, collaboration with the Ministry of IT was initiated to implement digital signatures, laying the groundwork for transitioning to paperless processes.

Next Steps: Next steps involve assessing further progress in implementing internal controls and assisting authorities in incorporating the upgraded business process into the IFMIS upgrade, in collaboration with AFS and the World Bank. A gender budgeting workshop is also scheduled for April to build further the Budget Department's capacity to pilot gender budgeting in one ministry.

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	TPU in operation (two staff hired, appointment of Director pending). Data challenges still persist; FAD continues working with RSL on data management. Simple models for each tax heading developed with RSL and the macro team at the MoF being used by the TPU.
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 tracking of progress against the TADAT response plan provides a clear picture to the executive committee of status of reforms. Learnings from the recent study tour will be incorporated into the new strategic planning cycle.
Corporate priorities are better managed through effective risk management	1 Not Achieved	A deeper understanding of CRM principles developed through a study tour will be employed in CRM.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) – TAD		Rating - 1
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	1 Not Achieved	The TADAT response plan outlined actions to be taken to deregister economically inactive former taxpayers, and to register taxpayers who should be registered. Progress has been made on the latter, but IT challenges limit the quality of registration data available for analysis. However,
A larger proportion of taxpayers meet their payment obligations as required by law	1 Not Achieved	Obtaining complete registration and filing statistics as well as return data remains challenging. An STX mission brought together analysts and data specialists, to collectively develop solutions to improve data availability for compliance and revenue monitoring.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	Following the TADAT assessment, audit coverage was improved. Audit plans are informed by risk assessment and ranking, and compliance improvement plans are being developed sector by sector.
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 is planned to assist them in further developing their capacity to prepare gender statements.
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 Macroeconomic 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 state-owned enterprise (SOEs) sector. MoFDP published the annual SOE Report for the FY2022/23 in August 2024. A draft FY2023/2024 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 the Fund CD, follow-up support is provided by the World Bank.
SM II: Objective - Build Sustainable Fiscal Institutions - SFI		Rating - 3
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	Assisted the MoFDP in conducting a PIMA. The PIMA has helped the MoFDP in prioritizing public investment reforms. The authorities have started using the diagnostics to develop PIM regulations and a database of projects with the help of the African Development Bank.
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IV. RISK ASSESSMENT

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

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Liberia has demonstrated commitment to advancing its reform agenda, particularly in tax and revenue administration. Through targeted capacity development (CD) missions and the implementation of strategic recommendations, the authorities are establishing a foundation for a more transparent and efficient fiscal framework.

In 2025, two CD missions were carried out in Liberia to assess business (July 2025) and mining taxation (October 2025). The authorities demonstrated their commitment to improving tax systems by publishing the FY2023–24 tax expenditure report, which supports efforts to rationalize tax incentives. The missions offered recommendations to rationalize tax incentives, strengthen the corporate income tax (CIT) system, and to support the transition toward a more transparent and comprehensive fiscal regime for the mining sector. The July 2025 mission on businesses taxation identified key weaknesses and loopholes in Liberia’s international tax framework. In response, the Liberian authorities have requested support on international taxation to be delivered hopefully by the end of the FY26, to refine the diagnostic provided by the mission and to develop a comprehensive package of recommendations aimed at strengthening the country’s international taxation system. These efforts aim to enhance the tax system’s efficiency and boost revenue collection. Concurrently, capacity-building initiatives within the Liberia Revenue Authority (LRA), focused on tax audit and customs, have reinforced institutional capabilities, facilitating engagement with taxpayers. The pending roll out of value-added tax (VAT) is now anticipated to be from early 2027 and stakeholder engagements are ongoing. LRA has maintained momentum on customs reform through preparatory work on ASYCUDA upgrades, green-channel introduction, and continued collaboration with the IMF’s second Regional Technical Assistance Center in West Africa (AFW2) on audit and anti-smuggling functions. The LRA also began moving remote border posts toward electronic-only payments, an important step for reducing corruption risks. However, major governance challenges persist, including heavy reliance on manual processes and weak export controls in the extractive sector.

Continued IMF support will be critical to strengthen risk-based management, expand digital payments, and reinforce integrity and revenue performance. Recent diagnostic assessments indicate that continued efforts are needed to further strengthen tax administration and institutional support to fully realize Liberia’s macroeconomic objectives and sustain domestic resource mobilization. The World Bank is implementing the Governance Reform and Accountability Transformation (GREAT) project in Liberia, with some specific support allocated to the LRA. The World Bank, alongside development partners including the European Union, German Agency for International Cooperation (GIZ), and Expertise France actively participated in exit meeting briefings after the IMF mission. During these sessions, key CD priorities identified during the mission were discussed to promote effective donor coordination and alignment of future CD. Donors were briefed on Tax Administration Diagnostics Assessment Tool (TADAT) findings and subsequent post-TADAT recommendations for areas of improvement.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: Two CD missions were conducted by the IMF’s Fiscal Affairs Department (FAD) to assess businesses taxation (July 2025) and mining taxation (October 2025) in Liberia. The authorities have shown commitment to rationalizing tax incentives, supported by the publication of the FY2023–24 tax expenditure report. These missions provided recommendations to enhance the CIT regime and guide the transition toward a more transparent and comprehensive mining fiscal regime.

Previous Progress: These two CD missions marked the project’s initial activities. They built upon FAD’s earlier work on tax policy in Liberia, carried out under other financing programs, including under the Managing Natural Resource Wealth Thematic Fund initiative. The July 2025 mission assessed businesses

taxation and provided recommendations to enhance businesses' income taxation system and stimulate revenue collection. The October 2025 mission reviewed the tax policy regime for the mining sector and offered key recommendations to strengthen the taxation of mining activities in Liberia.

Next Steps: The project will continue strengthening the capacity of the Ministry of Finance and Development Planning (MFDP) to conduct and publish annual comprehensive tax expenditure assessments. The July 2025 mission on businesses taxation identified key weaknesses and loopholes in Liberia's international tax framework. In response, the Liberian authorities have requested support on international taxation to refine the diagnostic provided by the mission and to develop a comprehensive package of recommendations aimed at strengthening the country's international taxation system. These efforts aim to enhance the tax system's efficiency and boost revenue collection.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Building on the work on the implementation of the audit strategy and plan, in FY26, CD in tax administration focused on banking and insurance audit follow-up, with training provided to 12 LRA staff using case studies to reinforce audit techniques. Manuals were updated based on training feedback. While no customs capacity activities occurred during this period, preparatory measures including ASYCUDA upgrade planning, green channel introduction, and ongoing collaboration with AFW2 on strengthening audit and anti-smuggling capacities demonstrate steady reform momentum. The LRA also began implementing earlier recommendations including plans to transition to electronic-only payment at remote border posts, signaling progress toward digital modernization, though full implementation of the IT Master Plan is still pending.

Previous Progress: Previous achievements included developing a new Corporate Strategic Plan (2025–29), finalizing the Domestic Resource Mobilization Strategy, and successfully launching Phase 1 of the Liberia Integrated Tax System (LITAS) with critical modules such as registration and tax accounting. Comprehensive audit manuals for banks, insurance, agriculture, and timber were developed. In customs, prior efforts on rules of origin were translated into practical applications by using trade risk indicators and deepening work to strengthen data use and analytics, fostering a more integrated, risk-based approach.

Next Steps: Plans include implementing recommendations from post-TADAT reform mission to address tax administration weaknesses, enhance leadership, improve origin of goods tracking, and update customs processes on imports and exports and anti-smuggling controls at the international airport.

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	The first activity of the project was the tax policy CD mission conducted by FAD in February 2025. This mission assessed businesses' taxation. The mission provided authorities with an aide-memoire containing policy recommendations for rationalizing businesses tax incentives for stimulating corporate tax revenue collection in Liberia. In August 2025, FAD conducted a CD mission to assess Liberia's mining tax policy and provide recommendations for enhancing the country's

		mining fiscal regime. These efforts aim to enhance the tax system's efficiency and boost revenue collection in Liberia.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	1 Not Achieved	The VAT Act was enacted in 2024, prior to the launch of this Global Public Finance Partnership (GPFP) project. Preparations for VAT implementation are currently underway, with implementation expected to begin in January 2027. The authorities plan to address tax incentive distortions and streamline the tax incentive regime based on a comprehensive tax expenditure review. Under the GPFP project, an FAD-led mission was conducted in February 2025 to assess business taxation and review tax expenditures (a structural benchmark under the IMF's Extended Credit Facility), followed by another mission in August 2025 to support reforms in mining taxation.
RM I: Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 0
Outcome	Rating	Narrative
Improved transparency and outreach	1 Not Achieved	A FAD CD mission assessed businesses' taxation and tax incentives for mining activities in February 2025. A subsequent mission conducted in August 2025 reviewed the mining tax regime for Liberia. The authorities are committed to rationalizing tax incentives and improving transparency based on a comprehensive tax expenditure assessment. In August 2025, they published the tax expenditure report for FY2023-24. The CD reports for the two missions provide recommendations that could serve as a background to support the ongoing initiatives aiming at transitioning from a contract-specific fragmented mining fiscal regime to build a comprehensive and transparent mining fiscal regime. The GPFP project plans to continue supporting the capacity of the MFDP to conduct a comprehensive tax expenditure assessment and publicly publish this report on an annual basis.
RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	A new domestic revenue mobilization strategy has been developed and has been approved by the cabinet. A corporate strategic plan commencing 2025 has also been developed.
Effective implementation of a new tax or modernized legislation	1 Not Achieved	The VAT has been passed by the legislature, but the VAT is not yet been rolled out. There are plans to roll it out in January 2027.
Digital technologies are better aligned with strategic objectives	3 Largely Achieved	Although the LRA-wide IT Master Plan remains pending approval, the customs component has begun implementing recommendations from the August 2024 FAD mission, including preparations for a phased transition to electronic-only payments

		supported by solar power and satellite connectivity at remote border posts. These steps reflect the growing alignment of digital initiatives with the LRA's broader strategic objectives.
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	Although limited progress was made during the reporting period, preparations for the ASYCUDA upgrade and the introduction of the green channel demonstrate a strong commitment to reform. The Centralized Assessment Unit—already working to verify the accuracy of declarations and ensure consistent application of customs rules while minimizing direct contact with traders—remains a key asset. A follow-up mission on control and verification of the origin of goods, planned for January 2026, is expected to further enhance the accuracy and reliability of customs controls during clearance.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	Although no missions were conducted under the project during this reporting period, progress continued through close coordination with the IMF's second Regional Technical Assistance Center for West Africa (AFW2). The Post-Clearance Audit Unit maintained risk-based audits of high-value importers and concessions, while training provided by AFW2 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		
RM I, RM II: Risk that external events create a more challenging environment to implement reforms.	High	Ensure sufficient flexibility in program execution across countries and allow for the 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	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

Description	Rating	Mitigation Measures
to enhancements to fiscal risk management institutions and practices		resolving key obstacles to sustained revenue performance.
Management and Technical Staff Support and Commitment		
RM I, RM II: Low commitment of management and staff in finance and other ministries to adopt and implement recommended reforms	High	Engage with senior management and technical staff proactively and explain their role in driving reforms
Resource Adequacy		
RM I, RM II: Insufficient technical capacity and human resources necessary to implement reforms are limited.	High	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited, in line with the country engagement strategy.
Other Risks		
RM I, RM II: Multiple donors are providing technical assistance on fiscal risk topics and gaps, or overlaps may arise as a result.	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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I. COUNTRY REFORM PROGRESS

Libya's tax and customs administrations have launched ambitious reforms. The Libyan Tax Administration (LTA) has developed a strategic plan that outlines four initiatives: (1) legislative reform; (2) structural reform; (3) human resources; and (4) infrastructure and spatial development. In the Libyan Customs Administration (LCA), a business strategy has been developed that describes a path toward modernization, with the main priority stated as automation of customs procedures and processes. While some progress has been achieved in both agencies, the overall state of reform implementation is unclear, and stock-taking exercises are necessary to ensure that ongoing or planned reform activities will lead to productive outcomes.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration

Key Progress in FY26: Through the IMF's Middle East Regional Technical Assistance Center (METAC), productive activities have been delivered to the LTA to advance reform of the Tax Procedures Code. Separately, in the LCA, support has been initiated to help improve the use of the valuation module in the customs administration IT system. Due to the conflict in the region and challenges with engagement, no capacity development (CD) activities funded by the Global Public Finance Partnership (GPFP) has been delivered since approval of the project in June 2025. In some instances, the ability to mobilize and execute activities has been impeded by shifting and unclear chains of authority, particularly when seeking to engage the customs administration.

Next Steps: A headquarters tax administration mission is planned for February 2026, which will include a diagnostic and evaluation of reform and modernization roadmaps. Similar engagement is being sought with the customs administration, but for reasons noted, no mission dates have yet been agreed.

III. LOGICAL FRAMEWORK

Country – Libya		
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 organizational structure of the customs administration has not been reviewed yet, but a prior review of the tax administration's structure has taken place.
Outcome	Rating	Narrative

Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially achieved	While reform strategies have been reviewed in the past for alignment with good practices, none have been performed in recent years.
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A) RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Protracted economic impact can worsen the performance of revenue collection of country and delay recovery. Regional security challenges, including spillover effects from neighboring Sudan, could further impede access to counterparts.	Low	Following forthcoming diagnostic missions, discuss various options with the authorities for (1) prioritization of reform actions; and (2) hybrid modalities for engagement.
Political Support		
Some administrative policy reform options might be politically difficult to implement.	High	Leverage the IMF's Middle East and Central Asia Department to maintain contact and provide progress briefings with minister.
Management and Technical Staff Support and Commitment		
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.
Resource Adequacy		
Number of staff is insufficient. In addition, technical staff might be busy with the implementation of daily operational tasks leaving limited capacities for modernization reform discussions	High	Establishing dedicated reform management structure, arrangements, and resources. Reduce unproductive work.
Other Risks		
N/A	N/A	N/A

IV. PROJECT MANAGERS: CONTACT INFORMATION

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I. BACKGROUND

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

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

The regional advisors on Strategic DRM design and implementation are collaborating closely on a project aimed at implementing automated cross-checking of tax data across countries supported by the IMF's Regional Technical Assistance Center for Central Africa (AFC). Both participated in a recent workshop held in Chad from July 21–25, 2025, focused on developing the Procedures Manual and the Specifications Document for the Automated Tax Data Matching Tool.

The LTXs are actively collaborating with other LTXs at the IMF's Regional Technical Assistance Centers for East Africa (AFE) and Central Africa (AFC) to maximize the impact of the Fund's field presence and deliver targeted CD for member countries. In Uganda, for instance, the EI LTX collaborated with the customs LTX at AFE to deliver joint missions focused on strengthening capacity in EI customs administration. Considering countries' limited absorption capacity, the LTXs in central Africa are working in close coordination with HQ and AFC LTXs, jointly delivering in-country missions.

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 Kenya, Rwanda, Uganda and Tanzania through five country visits. Key topics of assistance included general tax policy training, VAT modelling and distributional analysis and revenue forecasting. The advisor coordinated closely with other CD providers such as the UK's Foreign, Commonwealth & Development Office (FCDO) TaxDev program and collaborated with other regional advisors based at the AFE.
Kenya and Tanzania: Value-added tax (VAT) modelling workstreams have been implemented, which built capacity for VAT policy simulation including the estimation of yields and distributional impacts from policy changes and the costing of tax expenditures.
Uganda: Together with AFE's macro-fiscal advisor, the tax policy advisor reviewed the revenue forecasting framework, recommended improvements and build capacity for revenue forecasting methodologies including forecast error analysis.
Rwanda: In collaboration with the FCDO TaxDev advisors, the tax policy advisor delivered general tax policy training to onboard new staff of the tax policy unit and build general tax policy capacity of existing staff.

Strengthening the Management of Tax Risks in Key Sectors in Central Africa
RM II: Revenue Module II – Revenue Administration
The LTX working on tax risk management in Central Africa (Mr. Ngneba) provided support to the Central African Republic (CAR), Chad (duty station) and the Democratic Republic of the Congo (DRC), primarily to improve tax compliance in key sectors of the three countries' economy.
Chad: The LTX supported the implementation of the tax administration's priority revenue mobilization action plan. He notably (1) supported quick-win tax recovery activities; and (2) provided hands-on support to the tax administration staff for the development and the implementation of the automated desk-audit project.
CAR: The LTX supported key revenue mobilization actions for fiscal year 2025. He notably provided hands-on support to (1) assess and finalize the work currently being carried out by a dedicated local taskforce on manual cross-checking of tax data; and (2) optimize the e-Tax payment system. He also helped develop a coordinated matrix for all donors involved in public finance reforms in the country.
DRC: The LTX provided hands-on support to assist the drafting of a strategy for the modernization of VAT administration and the enhancement of core tax functions and identified quick-win activities for the current fiscal year to boost revenue yield.
Cross-country engagement (Chad, CAR, and DRC): The LTX contributed to a regional workshop organized by AFC with the support of FAD. He notably contributed to drafting the broad outlines of a tax administration manual to better support the current momentum for reform in some fragile states.
Regional Digitalization
RM II: Revenue Module II – Revenue Administration
The regional digitalization advisor, Mr. Wandja Fondja, provided support to CAR, Chad, Rwanda, and Senegal through two in-country missions, two in-country regional workshops and remote assistance from Dakar, Senegal. The primary focus of this work was digitalization, a key enabler for more efficient and transparent revenue administration.
CAR: The advisor supported three key initiatives: the (1) increased adoption of e-services by taxpayers through e-Tax; (2) establishment of a Tax Teleservices Centre to promote and facilitate e-Tax usage; and (3) development of an implementation plan to enhance e-Tax functionalities.
Chad: With the active implication of the authorities, the advisor began implementing a validated workplan to tackle tax compliance risks and combat fraud, built on three pillars: (1) strengthening the taxpayer registry by the introducing robust processes and business rules into e-Tax; (2) enhancing automated data exchange with partner institutions of the DGI; and (3) developing an automated IT module to support tax audits.
Rwanda: CD activities have slowed in the first half of the year. The LTX plans to re-engage with the authorities to reaffirm the need for continued support and to develop a work plan for implementation.
Senegal: The advisor contributed to three major initiatives: (1) developing a mobile payment service for all taxpayers; (2) implementing a business continuity plan to strengthen DGID's operational resilience; and (3) rolling out new taxpayer services, notably DGID-Digitale, which enables taxpayers to submit and request personalized tax files online.

Cross-country engagements: The advisor played a pivotal role in two significant regional events: (1) an IMF seminar in Abidjan, Côte d'Ivoire, focused on the use of digital money in fiscal operations. This event emphasized how revenue administrations would harness the benefits and manage the risks, gathering over 50 government officials from 20 countries across the sub-Saharan Africa region; and (2) an IMF seminar in N'Djamena, Chad, dedicated to cross-checking tax data of AFC member countries. The event highlighted the procedures and technical specifications for the automated data cross-referencing tool, attracting over 40 tax officials from the 9 AFC countries.

Extractive Industries in African Region

Revenue Module II – Revenue Administration

The EI LTX, Mr. Bernard Sanya, provided CD to enhance revenue administration in the EI sector from AFE starting May 1, 2025. This role supports and complements IMF headquarters' initiatives across Africa. In the first half of FY26, the EI LTX coordinated and delivered CD activities in Uganda, Nigeria, Mozambique, and Guyana. These efforts focused primarily on strengthening tax audit capabilities and enhancing customs administration and oversight within the EI sector. Delivery methods included a combination of in-country missions, virtual CD delivery modalities, and short-term expert deployments. Country outcomes are summarized below, with additional details available in the respective country's progress reports.

Uganda: The EI LTX conducted multi-agency training workshops in partnership with AFE, leveraging the Fund's field expertise to deliver targeted CD for customs officers focused on addressing industry knowledge and skills. He supported Customs authorities in finalizing a comprehensive set of standard operating procedures (SOPs) designed to address the unique risks associated with mining and upstream petroleum activities. These SOPs were submitted to authorities to support stakeholder consultations, gather feedback, and enable final revisions prior to implementation. On the tax side, CD continued to strengthen audit capabilities with a focus on managing international tax risks posed by the industry.

Nigeria: CD efforts continued addressing audit capabilities and technical skills within the Nigerian Federal Inland Revenue Service's Large Taxpayers Oil and Gas Department. Building on the foundational training provided last year, the CD continued to address key areas such as non-resident taxation, transfer pricing, financing structures, treaty shopping, and oil and gas pricing. However, progress was slower than anticipated, as some planned CD activities were rescheduled to the second half of the year.

Mozambique: Progress in Mozambique has slowed during the first half of the year. The EI LTX will seek to re-engage the authorities to justify continued support and agree on a work plan for implementation.

Guyana: Delivered practical hands-on audit training, including continued upskilling of staff in Computer Assisted Audit Techniques. The EI LTX supported the authorities in designing and launching an innovative training and internship program to address staffing challenges faced by the Guyana Revenue Authority (GRA) considering the rapid expansion of the petroleum sector and the limited pool of experienced professionals. Developed in partnership with the University of Guyana, the program combines specialized training courses in petroleum accounting and taxation with internships at GRA, establishing a sustainable talent pipeline. Launched in September 2025, early signs indicate strong demand and interest.

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I. COUNTRY REFORM PROGRESS

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

The first in-person regional workshop on fiscal risk management was delivered in November 2024 at the ATI located in Mauritius. Twenty-four officials, including 12 women, from 5 countries—Angola, Cape Verde, Guinea-Bissau, Mozambique, São Tomé and Príncipe—representing members of the IMF's RCDCs for South Africa (AFS), Central Africa (AFC), and West Africa (AFW and AFW2), attended the workshop in-person. The workshop, conducted in Portuguese, received strong endorsement from participants, with an overall evaluation score of 4.6 out of 5. In their feedback, the participants highlighted the usefulness of the workshop, and they strongly supported the initiative of bringing together all Lusophone African countries and delivering presentations in Portuguese which helped internalize learning. It also provided Lusophone African authorities an opportunity to exchange experiences and learn from each other's reform efforts, focusing on improving the identification and management of fiscal risks.

Building on the workshop's momentum, the IMF's Fiscal Affairs Department (FAD) delivered two follow-up missions to Angola (June 2025) and Mozambique (November 2025), offering further assistance on fiscal risk management. The Angola mission helped the ministry of finance (MoF) institutionalize a fiscal risk unit, trained staff on the IMF fiscal risk [toolkit](#), and supported the development of Angola's first Fiscal Risk Report for the 2026 budget, which was submitted to parliament and published in October 2025. The team provided hands-on training, piloted risk assessment tools, reviewed the draft report, and delivered an action plan to improve macro-fiscal analysis, SOE risk monitoring, and reporting on guarantees and public-private partnerships. Next steps will focus on refining the risk report and ongoing implementation support.

The Mozambique mission focused on SOEs, where MoF staff used IMF fiscal risk tools to analyze financial data from key SOEs and identified major vulnerabilities—especially in LAM, which showed solvency and liquidity issues. Three of four major SOEs (EDM, ADM, LAM, CFM) remain high risk, and sector-wide analysis revealed negative equity in ADM, TMCEL, and LAM that exposed government to large fiscal risks. Persistent financial fragility and data inconsistencies highlight the need for better monitoring, transparency, and targeted risk management, with recommendations to institutionalize risk assessment tools and strengthen fiscal oversight.

II. PROJECT DELIVERY HIGHLIGHTS

SM III: Training and Peer Learning

Key Progress in FY26: FAD delivered missions to Angola and Mozambique in 2025. In Angola, the mission supported the institutionalization of a fiscal risk unit, trained staff on IMF tools, and helped develop the country's first Fiscal Risk Report for the 2026 budget. In Mozambique, the focus was on SOEs, where analysis revealed major vulnerabilities—especially in LAM—and persistent financial fragility, data inconsistencies, and large contingent liabilities, underscoring the need for improved monitoring, transparency, and targeted risk management.

Previous Progress: The first regional workshop on fiscal risk management was held in November 2024 at ATI in Mauritius, bringing together 24 officials (12 women) from 5 Lusophone African countries, all members of the IMF's Regional Technical Assistance Centers (RTACs). Conducted in Portuguese and highly rated by participants, the workshop enabled authorities to share experiences and strengthen fiscal risk management.

Next Steps: Another in-person regional workshop is scheduled for March 2026, focusing on cash management as well as the management of arrears—an especially pressing issue for all Lusophone African countries at present. This workshop will provide a valuable platform for participants to exchange practical experiences and strategies, address common challenges, and strengthen institutional capacity in these critical areas. By bringing together officials from across the region, the event is expected to positively shape the CD agenda, fostering collaboration and driving progress on cash and arrears management.

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 Started	This PFM area will be covered in future HQ led in-person workshop/training events with short-term expert (STX) engagement to be delivered at ATI facilities in Mauritius.
Strengthened asset and liability management processes	1 Not Started	This PFM area will be covered in future HQ led in-person workshop/training events with STX engagement to be delivered at ATI facilities in Mauritius.
Strengthened budget execution and control processes	1 Not Started	This PFM area will be covered in future HQ led in-person workshop/training events with STX engagement to be delivered at ATI facilities in Mauritius.
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	Country officers have been trained on the Fiscal Risk Toolkit (including SOE-HCT, SOE-ST, and DGLAT). Subsequent engagement led to progress in institutionalizing a fiscal risk unit and developing Angola's first Fiscal Risk Report for the 2026 budget,

		as well as analyzing state-owned enterprises in Mozambique, which revealed major vulnerabilities—especially in LAM—and highlighted the need for improved monitoring, transparency, and targeted risk management.
Strengthened medium-term frameworks	1 Not Started	This PFM area will be covered in future HQ led in-person workshop/training events with STX engagement to be delivered at ATI facilities in Mauritius.

IV. RISK ASSESSMENT

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

V. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRES S

The authorities progressed their agenda of reforms by improving the progressivity of wage taxation in the preliminary finance bill 2026 and eliminating the exemption for dividends paid to individuals in the finance bill 2025, while continuing digitalization efforts in both tax and customs administration. 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 EU).

Following social unrest and violent protests in September 25, a new government was formed. The (interim) new authorities emphasized their readiness to work with the Fund and the international community more broadly. 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 fight against corruption.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: Preliminary 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: Base Erosion and Profit Shifting risks were reduced by CD on transfer pricing in FY25 and on international taxation in FY24. The tax exemption for dividends paid to individuals was eliminated in the 2025 Finance Law, following FAD advice, which improved equity and increased revenues. The capacity of the tax policy unit for policy analysis was enhanced via the sharing of models and a database on public and private wages by FAD. Coordination with the African Development Bank to provide follow-up CD for Madagascar's tax policy unit based on observations of the FAD tax policy mission.

Next Steps: Follow up work on progressive taxation, tax expenditure rationalization, and excise tax reforms.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Both tax and customs administrations are engaged in strategic reforms based on digitalization, data management, HR modernization and improvement of governance. The program supported each administration's strategic plan implementation. These activities, closely coordinated with the IMF's Regional Technical Assistance Center for Southern Africa (AFS), the IMF governance diagnostic assessment mission and with other technical partners (notably the World Bank Group and the EU) enabled the authorities to better define their options and their administrative strategies. *Customs.* Technical assistance supported the administration to implement artificial intelligence for risk analysis: by October 2025, customs has deployed in production an agentic AI for selectivity, analyzing documents accompanying the customs declarations and providing risk scores and control recommendations. *Tax.* Technical assistance proposed a new performance incentive mechanism to support change management in the context of the tax administration's digitalization and HR modernization. This proposed 'objective and means' contract includes reciprocal financial and non-financial commitments between the General Directorate of Taxes and the

Ministry of Economy and Finance, aimed at removing obstacles to revenue mobilization and the adhesion of tax administration staff to the reform.

Previous Progress: Madagascar has received capacity development from the 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, the reform did not translate substantially in revenue yields and quality of service delivered to taxpayers. CD focus, therefore, pivoted to address root causes of weaknesses through HR modernization and resources planning.

Next Steps: CD will continue support tax and customs administrations on HR modernization, compliance risk management for the large taxpayer segment, and AI for risk analysis purposes on customs. This request for an amendment, which aims at continuing supporting change in revenue administrations building on the diagnostic and initiatives taken in FY26, will be presented at the mid-year GPFP Steering Committee.

III. LOGICAL FRAMEWORK

Country – Madagascar		
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 1
Outcome	Rating	Narrative
Increased/decreased revenue quantity	1 Not Achieved	It is too early to determine if revenues have been affected by the CD on transfer pricing methods.
Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	Increased top personal income tax rate is in the draft Finance Law for 2026; dividend tax exemption for individuals was eliminated in Finance Law 2025.
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	Improved understanding of transfer pricing methods and tax treaties at the ministry of finance. Capacity of the tax policy unit has increased with new databases.
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	No compliance risk management framework is in place. Compliance risks posed by the large taxpayers segment and fraudulent sector are still not addressed. CD started to support change management and HR modernization to address internal organizational and governance barriers to effective management of non-compliance.

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, a specific CD on this matter is to be provided.
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	The risk analysis is still manual, not fully centralized and analysts do not receive feedback from customs offices on their alerts. The customs administration plans to develop a dynamic risk analysis system based on data science, with the support of donors. The mission recommended to elevate data as a key topic and enabler for the next 2025–29 strategic plan and should provide additional technical assistance in this domain.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	2 Partially Achieved	A special unit in charge of free zones has been in place since early 2024. However, the management of exemptions and other special regimes are still under-monitored, despite the fact that exemptions represent an important share of revenue collected by customs. The mission recommended key activities on this matter be included in the 2025–29 strategic plan.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: Risk that external events create a more challenging environment to implement reforms.	Medium	Ensure sufficient flexibility in program execution across countries and allow for ability to adjust activities in the case of adverse events.
Political Support		
RM I, RM II: Lack of political support for reforms inhibits required actions or of 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.

Management and Technical Staff Support and Commitment		
RM I: Lack of leadership support for politically sensitive tax reforms.	Very High	Engage with senior management to coordinate the elimination of tax exemptions with pro-poor spending programs and public outreach.
RM II: Low commitment of management and staff in finance and other ministries to adopt and implement fiscal risk management practices.	High	Engage with senior management and technical staff proactively and explain the importance of strengthening fiscal risk management.
Resource Adequacy		
RM I, RM II: Insufficient technical capacity and human resources necessary to implement reforms are limited.	High	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited.
Other Risks		
RM I, RM II: Multiple donors are providing technical assistance on fiscal risk topics and gaps, or overlaps may arise as a result.	Low	Take an active role in engaging with other donors to ensure support is well coordinated.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

The Malawi Revenue Authority (MRA) is advancing comprehensive reforms under the government's six-year Domestic Revenue Mobilization Strategy (2021–26), aimed at broadening the tax base, improving compliance, and strengthening institutional capacity. Recent progress includes drafting a new Value-Added Tax (VAT) Bill and Income Tax Act, alongside operational improvements such as deploying core IT modules and enhancing data management frameworks. Donors have raised concerns about delays in legislative approval and the need for stronger governance arrangements, which the MRA is addressing through organizational restructuring and compliance risk management initiatives.

IMF capacity development (CD) has been pivotal, providing technical assistance on VAT performance, while supporting the full utilization of the new IT system (i.e., MSonko Online) and the retirement of the legacy system (i.e., SAS2) and risk-based audit programs. Coordination continues with development partners—including the IMF's Regional Technical Assistance Center for East Africa (AFE) and the German Agency for International Cooperation (GIZ) to support key core functions within both the Customs and Tax departments. This coordination has ensured alignment of reforms and resource pooling, fostering a collaborative approach to strengthen revenue administration and achieve Malawi's tax-to-GDP target of 18.4 percent by FY2025/26. Due to revenue shortfall, it is foreseeable that this target will not be met, and the authorities have set a revised target of 17.4 percent. As of November 2025, tax-to-GDP ratio stood at 11.2 percent.

Significant progress has been made in drafting new legal instruments to introduce hallmark modernized VAT and income tax systems, as well as improved mining fiscal regime arrangements, which puts the newly elected government in a prime position to enact reforms as soon as the upcoming budget cycle, conditional on announced reform ownership yielding momentum.

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 CD from the IMF's Fiscal Affairs Department (FAD) but there are delays in implementation (still pending Parliamentary approval, in part due to recent elections in September 2025). Extensive CD was provided in FY2025 and 2026 reviewing the fiscal regime for mining and developing capacity on Fiscal Analysis of Resource Industries (FARI) modeling of specific investment proposals, as well as tax expenditure reporting and microsimulation modelling. The new government will need some time to take ownership of reforms envisioned in both bills, but may provide new policy direction momentum. Close coordination with the World Bank continues to ensure delivery of consistent policy messaging and inclusion in potential program conditionality.

Previous Progress: Initial tax policy support under the Global Public Finance Partnership (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.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Support to the MRA has contributed to stronger domestic revenue mobilization, with a focus on improving VAT performance and enhancing data management and data analytics. Joint efforts by FAD and AFE have enabled a coordinated response to tax compliance and capacity-building priorities in audit. While FAD focuses on supporting the development of monitoring tools, building capacity in broad-based audit techniques, AFE is providing specialized support aimed at building capacity to audit complex sectors such as telecoms, banks and financial institutions.

Previous Progress: Earlier CD initiatives laid the groundwork by strengthening the large taxpayer office (LTO) and improving data analytics capabilities. Encouraging the full utilization of the IT system and less reliance on the legacy is necessary for aligning MRA operations with broader fiscal objectives. Registration DataMart was piloted and determined to have significant potential for managing data and improving revenue performance and reporting.

Next Steps: CD efforts will aim to consolidate recent gains and address operational gaps. Priorities include optimizing the new IT system for revenue collection, full implementation and utilization of DataMart, and rolling out a compliance risk management framework. Strategic reforms continue to support achievement of the 18.4 percent tax-to-GDP target by FY2025/26, with emphasis on strengthening the LTO, enhancing VAT performance, and improving organizational arrangements. A roadmap for the decommissioning of the legacy IT system is a priority along with implementing an arrears management framework and data management framework.

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 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 prepared and Draft Income Tax Bill under preparation
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, initial training on tax expenditure reporting delivered, and upcoming long-term resident advisor visit on VAT and personal income tax 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 is yet to be sent to the Board. Delayed given the installment of a Commissioner General who is currently reviewing it.
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 the performance of the large taxpayers' office.
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 now in place to ensure consistency in 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 ongoing to retire the legacy system.
RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 3
Outcome	Rating	Narrative
Audit and other verification programs more effectively ensure accuracy of reporting	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.
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 the revenue admin team) for better management of reforms for achievement of desired strategic outcomes.
RM II: High turnover of holders of the post of Commissioner General creates uncertainties, creates a lack of ownership and slows down reform progress	High	Strengthen management at all levels and ensure there is a project management or reform unit or team in place to manage the reform programs
Resource Adequacy		
RM I: Insufficient technical capacity and human resources necessary to absorb support and implement reforms.	High	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited. Adopt a multi-donor support approach to improve resource availability.
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: Slow implementation of reforms	High	Aligning reform actions and timeline with conditions in the field (low capacity and lack of resources). Close monitoring and readiness to adopt necessary changes.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

With the support of the IMF's Fiscal Affairs Department (FAD), the authorities successfully finalized the implementation decrees for the Free Zone of Nouadhibou (FZN) Law and the Investment Code. They also reformed the consumption tax system by transitioning to a conventional excise tax framework. A memorandum of understanding was developed and signed between the revenue authorities and the FZN Authority. On the expenditure side, the authorities identified key inefficiencies within the economy and pinpointed areas where fiscal space could be created to support priority spending initiatives. Regarding public financial management (PFM) work, FAD provided support to the authorities in developing a methodology for climate-related budget tagging (CBT) and in implementing a new public investment management (PIM) framework that integrates climate considerations.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: FAD assistance has allowed authorities to (1) complete the implementation decrees for the FZN Law and the Investment Code and (2) reform their consumption tax system with a conventional excise tax system.

Previous Progress: The tax policy capacity development program has assisted the authorities to (1) improve tax expenditure assessment and the presentation of the reports, (2) improve tax policy with an action plan for tax policy implementation based on the general tax policy diagnostic recommendations, and (3) eliminate “points francs”; while replacing corporate income tax (CIT) exemptions with a reduced rate in the new investment code. Additionally, with the recent capacity building, the authorities were able to prepare an inventory of all consumption taxes and are in the process of reforming their consumption tax system with a conventional excise tax system.

Next Steps: In the context of the IMF-supported Extended Credit Facility / Extended Fund Facility programs, the authorities are committed to rationalizing tax expenditures and requested FAD's support on this issue, including supporting the capacity building of the Tax Policy Unit (TPU).

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: During the first half of fiscal year 2026, an exercise was completed to assess the governance, tax, and customs compliance management of businesses operating in the FZN. As a result, a memorandum of understanding (MoU) was developed and signed between the FZN Authority, the Tax Administration, and the Customs Administration, with support from FAD—a structural benchmark set by the IMF's Middle East and Central Asia Department (MCD) to be completed before June 30, 2025. FAD also contributed to the drafting of a decree related to the Free Zone law. Cooperation among key partners, including Expertise France and the World Bank, has been notably strong.

Previous Progress: There has been notable progress in several reform areas within the General Directorate of Taxes (GDT), including: (1) establishment of a tax reform commission; (2) classification of tax arrears based on recoverability and developing a collection strategy; (3) implementing e-procedures for

large taxpayers; (4) interfacing of GDT's IT systems with the Civil Registry; and (5) adopting a new law for the FZN. In customs, institutional reforms have advanced significantly. A strategic plan has been developed, along with a new function-based organizational structure, submitted for ministerial approval. Additionally, a training policy and competency-based human resource management tools were introduced to support professional development. Operationally, customs has (1) established a Post Clearance Audit unit; (2) launched compliance risk management (CRM) and risk-based selectivity tools; (3) advanced on drafting of a new Customs Code aligned with ECOWAS standards; and (4) developed several digital applications. Mid-term capacity development (CD) plans for both tax and customs were prepared and coordinated with development partners to avoid duplication. A joint tax and customs CD plan has been developed to enhance management of tax and customs administration in the hydrocarbon sector and its implementation has started.

Next Steps: In the upcoming period, the tax administration will initiate the development of a compliance improvement plan focused on the hydrocarbon sector. This effort will begin with identifying key tax risks within the sector and formulating appropriate treatment strategies to mitigate those risks. For customs, FAD will support the administration in two critical areas: (1) developing standard operating procedures for managing businesses operating within the Special Economic Zone; and (2) assisting in the creation of a strategic roadmap to transition away from the flat rate valuation system, aiming to enhance transparency and alignment with international valuation standards.

SM I: Spending Module I – Spending Policy

Key Progress in FY26: FAD team prepared and delivered a one-week workshop on major areas of current spending, with the purpose to explain the main economic principles behind each of them and guidelines to produce well documented spending reviews. Building on FAD support, the authorities initiated a spending review process primer. Representatives from each major spending area were identified as contact persons in sectoral ministries and attended the workshop. The group identified and prioritized key areas for in-depth review. Sectoral notes were then developed, analyzing spending by category and highlighting inefficiencies and opportunities for fiscal space creation. This resulted in a consolidated spending review, which provided actionable insights for reallocating resources toward priority initiatives.

Previous Progress: Authorities have continued to build upon previous engagement of spending rationalization. The current focus is to review and update water tariff structures to better target subsidies and ensure affordability for vulnerable households. The reform process has included diagnostic assessments of current subsidy mechanisms, stakeholder consultations, and the development of policy options for gradual adjustment of tariffs. Authorities progressed along the roadmap and worked with development partners such as the French Development Agency (AFD), as planned during the May 2024 mission. The collaboration is supporting capacity building and providing analytical inputs to guide the next phases of reform.

Next Steps: FAD will support authorities to build on the achievements, with further work on wage bill management and support for fuel subsidies reforms. The authorities are encouraged to institutionalize the spending review exercise on a yearly basis, with the objective to make it more granular in future. Progress along the reform of water tariffication is also expected.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: No activities took place during this period.

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

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

III. LOGICAL FRAMEWORK

Country – Mauritania		
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 3
Outcome	Rating	Narrative
Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	Authorities are determined to amend existing laws to enhance distributional fairness across taxpayers and already completed the reform of the FZN Law, the investment code, and their respective implementation decrees. The next step for the authorities includes the reform of the mining sector taxation. Additionally, the authorities are planning to conduct a study on civil servants' salary tax base to promote fairness between the public and private sectors in terms of salary taxation.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	3 Largely Achieved	The authorities have reformed the new investment code that eliminated "points francs" and CIT exemptions and have agreed to reform the consumption tax into a conventional excise tax that will help address externalities.
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., TPU units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	3 Largely Achieved	The TPU is now operational and prepared (i) the 2023 and 2024 tax expenditures assessment reports; and (ii) an action plan for tax policy implementation. The method used for assessing tax expenditures has been modernized and improved with a broader coverage of taxes in the analysis. The authorities have expressed their appreciation of the support and requested continuous support to strengthen the capacities of the TPU.
Improved transparency and outreach	4 Fully Achieved	Tax expenditures reports have been published for several years now in Annex of the annual budget. The authorities also prepared a 2-page non-technical summary of the report to enhance a broader communication and understanding of the report. The reform of the General Tax Code planned for 2025 will also be a key point that will help improve transparency in tax expenditures monitoring, as it will consolidate all derogatory and sectoral tax provisions.
RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 3
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	At present, the tax administration lacks a proper strategic plan and relies instead on action plans and currently implemented measures. However, a strategic plan has already been developed for the customs administration, and an integrated mid-term CD plan has been designed for both the tax and customs administrations.
Corporate priorities are better managed through effective risk management	3 Largely 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 capacity development 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, there has been significant recent progress in advancing risk management practices. A comprehensive risk management framework was developed and officially endorsed by the Director General. The selectivity system was thoroughly reviewed, and a set of enhancement

		proposals were made, including the introduction of a scoring mechanism and rule-based models, with the potential to integrate machine learning techniques in the future. These developments reflect a growing institutional commitment to adopting a structured, intelligence-led, and data-driven approach to risk management. While the foundations are now in place, sustained efforts will be required to operationalize the framework, reinforce analytical capacity, and ensure consistent application across the customs administration.
Organizational arrangements enable more effective delivery of strategy and reforms	3 Largely Achieved	The organizational structure of the tax administration is not function-based, lacking a clear distinction between strategic and operational functions. Additionally, while some functions exist on paper, they remain inactive. A high-level organizational structure has been proposed to address these issues within the tax administration. In contrast, a new function-based organizational structure has been developed for the customs administration and has already been submitted to the Minister for approval.
Effective implementation of a new tax or modernized legislation	2 Partially Achieved	Following the issuance of the new law governing the FZN, the IMF developed action plans to support the revenue administrations in managing the transition of tax files from the FZN to the oversight of the tax and customs administrations. In parallel, FAD assisted the Mauritanian authorities in drafting a MoU to define the framework for tax management within the FZN. The MoU has been approved by all relevant stakeholders. Additionally, a draft decree for the implementation of the new law was developed.
RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	The tax administration lacks a proper audit plan, and audits are not selected based on risk analysis. However, the administration is conducting both desk audits and field audits. Notably, the field audit section is handling several tasks that fall outside its mandate.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	A tax arrears collection strategy has been developed. Additionally, the plan for preventing and reducing tax arrears has been updated to align with international good practices. The tax administration has to implement the strategies proposed.
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	3 Largely Achieved	While valuation controls have been automated, their implementation remains insufficiently monitored, and risk-based selective controls are not yet fully streamlined. However, notable progress has been made in customs with regard to risk management practices. A comprehensive risk management framework was developed and formally endorsed by the Director General. The selectivity system underwent a thorough review, resulting in a set of enhancement proposals—including the introduction of a scoring mechanism and rule-based models—with future potential to incorporate machine learning techniques.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	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.
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	Subsidy reform in progress. As a follow up to the May 2024 mission, French Development Agency (AFD) is supporting the authorities regarding water tariffs reform.
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	Authorities have successfully conducted a spending review based on inputs from sectoral groups.
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	Between May 1 and October 31, 2025, no activities were undertaken. In compliance with RSF Reform Measures, a new PIM framework including climate considerations was issued in November 2024, followed by CD in January 2025 to prepare for piloting on major public investment projects. In February 2025, further support was provided

		to the MoFE to develop a CBT methodology for the 2026 Budget.
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	No activities took place between May 1 and October 31, 2025; progress from previous activities: To comply with a RM under the RSF, a new PIM framework was issued in November 2024, following the recommendations provided by the PIMA and C-PIMA delivered by FAD. A short-term expert CD activity was delivered in January 2025 to set the basis for piloting the new PIM to some large public investment projects.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II, SM I & SM II: 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.
Political Support		
RM I, RM II & SM II: There is strong support for revenue administration and tax policy modernization from the Ministry of Finance as well as for the PFM area.	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. Conduct a scoping mission to gain a fine-grained understanding of the needs and take stock of the existing capacity.
RM II, SM I: Some issues, including subsidies removal, infrastructure governance, and resource revenue management are usually politically sensitive and could trigger some resistance.	Very High	Highlight the pressing needs in terms of infrastructure and social spending. Reiterate the case that subsidies are an inefficient type of spending.
Management and Technical Staff Support and Commitment		
RM I: Reform commitment with the newly agreed IMF Extended Credit Facility/Extended Fund Facility program, but weak capacity of staff could delay the execution of the project.	Medium	Strengthen staff management and technical abilities and ensure effective knowledge sharing between staff

Description	Rating	Mitigation Measures
RM II, SMI: 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 in smaller size steps.
SM II: Reform commitment is high under the IMF program. Technical capacity within the MoFE needs to be enhanced.	Medium	Ensure that PFM functions, previously fragmented between the MoF and the MoE, will smoothly be unified under the new MoFE.
Resource Adequacy		
RM I: Current capacity to achieve results is low, as is the adequacy of resources	Very High	More resources and stronger reform management are needed
RM II: Lack of office space and equipment for tax administration staff.	Very High	Authorities to be encouraged to provide necessary resources to the tax administration to maintain the day-to-day operations (infrastructure, etc.)
SM I: N/A	N/A	N/A
SM II: Historically high staff turnover, especially at senior level.	Medium	In the last year, senior staff turnover has reduced considerably in MoF
Other Risks		
All modules: N/A	N/A	N/A

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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 modernization of the tax framework and strengthening of the tax administration. In this respect, the project achieved meaningful results, including by:

- Strengthening the compliance risk management (CRM) at the State Tax Service (STS) supported by a newly established specialized analytical unit. Going forward, capacity development (CD) provided by the IMF’s Fiscal Affairs Department (FAD) will support bringing all STS activities under the CRM coordination. This includes tax audit that needs to be reformed to apply risk-based audit practices. Support to building analytical capacity in STS will also continue.
- Supporting harmonization of Moldova income tax framework with EU *acquis*, including by developing options to implement several EU income tax directives.
- Strengthening the capacity of the Ministry of Finance (MoF) in evaluating distributional and budgetary impact of alternative tax policy scenarios, as well as estimating revenue foregone due to preferential tax treatment in personal income tax.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: Building on the options developed by FAD, legislative packages to transpose EU income tax directives are prepared to be submitted to a newly elected parliament (submission was delayed due to elections-related freeze of legislative activity). The work on redrafting the value-added tax (VAT) chapter of the Tax Code was stalled in the pre-election period. The work is expected to progress as expected with the pro-EU party winning the vote. Significant progress in improving MoF capacity in estimating the fiscal and distributional impacts of specific personal income tax (PIT) policy proposals using a newly developed microsimulation model.

Previous Progress: Development of options to implement several EU Directives, related to cross-border situations that aim to prevent tax avoidance, including Parent-Subsidiary, Interest/Royalty, and the Merger directives. The work on redrafting the VAT chapter of the Tax Code has started, after reaching agreement on the roadmap as well as main features of a new, modern, broad-based VAT system that is harmonized with the EU VAT Directive. Comprehensive diagnostic of the tax system completed to identify the pain-points of the tax system and charting the reform roadmap. The authorities finalized a comprehensive review of tax expenditures and identified the inefficient tax expenditures for elimination or rationalization.

Next Steps: With EU-harmonization agenda at the forefront, Moldova is committed to amend—by 2026—the Tax Code by transposing several EU Directive on indirect taxation (including Directives 2006/112/EC on the common system of VAT, 2008/9/EC, 86/560/EEC, Thirteenth Council Directive 86/560/EEC, etc.). Building on the earlier CD, the work on redrafting of the VAT chapter of the Tax Code—stalled in the pre-election period—will continue in 2026. Further support will be provided on harmonization of the direct tax framework.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The STS made good progress in further developing CRM approach in tax administration. As advised by FAD, there is now a specialized analytical unit established, and governance is in place to manage the CRM process. However, a lot remains to be done. To address lack of staffing and skills, the STS need to continue building analytical capacity for compliance risk assessment and bring all STS activities under the CRM coordination. FAD CD support will be provided for this.

Previous Progress: A diagnostic review of tax audit program, performed under this project by FAD in October 2024, revealed numerous gaps compared to good international practice. The STS has developed in April 2025 a five-year audit modernization action plan based on that diagnostic, which is now being implemented. Further FAD CD support assists implementing the audit modernization action plan. However, some critical reforms were omitted from the plan. The FAD CD advice to the authorities is to reconsider and still address these gaps, most importantly, reestablish a specialized large taxpayer audit unit and cease publicizing of annual tax audit plans.

Next Steps: A mission during June 2025 helped STS to perform VAT gap analysis using a bottom-up approach. The mission contributed to building internal STS processes and knowledge to assess compliance gaps. Work is planned to extend to other taxes as well as strengthening STS's capacity to perform such assessments without external help and to link compliance gap analysis with overall CRM program and tax audit operations.

III. LOGICAL FRAMEWORK

Country – Moldova		
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 2
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	The redrafting of the VAT chapter of the Tax Code is progressing albeit at a slower than expected pace.
Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	Harmonization of the Moldova's tax legislation with EU acquis, including with respect to EU's income tax directives is progressing, in spite of political headwinds and relative weakness of the MoF in promoting its tax policy agenda.
RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Corporate priorities are better managed through effective risk management	2 Partially Achieved	The STS is making progress in improving compliance risk management, but many actions still need to be done such as: (i) the implementation of a data warehouse; (ii) improve

		risk rules by taking the consequence side into account; (iii) the introduction of modern analytical tools; and (iv) further investment in analytical skills of staff. To date, the CRM, while formally in place, has limited effect on the tax compliance situation in Moldova. The compliance risk analysis process does not ultimately rank or prioritize the identified risks, nor set out a medium-term strategy to mitigate them. CRM governance arrangements are formalistic, and the STS lacks sufficient impact assessment of its compliance improvement programs. VAT compliance gap assessment was performed with FAD support in June 2025.
RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	The STS made considerable progress in the development of the upgraded taxpayer register. The timetable for the implementation has been revised. While single taxpayer register is in place and taxpayer data has been cleansed, the STS still develops ability for large-scale automated processes to verify and crosscheck registration information against databases of other government agencies. The IT systems of many relevant government agencies are outmoded, and data held there may not be reliable, which poses difficulty for running automated crosschecks.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	The STS made progress in shifting the focus from unplanned (low value) audits to planned (risk focused) audits, but further acceleration is needed, considering that a range of unplanned audits are mandatory. The Case Management System (CMS) is currently used only as a repository and needs to be further developed. There is an Audit Quality Review (AQR) process in place. The sample is however too small for 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 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 by April 2025. The plan has been adopted by the STS management and is being implemented.
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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	Build on significant progress achieved with remote delivery of CD in Moldova.
Political Support		
RM I: Political instability may slow down and even stop implementation of reforms.	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 EUR country team to discuss and resolve underlying issues related to the lack of political support.
Management and Technical Staff Support and Commitment		
RM I: 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.
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 II: Project has been formally requested by the STS who have identified the specific CD need	Low	Extended communication with authorities, engagement of EUR country team.
Resource Adequacy		
RM I: MoF and STS lack sufficient human and institutional capacity to evaluate, formulate and promote effective tax policy reforms.	Low	Provide CD to develop staff technical skills and set tax reform priorities.
RM II: Insufficient allocation of STS staff	Medium	Continuous conversation with the STS for early detection of potential risk of insufficient allocation
Other Risks		
RM I, RM II: No other risks foreseen	Low	N/A

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I. COUNTRY REFORM PROGRESS

The high-level theme of capacity development (CD) under this program has been to more reliably secure revenue from the large taxpayer segment, including high wealth individuals, and address aggressive tax planning. The government unexpectedly commenced tax policy reform in December 2024, and the CD requests have changed to provide assistance in relation to the policy/legislative matters and preparation for implementation. In addition, the government has forced the need for structural changes to both the tax and customs administrations. Forward CD may be about change management as much as technical revenue capabilities, with additional potential engagement on spending topics.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: CD engagements were reshaped as a result of the unexpected decision of the government to initiate tax reform across value-added taxes (VAT), personal income tax (PIT), corporate income tax (CIT) and tax administration powers. Much CD shifted to HQ desk reviews of draft legislation and enhanced direct HQ virtual CD in relation to other government reforms, like reducing the size of the civil service by 9 percent and placing rules in place about organizational structures, meaning that the Mongolian Tax Administration (MTA) and Mongolian Customs General Administration (MCGA) have had to also undertake structural redesign. The direct “coaching” CD modality has proven to be effective in providing assistance, but this re-prioritization has diverted CD effort from the large market revenue mobilization focus originally intended. Coordination continues with colleagues from the IMF’s Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC), the Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), and Organisation for Economic Cooperation and Development (OECD), with Korea International Cooperation Agency (KOICA) and the World Bank now also invited on customs administration matters.

Previous Progress: The MTA has continued to make use of the previous coaching CD assistance for large taxpayers’ revenue mobilization, although the most recent CD has been on the legislative and related topics noted in key progress.

Next Steps: The MTA is still making good progress with detailed milestones and the MCGA have also adopted a detailed milestones approach. The political economy in Mongolia is more volatile, and both the MTA and MCGA may be focused on navigating the environment and may even request CD to do so.

SM I: Spending Module I – Spending Policy

Key Progress in FY26: Attempts to engage with the authorities on expenditure policy topics have been complicated. Currently, there are no past or ongoing activities in this area. During the 2025 Annual Meetings, the authorities indicated that they might be interested in receiving support on pensions and the wage bill. The World Bank has been heavily involved in pensions and close coordination will be necessary.

Previous Progress: N/A

Next Steps: Coordinate with the World Bank and reach out to contact persons at the authorities’ side.

III. LOGICAL FRAMEWORK

Country – Mongolia		
RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Authorities have a baseline understanding of the current state of the government's revenue administration, management, and governance arrangements and core revenue administration operations	4 Fully Achieved	First formal milestone will be the finalization of the 2025-2028 strategic plan.
Corporate priorities are better managed through effective risk management	4 Largely Achieved	Oct 2025: 2025-2028 Strategic Plan approved. 2025 Large Taxpayer CIP approved
Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	Not yet due. First formal milestone will be in late 2025 following the staff survey for that year.
More independent, accessible, effective and timely dispute resolution mechanisms adopted.	1 Not Achieved	Earliest milestone is March 2026.
RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their filing obligations as required by law	3 Largely Achieved	VAT return rates for large taxpayers are improved but are not yet consistently at 90 percent on time. Full year 2025 data for all return types will not be known until early 2026.
A larger proportion of taxpayers meet their payment obligations as required by law	3 Largely Achieved	VAT return rates for large taxpayers are improved but are not yet consistently at 90 percent on time. Full year 2025 data for all return types will not be known until early 2026.
Audit and other verification programs more effectively ensure accuracy of reporting	3 Largely Achieved	First formal milestone will be CIPs created for 2025 calendar year.
RM II: Objective – Strengthened core customs administration functions		Rating - 0
Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	Still establishing benchmarks.

Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	Still establishing benchmarks.
Trade facilitation and service initiatives better support voluntary compliance	1 Not Achieved	Still establishing benchmarks.
SM I: Objective – Strengthen Expenditure Policy Formulation and Design - EPD		Rating – 1
Outcome	Rating	Narrative
Public expenditure is fiscally sustainable and efficient	1 Not Achieved	No GPFP-funded work has been scheduled so far.
SM I: Objective – Strengthen Policy Evaluation and Institution Building - PEI		Rating - 1
Outcome	Rating	Narrative
Authorities have an understanding of opportunities to enhance the adequacy, efficiency, and sustainability of public expenditure	1 Not Achieved	No GPFP-funded work has been scheduled so far.

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 Asia and Pacific Department 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. Tax policy reform announced in December 2024. Positive engagement between ministry of finance and IMF.
RM II: A new Customs law will not be approved by parliament.	Low	Ensure fiscal risk CD is focused on priority revenue and spending areas, and engage regularly with Ministers and senior management to ensure government ownership of reforms
SM I: Risk of limited buy-in of some relevant part of government, even if there may be strong buy-in from main counterpart	Low	Reiterate the importance of including all relevant key government stakeholders in the project from the beginning.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
RM II: Management commitment to implement recommendations could reduce with a change of Tax Commissioner from January 2024	Low	The scoping of the focus on the large market helps to ensure sustained commitment. Positive engagement with the new Commissioner in October 2024.
RM II: Management and staff may be reluctant or unable to implement reform without training and support in planning, project management, and change management.	Medium	The proposed CD includes change management capability. Continues to be a risk.
SM I: Risk that staff turnover in the ministry of finance may affect institutionalization of analytical capacity	Low	Encourage authorities to adequately archive and disseminate CD material (technical reports, workshop materials, etc.) within and beyond the ministry.
Resource Adequacy		
RM II: The small size of the institutions leads to enhanced risk of institutional memory loss from staff departures and underdeveloped staff training.	Medium	One of the CD deliverables is to assist in delivering contemporary and past CD content into an in-house online training and delivery platform. Ongoing risk.
SM I: Risk of challenges in increasing expenditures to achieve high performance on key social and economic outcomes	Medium	Spending adequacy in some areas will have a greater chance of being achieved if spending efficiency and reallocation measures are undertaken in line with CD under this project.
Other Risks		
RM II: Multiple donors are providing technical assistance on fiscal risk topics. Gaps or overlaps or contradictory recommendations may arise.	Low	Take an active role via the Mongolian Technical Assistance Gathering (MTAG) operational coordination forum to engaging with other donors to ensure CD support is well coordinated. MTAG operating adequately.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Capacity building assistance has helped the authorities to mobilize revenues by (i) improving capacity of government staff to analyze and design extractives tax policy, as well as to forecast revenues from natural gas and mining projects; and (ii) by strengthening revenue administration, including on extractive industries (EI). A mission to Maputo in December 2025 aims to advance work on natural resource revenue modeling and ensure active engagement with the authorities to make sure capacity development (CD) needs are identified. The immediate security risks that halted natural gas production projects have dissipated, with companies moving forward to final investment decision on projects that have the potential to generate significant revenues for Mozambique.

CD delivery has helped staff from the extractive industries unit of the Mozambique Revenue Authority (ATM) gain skills and confidence. With the support of the program, the authorities developed a risk-based audit program covering complex issues like transfer pricing in the oil and gas industry, that is currently being implemented by the tax administration with the support of the United Kingdom's Foreign, Commonwealth & Development Office (FCDO). Following a request from the tax administration president of ATM, the project supported a review of the overall progress made in the tax administration business processes since its last visit in 2020. This activity engaged in discussions with the authorities on priority areas for future reforms and the potential design of a future CD project depending on funding availability.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: Lingering social and political unrest in 2024, and a significant reorganization of the Ministry of Finance slowed CD delivery on extractives tax policy. With stability returning to the country, a CD mission will be delivered in December 2025, focusing on a Fiscal Analysis of Resource Industries (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. Next Steps: An upcoming CD mission in December 2025 will discuss the country's needs for extractives tax policy CD. In particular, the outlook for the fiscal regime for mining activities will be discussed, including whether any value-added tax (VAT) issues remain and whether further assistance is needed to ensure the international tax framework is robust enough for EI activities. Based on the discussions during the mission, plans for further CD will be developed.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: A HQ scoping mission in May 2025 took stock of the progress of ongoing reforms and paved the way for a middle term engagement at the whole of organization level. On the extractive industry segment, a compliance improvement plan (CIP) has been developed with the support of this project. In FY26, the EI unit started implementing the CIP, by initiating a risk-based tax audit program, including transfer pricing-oriented audits of large oil and gas projects.

Next Steps: The project will continue to support the update of the CIP, liaising with other technical partners, notably FCDO supporting the implementation of the audit program.

III. LOGICAL FRAMEWORK

Country – Mozambique		
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	With social and political unrest subsiding, CD on extractives is expected will be restarted. FARI models have been developed both for mining and natural gas projects. Update 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 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 CD activities have reviewed the contractual framework for liquefied natural gas (LNG) projects, and its tax implications. Final investment decision has been reached for the most important LNG projects. An upcoming CD mission in December 2025 will discuss the outlook for the fiscal regime for mining activities, whether any VAT issues remain and whether further assistance is needed to ensure the international tax framework is robust enough for EI activities. Based on these discussions, plans for further CD will be developed.
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 EI 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.

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.
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 I: N/A	N/A	N/A
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

Nepal has taken important initial steps in tax policy reform and domestic revenue mobilization, through the publication of its inaugural comprehensive tax expenditures (TE) report. This report details the fiscal costs of TEs in aggregate as well as by major taxes and identifies key areas for future reform initiatives. The in-house capacity and expertise developed during this process will also be invaluable to tax policymaking in the long term.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy
Key Progress in FY26: The IMF-supported Extended Credit Facility (ECF) program has benefited directly from capacity development (CD), notably through formulation and successful completion of several revenue-based structural benchmarks (including the publication of TE report) and the timely review and discussion of tax policy matters (e.g. personal income tax reform, potential spillovers of goods and services tax reforms in India). The authorities have further enhanced their capacities in tax expenditure and tax policy, drawing on practical workshops and continuous knowledge sharing. Previous Progress: The authorities have successfully developed and published their first comprehensive TE report, for the years 2023 and 2024, following two CD missions/workshops on tax expenditures in direct and indirect taxes, respectively. Next Steps: Looking forward, the authorities have requested CD support in establishing a Tax Policy Unit (TPU), which will guide and inform tax policy matters in Nepal. The mission will take place in April 2026. Further CD will support reforms in value-added taxes (VAT) and international taxes, and other priority areas as requested by the authorities. CD delivery will leverage both capacity building and training modalities to maximize CD impact. A regional workshop on Tax Expenditure, designed to address specific regional considerations and facilitate knowledge exchange, is scheduled for early February 2026 at the IMF Capacity Development Office in Thailand. This initiative—funded under the Japan Administered Account for Selected IMF Activities, financed by the Government of Japan—took inspiration from the recent CD workshop held in Nepal, and will facilitate peer learning among participating countries, including Nepal.

III. LOGICAL FRAMEWORK

Country – Nepal		
Objective – Improve Tax Policy Design - TPD		Rating - 3
Outcome	Rating	Narrative
Increased/decreased revenue quantity	3 Largely Achieved	As part of the Domestic Revenue Mobilization Strategy, a comprehensive TE report, covering all major taxes in Nepal for 2023 and 2024, has been developed and published. TE and tax policy reforms are awaiting implementation by the

		authorities to maximize their impact, including through the establishment of a TPU within the Ministry of Finance.
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	3 Largely Achieved	A comprehensive TE report, covering all major taxes in Nepal for 2023 and 2024, has been developed and published. TE and tax policy reforms are awaiting implementation by the authorities to maximize their impact, including through the establishment of a TPU within the Ministry of Finance.
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	Two workshops on TE policy, including their reporting, evaluation, and governance, have been provided. A micro-simulation model to cost VAT has been developed and made available to the authorities, as well as a micro-simulation model to cost and evaluate personal income tax. Hands-on training sessions have been provided.
Improved transparency and outreach	3 Largely Achieved	Relevant training in strengthening tax policy monitoring, evaluation, and institutions have been provided.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
Risk that external events create a more challenging environment to implement reforms.	Low	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events.
Political Support		
The political cycle generates governance instabilities, restricting policy making and delivery.	Low	Secure policy continuity if political instability occurs. Ensure transparency, accountability, and inclusion in policy implementation. Engage regularly with ministers and senior management to ensure government ownership of reforms.
Management and Technical Staff Support and Commitment		
Low commitment of management and staff in finance ministry and revenue authority to adopt and implement tax expenditure policy framework.	Medium	Engage with senior management and technical staff proactively and explain their role in driving reforms. Ensure frequent engagement to maintain momentum and rekindle commitment where needed.

Description	Rating	Mitigation Measures
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 MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Nigeria has advanced major reforms over the past two years, strengthening macroeconomic stability and resilience. Growth reached 3.4 percent in 2024, driven by hydrocarbon output (+5.5 percent) and non-hydrocarbon sectors (+3.3 percent), notably financial and IT services. Despite steady growth, inflation remains high, and food insecurity and poverty have worsened.

Domestic revenue performance peaked in 2024, continuing a five-year upward trend. Federal Inland Revenue Service (FIRS) collections rose to 7.8 percent of GDP from 3.3 percent in 2020, with a 2.5 percentage point increase over 2023. This surge reflects fuel subsidy removal, exchange rate devaluation, and improved tax compliance through FIRS's digital transformation and enforcement.

This capacity development (CD) project under the Global Public Finance Partnership (GPFP) supported reforms in revenue administration across tax, customs, and extractive industries (EI). FIRS modernized core functions through a new IT system and administrative reforms. These improvements were validated by the outcomes of two international evaluations (Tax Administration Diagnostic Assessment Tool (TADAT) evaluations) and a value-added tax (VAT) gap analysis, which identified revenue gains in VAT efficiency based on the reduction of the compliance gap. CD in EI revenue administration continues to assist the authorities in building industry expertise and strengthening audit capabilities.

Nigeria's trade-facilitation reforms remain at a critical stage. No CD activities occurred during the period, but the authorities continued work guided by the April 2025 IMF mission, which supported the National Single Window (NSW) and highlighted key procedural reforms. The NSW is progressing, though legacy systems and limited process redesign continue to constrain implementation. Continued IMF support will be essential to advance the NSW pilot in 2026 and strengthen efficiency and oversight.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration

Key Progress in FY26: *Tax administration.* A follow-up HQ-mission reviewed progress since the 2024 FAD mission, addressed areas needing further advancement, and provided guidance on reforms linked to new government priorities resulting from four Tax Acts set to take effect on January 1, 2026. GPFP also supported compliance risk management (CRM), tax arrears management, and VAT gap analysis CDs. *Extractive Industries.* Ongoing capacity development initiatives have continued to strengthen 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.* With GPFP support for the 2023 TADAT assessment, a GPFP-supported HQ mission carried out a root cause analysis in 2024. This process identified and sequenced CD priorities through 2026, with an emphasis on areas such as VAT and the formation of a medium-term strategic plan (2025–2028). In addition, GPFP supported FIRS in developing CRM by piloting and

implementing a compliance improvement program (CIP) aimed at enhancing VAT compliance, which has since been adopted as a formal tool throughout the organization. GPFP supported CD on improving human resource management and peer-to-peer learning on excise tax management. GPFP also supports a Tax Resident Advisor. A subnational TADAT was delivered to Lagos state. *Extractive Industries*: CD activities have enhanced the FIRS' ability 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), digitalization, 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 Single Window pilot.

III. LOGICAL FRAMEWORK

Country – Nigeria		
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 FIRS approved the Medium-Term Strategic Plan in July 2025. However, still in July, a full package of four laws impacted the medium-term scenario of the tax administration. These laws include (i) the Nigeria Tax Act (NTA), which consolidates various tax rules into a single, unified code and eliminates several taxes, (ii) the Tax Administration Act (TAA), which sets common rules for how taxes are collected across federal, state, and local governments, (iii) the Nigeria Revenue Service Act (NRSA), which replaces the FIRS with a new agency - the NRS, and (iv) the Joint Revenue Board Act (JRBA), which enhances intergovernmental coordination and establishes both a Tax Ombud and a Tax Appeal Tribunal.
Corporate priorities are better managed through effective risk management	2 Partially 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 CIP is in progress.
Organizational arrangements enable more effective delivery of strategy and reforms	2 Partially Achieved	Nigeria has implemented reforms with targeted CD offered through the GPFP. This assistance has included guidance on improving organizational arrangements in functional areas and continues to be provided.
Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	Nigeria has implemented reforms with targeted CD offered through the GPFP. This assistance has included guidance on improving organizational arrangements in support functions and continues to be provided.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Progress is ongoing, following a CD mission on FY25 year on portfolio of projects' management supported the prioritization of new projects adopting IT tools and aligning those with the institutional strategy.
Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
A larger proportion of taxpayers meet their payment obligations as required by law	1 Not Achieved	Starting January 2026, there will be expanded legal powers to enforce debt recovery more effectively, enabling earlier, risk-based intervention. An October 2025 mission helped 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	Despite the expanded IT system to enhance taxpayer filing, progress has been slow. Though system notifications are being sent, there is no mechanism for reporting on the results.
Audit and other verification programs more effectively ensure accuracy of reporting	1 Not Achieved	Audit needs modernization to align with the recent 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	1 Not 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	1 Not Achieved	Authorities have improved taxpayer registration with a streamlined process, coordinated IT systems with another government agency, local office support, and ongoing data

		migration to reduce duplicate tax identification numbers 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 already taken over the management and control of origin under the African Continental Free Trade Agreement, as recommended by FAD missions. An FAD mission in November 2023 provided guidance on the re-engineering of import and export processes. Awaiting implementation. April 2025 FAD mission recommended incorporating new import and export processes into developing the NSW and aligning procedures, data flows, and system architecture with international best practices.
Foreign trade operators better comply with their reporting and payment obligations	2 Partially Achieved	An FAD mission in November 2023 provided guidance on the re-engineering of import and export processes. A new system (B'Odogwu) is currently being piloted to replace the current customs operations control system (NICIS-II). While it demonstrates progress in terms of automation, it preserves existing practices without introducing substantial process improvements. In response to a specific request from the Ministry of Finance, a FAD mission in April 2025 was executed to support the implementation of a comprehensive Single Window system. The project is ongoing and on schedule, with entry into production (pilot) expected in the first quarter of 2026.
Trade facilitation and service initiatives better support voluntary compliance	2 Partially Achieved	The lack of commitment from local authorities and internal disputes over the management of the one-stop shop delayed the start of the project. The project was launched in April 2024 by order of the President to the Minister of Finance. The project is underway and on schedule, with a pilot start scheduled for the first quarter of 2026. April 2025 FAD mission recommended incorporating new import and export processes into the developing NSW and aligning procedures, data flows, and system architecture with international best practices.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
External shocks (social, political, economic, etc.) impact government revenue and expenditures.	Very High	Work with the IMF country teams and other IMF departments to analyze emerging fiscal risks and propose potential fiscal policies to minimize fiscal risks.

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

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I. COUNTRY REFORM PROGRESS

Capacity development (CD) in Pakistan, funded by the Global Public Finance Partnership (GPFP), addresses both revenue and spending across four workstreams: tax policy, revenue administration, public financial management (PFM) and climate expenditure policy. PFM work is ongoing, whereas work in the other three streams is at early stages.

For tax policy, the authorities have established a tax policy office (TPO), which will be responsible for all tax policy functions, including developing and publishing a medium-term tax reform strategy to reduce reliance on ad-hoc revenue measures. The authorities committed under the IMF's Extended Fund Facility (EFF) program to fully implement key priority areas of the Federal Board of Revenue's (FBR) transformation plan, and CD will assist in identifying priorities and associated resource needs as well as developing key performance indicators. Authorities also established a goods and services tax (GST) portal, enabling businesses to calculate different GST obligations in different provinces automatically. All services are now subject to provincial GST with limited exceptions on the "negative list", which has now been fully implemented. However, "negative lists" are not harmonized across provinces.

A revenue administration HQ mission to the FBR is planned for November 2025; recruitment of the long-term resident advisor (LTX) is progressing well. A lack of strategic planning, centralized oversight and frequent turnover of senior executives increase the risk of timely implementation of the transformation plan. Agricultural Income Tax (AIT) implementation challenges have ranged from an inability to apply new rates in the middle of the fiscal year to flood related disruptions: IMF CD has provided continuous support via monthly check-in meetings and in particular in providing advice on compliance improvement.

On PFM and climate expenditure policy, CD has focused on fiscal data governance (FDG). An HQ mission supported the authorities in developing an overarching fiscal data governance program, that includes aspects of data governance protocols and arrangements, systems integration architecture, and legal and regulatory framework. CD will also support the authorities in strengthening climate resilience by developing a framework for implementing and coordinating disaster risk financing (DRF) across the federal and provincial authorities. The authorities had committed to this reform under the IMF's Resilience and Sustainability Facility (RSF) program; an HQ mission is planned for February 2026.

Donor coordination with main partners includes updates on all four workstreams. Partners include representatives of the World Bank, Asian Development Bank (ADB), European Union, and the United Kingdom Foreign Commonwealth & Development Office (FCDO).

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: Coordination with the World Bank and ADB to provide upcoming CD to the TPO. Reviewed draft tax laws and proposals for the tax regime applicable to Special Economic Zones.

Previous Progress: The first mission is scheduled for November 2025. A General Director of the TPO has been appointed (October 2025).

Next Steps: Operationalize TPO and assist in developing a multiyear strategy and roadmap for implementing tax simplification and revenue mobilization reforms covering personal income tax, sales tax, and small business taxation.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Periodical contact with World Bank, ADB, FCDO on alignment of CD activities. LTX recruitment is progressing well. HQ mission in November/December 2025 will assess the implementation of FBR's transformation plan and governance arrangements, specifically including registration, compliance risk management and HR reforms. Progress and achievements will be shared in the next progress report.

Previous Progress: No activity in FY25 under GPFP.

Next Steps: An LTX is anticipated to be hired by March 2026, continuous support on implementing the transformation plan and implementing AIT.

SM I: Spending Module I – Climate Policy

Key Progress in FY26: Discussions held with relevant government stakeholders (including the Ministry of Finance, Ministry of Planning, and provincial authorities) and development partners (such as the ADB and the World Bank) to identify CD needs, particularly in the area of DRF. As a result, the authorities have made a CD request to support the development of a framework to implement and coordinate DRF across the federal and provincial authorities.

Previous Progress: No activity in FY25 under the GPFP. The above CD request was made in the context of assisting the authorities in implementing Reform Measure 6 under the Pakistan's RSF program.

Next Steps: HQ CD mission in February/March 2026.

SM II: Spending Module II – Managing Public Finances

Key Progress in FY26: CD for FDG responded to the authorities' request to strengthen data-driven budget decision-making. This CD focused on progress in the implementation of the Government Integrated Financial Management Information System, as well as the underlying legal, institutional, and policy frameworks, internal controls, and the information technologies that support fiscal data management. It also supported the development and strengthening of data-sharing protocols and institutional arrangements. The mission applied the FDG framework being developed by the IMF's Fiscal Affairs Department (FAD) to assess existing practices and propose recommendations for developing an overarching FDG program, covering data-governance protocols, systems-integration architecture, and legal and regulatory frameworks.

Previous Progress: No activity in FY25 under the GPFP.

Next Steps: An HQ mission planned in February 2026 will focus on public investment management (PIM) issues covered under the RSF program, while a subsequent mission on intergovernmental fiscal relations will build on the findings of the initial PIM mission. The authorities have not yet confirmed the mission dates. The planned CD on intergovernmental relations will support the authorities in rebalancing the federal government and provinces' capital expenditures, and in broader PIM decision-making.

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 was discussed with the authorities in November 2025.
Improved distributional fairness across taxpayers due to amended tax rates or base	1 Not Achieved	Personal income tax reform was discussed with the authorities in November 2025.
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.
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	Good progress on registering AIT taxpayers; results not known yet. Expanding the taxbase will be part of discussions on reform implementation during the HQ visit in November 2025.
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	Compliance risk management (CRM) system meets international good practice. However, more needs to be done to have this CRM implemented throughout all tax offices.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	1 Not Achieved	IMF's Middle East and Central Asia Department (MCD) will propose a new structural benchmark to have an approved implementation plan ready by end 2025.
Organizational arrangements enable more effective delivery of strategy and reforms	1 Not Achieved	The role of HQ will be discussed further during upcoming HQ visit in November 2025.
Support functions enable more effective delivery of strategy and reforms	1 Not Achieved	An HR strategy will be developed with IMF support.
SM I: Objective – Climate		Rating - 1
Outcome	Rating	Narrative
Enhanced capacity to develop and implement fiscal strategy to address disaster risks across the government	1 Not Achieved	Activity to be conducted in February/March 2026. Outcome to be assessed after the planned HQ mission.

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	This outcome will be assessed during the next HQ mission.
SM II: Objective – Build Sustainable Fiscal Institutions - SFI		Rating - 2
Outcome	Rating	Narrative
Strengthened institutional and legal frameworks	1 Not Achieved	Planned CD under the GPFP project will support the authorities in PIM aspect of intergovernmental relations.
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	2 Partially Achieved	Climate-Public Investment Management Assessment (C-PIMA) Action plan was adopted by the authorities. Potential RSF agreement and related reform measures will potentially help with the implementation of high priority C-PIMA recommendations with the help of the planned FAD CD.
Strengthened capacity to plan, implement and sustain digitalization	1 Not Achieved	The November FAD mission will evaluate the current fiscal data governance system and practices to identify areas for improvement, aiming to strengthen the framework and support data-driven budget decision-making.

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.	Low	Monitor situation and act according to IMF policies. Shift to remote CD delivery if needed.
SM II: Challenging fiscal situation makes it difficult to implement reforms	Medium	Work closely with MCD when designing program conditionality
SM I: 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
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 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.	High	Monitor and work with MCD Country Team and IMF Resident Representative.
SM II: Lack of political support to agree on expenditure assignment of provinces	High	Work closely with MCD when designing program conditionality
SM I: Risk of lack of commitment to implement reforms and recommendations	Medium	Build strong relationship with the key counterparts and the ministry/agency leadership
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.
SM II: Some rotation in senior staff in recent years, but situation has improved	Medium	Mission team will be mindful when proposing advice, which should be aimed at strengthening institutional capacity
Resource Adequacy		
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.

Description	Rating	Mitigation Measures
SM II: Technical staff are working simultaneously on several important changes, with several donors	Medium	Mission team will be mindful to propose actions that are feasible, and will coordinate closely with other donors.
SM I: Risk of inadequate means/resources to implement reforms	Medium	Estimate resources required and support the authorities in understanding how to meet those requirements
Other Risks		
RM I, SM II: N/A	N/A	N/A
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.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Revenue and spending reform streams have made some progress in the first part of FY26, building on diagnostic and capacity-building work delivered in FY25. On the revenue side, resources from the Global Public Finance Partnership (GPFP) financed a repeat IMF-led Tax Administration and Diagnostics Assessment Tool (TADAT) evaluation, which has significantly deepened the authorities' understanding of current tax administration performance, core operational processes, and governance arrangements. This diagnostic awareness expands upon earlier pre-TADAT training that familiarized officials with the TADAT tool, data requirements, and good international practice. A field-based post-TADAT planning mission scheduled for November 18–December 1, 2025, will take the diagnostic findings from the GPFP-financed TADAT and work with the Internal Revenue Commission to turn the findings into a reform plan and supporting strategic management framework (IMF-financed). Assuming continued GPFP financing, the execution of strategic capacity development (CD) initiatives arising from the post-TADAT reform plan is projected to commence in FY27.

On the spending side, FY26 progress focused on cash management and budget execution. CD delivered in May 2025 (GPFP-funded) supported preparation of a Treasury Single Account (TSA) implementation plan to rationalize bank accounts and improve cash-flow management—an end-December 2025 structural benchmark under the Fund's program. Although the May 2025 report and expected TSA implementation plan do not directly address arrears reduction—an objective of the GPFP project—an effective TSA will certainly help curb the creation of new arrears. Earlier, in July 2024, the authorities received a climate-sensitive public investment management (PIM) diagnostic (CPIMA), financed by the Japan Administered Account for Selected IMF Activities (JSA), which informed four reforms linked to the IMF's Resilience and Sustainability Facility (RSF). Delivery of Reform Measure 4 (RM4) on disaster risk screening was supported by GPFP CD in February 2025 and is already being applied in the 2026 budget preparation process. Next steps include CD in late FY26 to formalize climate-sensitive PIM regulations (GPFP-funded), delivery of a full PIMA in February 2026 to provide a comprehensive roadmap for capital spending reforms (JSA-financed), and a follow-up input on TSA and cash management in FY27 once the authorities finalize their TSA implementation plan (GPFP-funded).

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Authorities' understanding of the current state of the government's tax administration, core revenue administration operations and governance arrangements has been strengthened using the TADAT methodology and completion of a repeat TADAT assessment.

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

Next Steps: The authorities' capacity to deliver medium-term tax administration reform will be increased through the adoption and institutionalization of a clear reform plan based on the results of the TADAT and

supported by a strategic management framework for its implementation. This will be achieved through a field-based post TADAT tax administration reform and capacity development planning exercise scheduled for November 18-December 1, 2025. This is being funded with IMF funds. Follow-on work, when ascertained, may be funded by GPFP.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: *Cash management and budget execution.* CD was delivered in May 2025 through GPFP to support the development of a TSA implementation plan. While the CD report from May 2025 and the expected TSA implementation plan due by end-December do not specifically deal with arrears management, the operation of an effective TSA will go some way toward reducing the generation of arrears.

Previous Progress: *Public investment:* The authorities received an extensive diagnostic of the climate sensitivity of their PIM systems through delivery of a CPIMA (July 2024). This was originally planned to be part of the GPFP program but was ultimately financed through a different source (JSA). The results of this CD have now been formally adopted by the authorities, and they report that the new system has been rolled out in the Budget 2026 preparation process.

Next Steps: *Public investment.* Additional CD to support the preparation of regulations for the entire PIM process in a climate-sensitive manner (RM5) is planned for later in FY26, again funded by the GPFP. In addition, and through other funding means, a PIMA will be delivered in February 2026. This will result in a comprehensive review of current capital investment processes and a series of recommendations for improving PIM overall. *Cash management and budget execution:* An additional GPFP-funded input on cash management and the TSA is planned for FY27. This will be scheduled once the authorities produce their TSA implementation plan, in line with the end-December 2025 lending program structural benchmark. This will help identify areas that need additional support through this input.

III. LOGICAL FRAMEWORK

Country – Papua New Guinea		
RM II: Objective – Strengthened revenue administration management and governance arrangements – RAM		Rating - 3
Outcome	Rating	Narrative
Organizational arrangements enable more effective delivery of strategy and reforms	4 Fully Achieved	A new organizational structure has been approved and is being implemented. Staff have been allocated to new functional roles.
Capacity to reform increased due to clear reform strategy and strategic management framework adopted and institutionalized	4 Fully Achieved	Governance mechanisms are in place, in principle. Meetings are sporadic and inconsistently attended. The secretariat lacks the authority to hold implementation agencies to account for delivering medium-term revenue strategy outcomes and milestones.
Support functions enable more effective delivery of strategy and reforms	3 Largely Achieved	Good progress with the organization's reform program, but procurement of a new IT system for the Internal Revenue Commission (IRC) represents a serious threat.

Corporate priorities are better managed through effective risk management	2 Partially Achieved	The strategy was developed with short-term expert (STX) support but implementation progress has been slow. The final STX visit was cancelled by the IRC as it was considered unnecessary.
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	1 Not Achieved	After serial delays, the commitment of the IRC to implementing the Tax Administration Act (TAA) is a serious risk.
More independent, accessible, effective and timely dispute resolution mechanisms adopted	3 Largely Achieved	Strategy to address backlog in place, but overall progress linked to the implementation of the TAA.
Authorities have a baseline understanding of the current state of the government's revenue administration, management, and governance arrangements and core revenue administration operations	4 Fully Achieved	A pre-assessment training on the TADAT methodology and formal TADAT assessment have been completed. Findings from the TADAT assessment enhanced the authorities' understanding of the strengths and weaknesses of the IRC. Findings from the TADAT assessment will be used to develop a tax administration reform and CD plan in a post-TADAT workshop to be held on dates to be agreed with authorities.
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	TADAT findings show low confidence in the integrity of the taxpayer base, and ledger data is unreliable. Post-TADAT planning activity will suggest improvements in taxpayer register management
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	A Taxpayer Services Strategy was approved after being rejected twice, but implementation is slow. Account managers have been appointed in the Large Taxpayer Office.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	Return collection strategy developed but not implemented. Post-TADAT planning activity will suggest improvements in on-time filing and payment and returns management.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Strategy developed but not implemented. Debt continues to escalate. Post-TADAT planning activity will suggest improvements in arrears and debt management
SM II: Objective – Build Sustainable Fiscal Institutions – SFI		Rating - 3
Outcome	Rating	Narrative
Strengthened capacity to plan, implement and sustain priority	4 Fully Achieved	A CPIMA has been delivered, although via a different funding route (JSA)

area reforms including climate, gender, and SDGs		
Strengthened capacity to plan, implement and sustain infrastructure governance	2 Partially Achieved	A CPIMA has been delivered (through another funding route). This has resulted in some agreed actions for PIM reform, which will improve capital expenditure processes more generally. A full PIMA will result in a more comprehensive infrastructure/PIM improvement plan—this is scheduled for Q4:FY26. Specific CPIMA reforms have been agreed to by government for delivery in FY26, and three of these feature in the RSF lending program. FAD CD has supported delivery of RM4 regarding disaster-risk screening for major infrastructure projects, with the authorities being supported to develop a basic screening system that is now being rolled out and embedded in budget preparation processes. Additional CD to support another RSF RM (the development of a full set of climate-sensitive public investment management regulations) is forthcoming in FY26, immediately after the PIMA. Given that some progress has been made, but there is not yet a full infrastructure/PIMA improvement plan in place, the outcome is rated as 'Partially achieved'.
SM II: Objective – Strengthen Budget Management - SBM		Rating - 2
Outcome	Rating	Narrative
Strengthened budget execution and control processes	2 Partially Achieved	A CD input to develop a sequenced TSA implementation plan was delivered in May 2025 through GPFP funding. The authorities have accepted the final report, which set out a draft implementation plan. This is now being finalized by government to fulfill the end-December 2025 lending program structural benchmark. Since this is in process, but not yet fully achieved, it is considered 'Partially achieved'.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II: Risk that external events could create a challenging environment to implement recommendations arising from the TADAT findings.	Medium	Ensure adequate stakeholder engagement and communication and allow for flexibility to adjust responses in the case of adverse reactions.

Description	Rating	Mitigation Measures
SM II: N/A	N/A	N/A
Political Support		
RM II: Lack of political support for the strategic reforms necessitated by TADAT findings.	Medium	IMF's Asia and Pacific Department (APD) colleagues could be leveraged to enhance traction within IRC and at higher political levels.
SM II: There is a risk that authorities are not prepared to make tough decisions to implement reforms in the area of PIM and budget execution.	High	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 and 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	Medium	Conduct a TADAT follow-up activity to identify and justify necessary reforms. Engage proactively with senior management and technical staff and explain the value in strengthening IRC's capacity to deliver MTRS-II.
SM II: The capacity of technical staff in PNG is relatively low. There are coordination challenges between separate ministries of finance and treasury. This could make reform more difficult as staff struggle to deliver their new processes and to coordinate across institutions.	High	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.
Resource Adequacy		
RM II: Inadequate leadership and technical capacity, organizational structures, and human resources to effectively implement reforms	Medium	Ensure CD plans prepared in response to the TADAT assessment include sufficient capacity building and training elements. Prioritize CD to priority or highest risk areas where resources are limited.
SM II: CD inputs for the two topics (PIM, budget execution) are inevitably limited. The plan is for two follow-up implementation 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 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 IMF's Pacific Financial Technical Assistance Center (PFTAC) resource allocation decisions, using examples of 'quick wins' and successes delivered. Liaise with other providers of TA to

Description	Rating	Mitigation Measures
		encourage the deployment of their resources to help achieve government's goals in these reform areas.
Other Risks		
RM II: Multiple development partners involved in the IRC's reform program may lead to possible CD duplication.	Medium	Take an active role in engaging with other donors to ensure CD preparatory activities and delivery are well coordinated. Where possible, involve other development partners in CD opening and closing meetings.
SM II: N/A	N/A	N/A

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Paraguayan authorities reformed two of their main special tax regimes in September. The main changes include the reduction in the generosity of exemption on dividends, setting sunset clauses and clarifying legal aspects in the Maquila regime. Additionally, the National Tax Revenue Directorate (DNIT) has updated its tax expenditure inventory. Capacity development (CD) assistance delivered in September contributed to improving the monitoring framework and the continued reform initiatives of the special tax regimes.

Authorities have continued building on previous technical assistance on public investment management and climate fiscal risks. They notably adopted a monitoring and evaluation manual for the appraisal of public investment projects in 2025.

The authorities enacted legislation for civil service reform, the Law on Public Function and Civil Service Careers, which came into effect on July 16, 2025. The reform aims to modernize public administration, promote efficiency, and establish a merit-based system. Forthcoming CD will support Civil Service Reform by benchmarking wages across agencies and developing a baseline of civil service wage bill spending.

The main reforms in revenue administration include making e-invoicing mandatory for large and medium taxpayers, developing KPIs and a compliance risk management (CRM) framework, implementing pilot compliance improvement plans (CIP) to address tax and customs risks, and applying risk-based border clearance to boost trade facilitation.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: Paraguay reformed two of their main special tax regimes in 2025 (Maquila and investment attraction regime). Authorities also received CD from the IMF's Fiscal Affairs Department (FAD) to analyze four of the unreformed remaining special tax regimes, evaluating their effectiveness at achieving intended objectives. The mission's recommendations support the country's ongoing reform agenda and provided critical inputs for the drafting of the regulation to improve the continuous monitoring of the two reformed regimes.

Previous Progress: Authorities have been working on updating their tax expenditure report. However, there has been limited traction in reform efforts.

Next Steps: Authorities are committed to maintaining low tax rates. Therefore, we 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 e-invoicing project is on track. It is mandatory for most large and medium-sized taxpayers, and over 80 percent of Paraguay's value added taxes (VAT) is currently declared through e-invoices.

Previous Progress: The new organizational structure for the DNIT has helped identify processes and business owners, and some KPIs have been developed. However, delays in the merger process are hindering progress on key decisions needed to establish a solid governance model. The DNIT has made solid progress in developing its CRM framework, which remains in the early stages. The Risk Committee is in place, and two pilot CIPs have been developed and approved to address tax and customs risks. Nevertheless, the lack of clear functional delineation within operational units may hinder the identification of those responsible for specific compliance gaps. By applying FAD's risk analysis methodology to facilitate the clearance of legitimate trade at borders, the share of total trade exempt from physical examination increased from 36 percent in 2022 to 60 percent in 2025.

Next Steps: *Customs.* Upcoming missions will focus on providing guidance for designing a new customs clearance model that incorporates new technologies and aligns with the ongoing CIP. *Tax.* The next CD activities will focus on: (i) consolidating the implementation of e-invoicing; (ii) developing KPIs for processes and business owners; and (iii) enhancing the CRM framework by developing CIPs for key taxes.

SM I: Spending Module I – Spending Policy

Key Progress in FY26: The main activity is the December 2025 CD on benchmarking public sector wages and salaries. This activity is an important technical input into the civil service reform as it brings a fiscal lens to reform planning and will highlight current spending pressures and potential inefficiencies. There were initially planned to be two smaller activities (with a pension modelling workshop) but given the high priority of the wage bill mission, the funding for the two activities was combined into one.

Previous Progress: CD was provided to the authorities in late 2024 on the efficiency and sustainability of pension and health spending in the *Instituto de Previsión Social* (IPS). The recommendations of the report are currently under consideration by the authorities.

Next Steps: Actions for the December 2025 benchmarking public sector wages and salaries mission are being completed, and comments will be sought from the authorities before the report is finalized. This will inform civil service reform and improve efficiency in the public sector wage bill over time.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: Authorities have continued building on previous technical assistance on public investment management and climate fiscal risks. They notably adopted a monitoring and evaluation manual for the appraisal of public investment projects in 2025.

Previous Progress: In May 2024, the mission on fiscal risks equipped authorities with essential tools to evaluate the short-term impacts of climate events. To maximize the utility of this tool, it is vital for the authorities to source updated data. Additionally, with the support of the Global Public Finance Partnership (GPFP), the country successfully revised the law governing public-private partnerships (PPP). Furthermore, legal norms have been revised to incorporate a climate change perspective in the appraisal of public investment projects.

Next Steps: While no specific CD was discussed, the project will concentrate on enhancing public investment. The revised PPP Law necessitates complementary modifications to its implementation decree, but authorities have not yet set a timeline for this.

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 newly 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 support from the Inter-American Development Bank. 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. 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	2 Partially Achieved	The new organizational structure for the DNIT has helped identify the processes and business owners and some KPIs have been developed; however, delays in the merger process are hindering progress on key decisions necessary for establishing a solid governance model.
Corporate priorities are better managed through effective risk management	3 Largely Achieved	The DNIT has made solid progress in developing its CRM framework, which remains in the early stages. The Risk Committee is in place, and two pilot CIPs have been implemented to address tax and customs risks. However, the lack of clear functional delineation within operational units may hinder the identification of those responsible for specific compliance gaps.
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	There has been great progress: the e-invoicing system is mandatory for the majority of large and medium taxpayers, 80 percent of Paraguay's VAT is currently declared by taxpayers using e-invoice, and starting in January 2026, it will also be mandatory for all government suppliers.
RM II: Objective – Improved customs administration functions (SDG 17.1) - CAD		Rating - 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, much remains to be done. Future challenges include implementing the developed analytical tools, strengthening feedback within the risk system, ensuring officials have the necessary technical skills, maintaining rigorous oversight, and creating a dashboard of indicators for performance measurement and decision-making.
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	3 Largely Achieved	Progress has been made in laying the foundations to establish a post-clearance audit (PCA) department aligned with best practices that helps improve compliance. An analytical tool has been developed in collaboration with officials to identify the highest-risk sectors and related importers. In addition, a roadmap has been refined to strengthen PCA procedures. While PCA officials are eager to move forward, they require greater support and involvement from senior management.

SM I: Objective –Strengthen Expenditure Policy Formulation and Design – EPD		Rating - 2
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 end-2024. Engagement on next steps in support pension spending and modelling will be undertaken in 2025-26.
Public expenditure is fiscally sustainable and efficient	2 Partially Achieved	Final report on IPS pension and health spending was at the end of calendar year 2024. Forthcoming mission on wage bill management will support civil service reform that will enable improved spending on public sector wages and salaries.
SM II: Objective – Build Sustainable Fiscal Institutions - SFI		Rating - 2
Outcome	Rating	Narrative
Strengthened institutional and legal frameworks	3 Largely Achieved	The revised 2025 PPP Law strengthens the legal framework of public investment. Legal norms have been revised to incorporate a climate change perspective in the appraisal 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	Authorities adopted a monitoring and evaluation manual for the appraisal of public investment projects in 2025. A stronger project appraisal process will be expected to contribute to better and more efficient resource allocation through the budget, improving its effectiveness.
SM II: Objective – Strengthen Macroeconomic Frameworks – SMF		Rating - 2
Outcome	Rating	Narrative
Strengthened identification, monitoring, and management of fiscal risks	2 Partially Achieved	In May 2024, the mission on fiscal risks equipped authorities with essential tools to evaluate the short-term impacts of climate events. To maximize the utility of this tool, it is vital for the authorities to source updated data.

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 ministry of finance are underpinned by comprehensive strategic plans, and the project results from the respective governments' strategic decision to reduce non-compliance and modernize its risk management capabilities.
SM I: N/A	N/A	N/A
Political Support		
RM II: Discuss issue or risk that may limit reform progress / achievement of objective	High, Medium, Low	Describe mitigation measures to put in place if issue or risk materializes
SM I: Pensions and wage bill can be contentious	Very High	Discussed communication plans with authorities.
RM I, SM II: N/A	N/A	N/A
Management and Technical Staff Support and Commitment		
RM I: Staff is not engaged or knowledgeable in tax expenditure quantification and assessments	Low	Previous CD engagements have built foundational blocks
RM II: Continuous rotation of managers and staff undermine the absorptive capacity and provoke permanent discontinuity.	Medium	Encourage authorities to implement administrative reforms that contribute to a more stable staff. Continual/regular high-level engagement and monitoring.
SM I: Pension modelling requires high level capacity and support	Medium	Review technical capacity and support, as needed.
SM II: N/A	N/A	N/A
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	Very High	CD activities should include training sessions
RM II, SM I: N/A	N/A	N/A
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 Inter-American Development Bank and, more recently, with the World Bank as part of the Joint Domestic Resource Mobilization initiative.

Description	Rating	Mitigation Measures
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.	Medium	FY25 and FY26 workplans were designed to help the authorities better implement the merger and maintain focus on core process management.
RM I, SM I, SM II: N/A	N/A	N/A

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I. COUNTRY REFORM PROGRESS

The Philippines continues strengthening revenue mobilization, with strong assistance from the IMF's Fiscal Affairs Department (FAD) funded by the Global Public Finance Partnership (GPFP). The recently revised medium term fiscal framework envisages increasing the country's tax-to-GDP ratio by 2.2 percentage points, reaching 16.3 percent of GDP in 2028. Revenue improvements will reflect a strengthened tax system design, including through the modernization of the value added tax (VAT), but also through critical tax administration reforms.

Following an engagement with FAD in 2024, the Department of Finance (DOF) decided to revamp and modernize the Philippine VAT. Key components of the reform include improving input tax recovery and refunds to remove distortions in production efficiency. For the medium term, the authorities are committed to adopting a progressive VAT, which implies base broadening through the removal of exemptions and other types of relief. Given that the progressive VAT requires a real-time electronic invoicing system, the timeline for its implementation is dependent on the speed of introduction of that system. At present, the Bureau of Internal Revenue (BIR) is in the early stages of piloting this technology and estimates that it will be implemented in approximately five years.

The 2024 Tax Administration Diagnostic Assessment Tool (TADAT) assessment provided a baseline for prioritizing reforms and, potentially, developing an updated multi-year capacity development (CD) support program (under the GPFP Project). Between 2011 and 2016, a partnership with the Millennium Challenge Corporation introduced compliance risk management (CRM) concepts within the BIR with technical assistance from the IMF. However, the CRM reforms were not pursued after 2017 leading to a low score in TADAT 2024. The BIR signaled initial CRM reform follow-up by establishing a Compliance Improvement Strategy Committee and endorsing CRM re-implementation. They have also expressed interest in further CD for following up on the recommendations of the recent mission on CRM and data analytics. DOF have also requested CD for VAT and CIT compliance gap estimation and analysis, which could also feed into the CRM process.

In providing CD support, the IMF's Fiscal Affairs Department (FAD) has coordinated closely with the IMF's Asia and Pacific Department (APD) and development partners, including Asian Development Bank (ADB) and the World Bank. The risks to the project remain largely unchanged.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: The project benefits from close engagement with the authorities. Pre-GPFP advice, endorsed by the APD country team, has gained traction with the authorities now committed to modernizing their VAT law. Work on the evaluation and streamlining of tax incentives is also progressing, with virtual coordination meetings defining the scope of the upcoming evaluation and clarifying data needs.

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; a medium-term revenue strategy (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: In FY26, CD will focus on VAT modernization (recasting the VAT law) and evaluation of select investment tax incentives.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: A post-TADAT follow-up mission and assistance on CRM and data analytics was completed in September 2025. 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, and a firm request for further CD to implement this has been received. The DOF also requested CD support on tax gap, which complements CRM efforts. This has arisen from a coordinated engagement between tax policy and revenue administration with DOF.

Previous Progress: The TADAT assessment completed in June 2024 serves as a critical tool for evaluating and improving the tax administration system in the Philippines. 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 the 2025 IMF/World Bank Spring Meetings, the DOF requested a TADAT exercise in 2027-28 to evaluate the reforms. A request for compliance gap measurement was also made.

Next Steps: BIR can be provided with CD support to assist in CRM strategy formulation, and data analytics enhancement. Tax-gap analysis CD for DOF to feed into BIR's CRM project 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 currently considering various approaches to revenue mobilization, hoping to improve the design and implementation of their Comprehensive Tax Reform Plan. Several tax reforms are being considered, including streamlining tax expenditures, modernization and base broadening of the VAT, and improving excise taxes and wealth taxation. 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 distortions or addressing externalities or market failures	2 Partially Achieved	Following FAD's advice, the authorities are now committed to recasting the VAT law to reduce distortions and improve compliance. Work on drafting new VAT Act has 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	3 Largely 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 tax expenditures in corporate income tax, personal income tax, and VAT.
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	2 Partially Achieved	Following FAD's 2023 mission on revenue forecasting, authorities have a better understanding of revenue forecasting techniques and various models employed in tax policy analysis. Tax expenditure costing models were developed as part of the February 2025 tax expenditure assessment CD; the authorities have access to microsimulation and RA-GAP VAT models.
RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) – RAM		Rating - 3
Outcome	Rating	Narrative
Authorities have a baseline understanding of the current state of the government's revenue administration, management, and governance arrangements and core revenue administration operations	3 Largely Achieved	A repeat TADAT assessment of the Philippines tax administration system was carried out in May-June 2024 by the IMF-led team which had members from the World Bank and ADB. 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.

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	Very High	Ensure sufficient flexibility in program execution across countries and allow for ability to adjust activities in the case of adverse events.

Description	Rating	Mitigation Measures
against alleged corruption are planned by activists.		
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	Early on engagement; 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: DOF push for the post-TADAT reforms may not be reflected in the commitment of BIR senior management. BIR delaying and not committing to dates for post-TADAT reforms did not bode well. Getting BIR Management Committee endorsement for the CRM roadmap is vital.	High	Enhance virtual and in-person discussions with BIR management and staff to assuage concerns and address questions. Coordinate with DOF.
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

Since its inception, significant progress has been made to achieve the project's triple objectives:

- **Advancing analytical capabilities in sophisticated and customized tax gap estimation methodologies, while fostering knowledge exchange among member countries.** (i) Supported by Global Public Finance Partnership (GPFP) funding, the flagship VAT Top-Down Gap Estimation Model (VGEM) has transitioned from an Excel-based model to a Python-based platform. This enhancement strengthens VGEM's robustness and efficiency when handling large datasets and expands its accessibility by introducing a new module within the RA-GAP VGAPx online course. (ii) Beyond the conventional top-down gap estimation approach, significant improvements have been made to the bottom-up methodology. The econometric Heckman two-step bottom-up approach, tested in Armenia, Sweden, Poland, and Moldova, is currently being documented in a technical note under further refinement. Additionally, a machine learning-based bottom-up technique has been developed and evaluated in Moldova, with plans for publication in a technical note and future availability of the machine learning toolkit for download. The pilots in more advanced economies enable the development of techniques for dissemination to emerging market economies (EMEs) and low-income developing countries (LIDCs).
- **Promoting robust interaction with the different stakeholders participating in tax gap estimation.** With support from GPFP funding, the RA-GAP team collaborated with the Addis Ababa Tax Initiative (ATI) to coordinate efforts between Kenya, Namibia, Rwanda, and Uganda for a joint project assessing VAT compliance gaps through a collaborative approach. This initiative is expected to result in the publication of a technical note on revenue mobilization in ATI member countries. In addition, the RA-GAP team participated in a panel discussion during the UNDP Dialogue on Public Finance & SDGs.
- **Supporting IMF member countries in implementing established methods for tax gap estimation.** Under country-specific GPFP projects, the RA-GAP team delivered direct CD support to Nigeria, Botswana, Kenya, Dominican Republic, Moldova, and other individual countries. Besides, a multi-country activity involving Zimbabwe, Namibia, and Uganda will begin in December 2026 under an innovative UN-to-UN agreement between the IMF and UNU-WIDER. This modality will reduce CD costs and aid through a country-centric approach, enhancing collaboration among development partners. In Kenya, the Assisted-Self Assessment VGEM approach was pioneered whereby capacity building is prioritized with the country authorities carrying out major parts of the estimation with guidance from IMF RA-GAP experts.

II. PROJECT DELIVERY HIGHLIGHTS

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

Key Progress in FY26: (i) The draft of the Heckman bottom-up tax gap technical note has undergone review and is pending further refinement. (ii) The machine learning bottom-up tax gap technical note has also been reviewed and is currently being refined. (iii) The transition to the Python RA-GAP model is nearing completion.

Previous Progress: The project includes three analytical activities. (i) The development of the Heckman bottom-up tax gap estimation has been piloted in several countries, leading to the creation of a technical note that is currently awaiting results from two countries before being refined based on peer review

feedback. (ii) Machine-learning technical note and toolkit for tax gap estimation have been developed and tested in selected countries and are now under refinement. (iii) The RA-GAP Model Python transition is underway, with most of the coding already completed.

Next Steps: (i) Heckman bottom-up tax gap report finalization awaits final results from two country pilots. (ii) machine-learning technical note will be refined based on reviewers' feedback. (iii) Python RA-GAP model will be tested in country cases, and the online course will be updated.

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

Key Progress in FY26: (i) ATI-IMF project has significantly contributed to the key strategic priority KP1, offering a well-coordinated, country-centered capacity development response in a timely fashion. The results of this jointed project have been presented through a technical note at the ATI General Assembly in July 2025. (ii) RA-GAP team members presented online on shadow economy during an ATI event in September 2025.

Previous Progress: (i) The project supported CD and knowledge sharing by using the IMF's RA-GAP tool to assess VAT compliance in Kenya, Namibia, Rwanda, and Uganda. (ii) The RA-GAP team participated in the UNDP Dialogue on Public Finance & SDGs, strengthening stakeholder relations especially with UNU-WIDER to provide targeted tax gap estimation support for IMF country members.

Next Steps: (i) New joint technical assistance was initiated with UNU-WIDER for delivering tax gap assessments. (ii) Publication of the ATI tax gap report is planned.

III. LOGICAL FRAMEWORK

Project – Revenue Administration Gap Analysis Program		
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	Through multi-country events, authorities can more effectively integrate tax gap analysis with compliance risk management.
Audit and other verification programs more effectively ensure accuracy of reporting	3 Largely Achieved	Through multi-country activities, authorities can more accurately estimate the tax gap and understand revenue leakage by effectively utilizing audit and other administrative data. For the ATI tax gap exercise, Kenya, Uganda, Rwanda, Ecuador, Namibia and Madagascar have updated or initiated VAT gap estimations using the RA-GAP methodology. These estimates are nearing completion.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
External events create a more challenging environment to assess tax gaps or implement tax reform.	Medium	Maintain ongoing engagement with member countries on tax gap estimation and expand outreach to include new countries.
Political Support		
Lack of political support for reforms inhibits required actions or resources being allocated that are needed to enhance tax gap analysis or to fiscal reforms.	Low	Liaise with the IMF area departments, to ensure fiscal advice and CD is supported by the analysis of tax gaps and engage regularly with minister of finance and senior management and other key stakeholders to ensure government ownership.
Management and Technical Staff Support and Commitment		
Low commitment of management and staff in the tax administration of other agencies such as statistics agencies to assess tax gaps and implement fiscal reforms.	Low	Integrate tax gap analysis as a component of broader CD projects and leverage project managers' relationships with senior management. Emphasize the importance of tax gap analysis, including the "what" and "how" to issues in tax gap analysis and the linkages to reform strategies.
Resource Adequacy		
Insufficient technical capacity and human resources necessary to assess tax gaps.	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

Rwanda has pursued ambitious tax reforms under its Medium-Term Revenue Strategy (MTRS 1) to strengthen revenue mobilization. On the administration side, the Rwanda Revenue Authority (RRA) has implemented significant modernization initiatives. These include the implementation of the New Operating Model launched in 2023, compliance improvement plans published annually, rollout of myRRA, an online platform enhancing VAT, and Income Tax reporting. Customs modernization, through the dynamic risk management tools, further improved efficiency and compliance monitoring.

The corporate income tax (CIT) reforms envisaged in MTRS 1 to reduce tax incentives and broaden the tax base were not implemented and the intended revenue targets were missed. With intensive support from the IMF's Fiscal Affairs Department (FAD), in February 2025 Rwanda announced a multi-year tax reform package to reverse the declining revenue trend. Key measures include VAT base broadening, phasing out exemptions, repealing of CIT holidays, increasing capital gains tax to 10 percent, and introducing excise taxes targeting health and environmental objectives. The initial legislative package implemented higher taxes on gasoline, diesel and motor vehicles combined with VAT base broadening and the phase-out of VAT preferences.

Tax revenue is now forecast to grow to 16.6 percent of GDP in 2027/28, from 14.2 percent in 2024/25. The largest contributor to this increase is a 1.5 percentage-point rise in VAT revenues between 2024/25 and 2027/28. The 16.6 percent target, however, includes about 0.4 percentage points of revenue from tax policy measures that have yet to be identified. Continued emphasis on comprehensive reforms, stakeholder engagement and digitalization will be critical. The master plan for tax reforms produced by the Korea International Cooperation Agency (KOICA) will be a great input into FAD assistance in developing capacity development (CD) interventions going forward.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: Capacity was developed through a June training session delivered by the regional tax policy advisor for new staff recruited by the tax policy unit.

Previous Progress: Following various FAD missions, the Government of 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.

Next Steps: At the Annual Meetings, the authorities expressed a need for ongoing support for tax policy reform, including with regards to mechanisms to constrain tax expenditures and develop MTRS-2.

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 carried out in June 2025 indicated that the RRA's "New Operating Model" has settled and they have abandoned segmentation, opting

to do it within functions. Recent engagements indicate that they plan to draft MTRS 2 and have it approved by the end of 2026.

Previous Progress: While MTRS 1 approval was delayed, good implementation progress was achieved. There has been a slowdown in the uptake of TA owing to the review of MTRS 1 implementation and the development of the master plan for tax reform. This resulted in postponement of planned engagements.

Next Steps: The KOICA report will form the basis of future engagement, and the authorities have expressed a need for ongoing FAD CD in the development of MTRS 2.

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, 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 corporate income tax 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 is currently forecast to grow to 16.6 percent of GDP in 2027/28. driven by a 1.5 percentage point increase in VAT between 2024/25 and 2027/28. To meet this 16.6 percent target for fiscal sustainability, an additional 0.4 percentage points of tax revenue from yet to be identified measures is still required.
RM I: Objective – Strengthen Policy Monitoring, Evaluation, and Institutions - TPM		Rating - 1
Outcome	Rating	Narrative
Improved structures (e.g., tax policy units) or capacity (e.g., models and tools) related to tax policy advice and analysis.	2 Partially Achieved	The regional tax policy advisor visited Kigali in June to deliver an onboarding training for new staff recruited by the tax policy unit. The training covered the following modules: (1) Introduction to tax policy and tax policy principles, (2) Tax policy functions, (3) Tax policy appraisals, (4) Revenue forecasting, (5) distributional analysis and (6) Overview of Rwanda's tax system. The training was delivered in collaboration with the UK's TaxDev advisors based in Kigali.
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	Fully Achieved	Rwanda has fully embedded the compliance risk management framework. They compile and publish a compliance improvement plan annually.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	Partially Achieved	The National Strategy for Transportation (NST 2) was finalized and approved. MTRS 1 implementation was reviewed and extended. A master plan for tax reform has been developed with KOICA's assistance. The development of MTRS 2, which is to be aligned with NST 2, has commenced.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	The designed microservices architecture for e-tax needs to be implemented, within the security by design framework. Waiting to agree on an implementation plan with the Rwandan authorities (several reminders to RRA have been made on this).
RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative

A larger proportion of taxpayers meet their payment obligations as required by law	1 Not Achieved	This was time sensitive and due to some funding delays, they obtained assistance from elsewhere.
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IV. RISK ASSESSMENT

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

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

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I. COUNTRY REFORM PROGRESS

Issues surrounding misreporting have dominated the authorities' attention and the capacity development (CD) agenda. A public financial management (PFM) plan was put in place for 2025–27, with a strong focus on debt transparency, budget coverage, execution, and controls, and a renewed focus on accountability. This CD will continue in close coordination with other IMF departments (Monetary and Capital Markets, Legal, and Statistics) and other development partners.

On the revenue side, while some progress was achieved on taxpayer services ("DGI Digitale," online payment option) with the support of the digitalization resident advisor funded by the Global Public Finance Partnership (GPFP), the overall revenue strategy of the authorities remains unclear. There has so far been no feedback on the IMF's Fiscal Affairs Department's (FAD) tax policy and tax administration stock-taking conclusions of the July 2024 MTRS review, and on the February 2025 proposals for a new revenue strategy. While the authorities appear to work on a project to reform the Tax Code, measures shared so far fall short of a comprehensive revenue strategy.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key progress in FY 2026: Following the medium term revenue strategy (MTRS) assessment and planning missions of July 2025 and February 2026, new themes were proposed by FAD for the next phase of the MTRS: (1) tax expenditures rationalization; (2) formalization of the informal sector; (3) VAT efficiency; (4) the tax treatment of investments; and (5) property taxes. The authorities have not reacted so far and are yet to identify MTRS priorities, notably regarding the significant adjustment resulting from the increase in the deficit and the debt, which are for now dealt with ad hoc measures.

Next Steps: The mission planned for June/July 2025 has been postponed until the authorities react to FAD's earlier recommendations. It is expected that once the issue of misreporting is solved, program discussions will resume, and hence the need for a revenue plan and an MTRS. However, in the absence of an MTRS engagement, current resources under this CD program will be used for the oil revenue forecasting CD activities, where the authorities are more committed.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Main developments in FY26 include (1) implementing a business continuity plan in July 2025 to maintain revenue operations after the discontinuation of a previous IT system; (2) launching the "DGI Digitale" IT platform to improve taxpayer access to tax administration services; and (3) expanding available payment options for taxpayers, including the integration of Orange Money. However, the outlook for the development of a second MTRS remains uncertain.

Previous Progress: To date in FY26, there have been no HQ missions focused on revenue administration. The country continues to experience challenges associated with a significant power transition. According to the authorities, the review of tax and customs codes is ongoing, so a CD request cannot be submitted at this stage. A GPFP-funded digitalization resident advisor assists with the modernization of tax administration.

Next Steps: The project will continue to provide CD in developing digital tools and strengthening their use to the benefit of taxpayers and staff.

SM II: Spending Module II – Managing Public Finances

Key Progress in FY26: Progress has been made on developing a priority action plan (PAP) 2025–27 to address the public financial management (PFM) issues related to misreporting, with clear performance indicators and timeline for their effective implementation. This includes priority reforms to enhance debt transparency, make budget coverage comprehensive (including elimination of extrabudgetary operations), reinforce budget execution controls (including elimination of derogatory spending procedures and suspense accounts) and parastatals' oversight, and improve accountability across the PFM chain.

Previous Progress: Budget preparation and fiscal risks management have been improved since 2024 through the adoption and implementation of the new public investment management (PIM) 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 has led to requests to refocus on PFM issues related to the misreporting since October 2024.

Next Steps: The project will continue to provide CD on the remedial measures of the PAP 2025–27, in coordination with other IMF departments (MCM, LEG, STA) and in close collaboration with the IMF's Regional and Technical Assistance Center in West Africa (AFW) and other CD providers.

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 toward an MTRS, as the authorities have focused on misreporting issues. As this nears its end, MTRS discussions are expected to start soon, in the possible context of a new program.
Increased/decreased revenue quantity	1 Not Achieved	
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 ministry of finance, which would gather in a single unit all tax policy planning capabilities. Progress toward this objective is unknown at this stage.

RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	Preparatory work to develop a new MTRS is 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 – Strengthened Budget Management - PBM		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 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 PAP 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

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.

		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 PAP and related measures need to be ensured.
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IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: Resurgence of pandemic hinders CD delivery and changes CD priorities	Low	Build on progress achieved with remote delivery of CD.
SM II: Vulnerability to climate change and international crisis	High	Green and sustainable budgeting
Political Support		
RM I, RM II: Political instability and lack of reform leadership may slow down and even stop implementation of reforms	High	Keep the focus on strategic advice and hands-on capacity building to have the authorities engage at that level, with a concrete “Next Step” attitude to bring their focus on actions that will have a more permanent impact than the current ad hoc approach. Close consultation and coordination with the IMF’s African Department will be needed to effectively interact with the authorities.
SM II: Disrupted reform program from different objectives by the new government following elections.	Very High	Build consensus and support from the new government and strengthen capacities to ensure critical PFM reforms are not disrupted and continue to be a priority. Indeed, the development of the PAP 2025-27, 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.

Description	Rating	Mitigation Measures
Management and Technical Staff Support and Commitment		
RM I: Persistent institutional instability regarding leadership on tax policy	High	Tax policy formulation remains scattered with no clear driver. The authorities have proposed a significant reorganization of the ministry of finance to fix this problem, but progress remains unknown. Keep engaging with the technical advisor to the minister in the meantime.
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 decree for the reorganization of the Ministry of Finance and Budget (MFB), 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, RM II: Ownership of MTRS strategy and adequate resource dedicated to its preparation and implementation	Medium	The authorities have enough capable resources, but high-level political engagement is missing, and dedicated resources thus fall short of what is needed. Given the increased size of the deficit and debt, it is likely a matter of time before the authorities realize they need a broader strategy. The authorities need time and space to come to terms with the implications of the current situation.
SM II: Commitment and ownership, and capacities to implement the necessary reforms are limited.	High	A relevant institutional framework needs to be put in place, and sufficient funding to manage the implementation of critical PFM reforms. 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.

Description	Rating	Mitigation Measures
Other Risks		
RM I, SM II: N/A.	N/A	N/A
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 CD 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.

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I. COUNTRY REFORM PROGRESS

Capacity-building support, provided by the IMF's Fiscal Affairs Department (FAD) and financed by the Global Public Finance Partnership (GPFP), is designed to help the authorities implement tax-reform measures that contribute to growth-friendly fiscal consolidation. The project builds on earlier work undertaken in 2022 and 2023, which identified several inefficiencies in the value-added tax (VAT) system and provided recommendations that the authorities have since begun implementing.

Building on those achievements, the current phase of the project has assisted the authorities in identifying a set of potential reforms to core taxes, including the personal income tax (PIT), business income tax, and excise taxes. The project has also expanded the scope of tax expenditure identification and quantification to cover PIT and excises—an important step toward strengthening transparency and policy evaluation.

Given the authorities' interest in introducing new tax incentives, the project provided detailed guidance on the principles of sound incentive design. In particular, it emphasized the drawbacks of profit-based incentives and advised against their introduction. The project also discussed methodologies for assessing the fiscal and economic impact of tax expenditures to support more informed policy decisions.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module I – Tax Policy

Key progress in FY 2026: 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 the PIT, refining the design of tax incentives within the corporate income tax (CIT) 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 the missions of the IMF's African Department (AFR).

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., models and tools) related to tax policy advice and analysis.	2 Partially Achieved	Tax expenditures related to PIT and excise taxes have been identified. Capacity-building exercises on developing models to estimate revenue losses from PIT and excise taxes have 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 the 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 CD reports intended to support the official publication of a tax expenditure report has already been completed without GPFP funding. Building on this foundation, the identification and quantification of PIT and excise tax expenditures were carried out in August 2025. The authorities will prepare the draft consolidated tax expenditure report following the completion of all CD 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		
Lack of political support for reforms.	Medium	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.

Description	Rating	Mitigation Measures
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.
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

Sierra Leone has embarked on a comprehensive tax reform agenda to strengthen domestic revenue mobilization and reduce fiscal vulnerabilities. The approval of the Medium-Term Revenue Strategy (MTRS) in late 2023 marked a pivotal step, providing a structured roadmap for tax policy and tax administration reforms. On tax policy, capacity development (CD) support has been effective in informing tax policy decisions that widen key tax bases such as corporate income tax and personal income tax. In December 2025, the authorities implemented many tax policy actions based on CD support provided, including improvements in the minimum alternative tax and reforms to indirect taxes on fuels and tobacco. On tax administration, the National Revenue Authority (NRA) prioritized modernization through digitalization and introduction of risk-based compliance management frameworks. Initiatives include expanding of electronic cash registers for GST-registered businesses, integrating customs systems with port stakeholders and strengthening audit capacity. CD provided by the IMF's Fiscal Affairs Department (FAD) has been focused on these areas. A FAD supported Tax Administration Diagnostics Assessment Tool (TADAT) evaluation was carried out to further assess the gaps from good international practice in the tax administration value chain.

Regarding expenditure policy, the authorities remain committed to harmonizing the civil servant pay scale. CD activities are planned for the remainder of the fiscal year to support reforms in water and energy subsidies.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: Significant progress was made with a comprehensive tax policy CD mission delivered in June 2025. Recommendations were provided on revenue mobilization, which informed the development of the 2026 Budget in Sierra Leone and are expected to lead to higher revenue from 2026 onwards, which will help fiscal sustainability.

Previous Progress: N/A (The June 2025 mission was the first activity under the GPFP program.)

Next Steps: Further support to the authorities will be informed by the performance of revenue in the near term. The authorities may also seek support in commencing their planning for a supplementary medium-term revenue strategy that would commence in 2027.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The authorities have made good progress in implementing the Compliance Risk Management (CRM) Framework. They have appointed a senior coordinator and are working on establishing a CRM Unit. They have identified more areas in need of CD, with amendment of the NRA Act as a top priority. A review of the NRA Act was conducted and recommendations given to the authorities. A TADAT assessment was also carried out, which is to be followed closely by a post TADAT mission to assist with the strengthening of the reform plan.

Previous Progress: With FAD assistance, Sierra Leone was able to finalize its MTRS in 2023. They prioritized the implementation of the risk-based compliance management framework, including the development of compliance improvement plans for the large taxpayer office. Recent work has focused on

ensuring a proper sequencing of activities in institutionalizing compliance risk management. The authorities also noted constraints relating to governance, where they prioritized a review of the NRA Act.

Next Steps: A post TADAT mission is planned for late November to assist the authorities develop a prioritized reform plan. During the recent Annual Meetings, they presented a long list of requests, which are currently under review for purposes of effective sequencing.

SM I: Spending Module I – Spending Policy

Key Progress in FY26: The authorities have continued to keep the wage bill under control, while remaining committed to harmonizing the pay scale of public servants.

Previous Progress: In FY24 we conducted a CD activity on energy subsidy and one on wage bill management. Since those missions, the authorities made progress on keeping the wage bill under control and developed a strategy to further strengthen wage bill management, which incorporated the recommendation from FAD CD. In FY25 we conducted another mission to quantify measures from the authorities' strategy.

Next Steps: In FY26, following up on previous advice and in support of ongoing negotiations under the IMF's Resilience and Sustainability Facility, FAD expects to conduct activities on energy and water subsidy reform. Activities in support of the authorities' plan to reform the pay scale are likely to take place in FY27.

III. LOGICAL FRAMEWORK

Country – Sierra Leone		
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	Substantial progress of CD support informing local policy decisions. Tax policy changes expected in forthcoming Finance Act (Nov/Dec 2025).
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	3 Largely Achieved	CD support has been provided, and expected to be implemented by end 2025.
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.	2 Partially Achieved	Models are available on both personal income tax and the GST, but training has yet to be provided to key officials.

RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized.	2 Partially Achieved	An MTRS Implementation plan is in place but has not yet been costed. Steering Committee meetings are not being held.
Corporate priorities are better managed through effective risk management.	2 Partially Achieved	An action plan was developed in July 2024. It is currently being implemented. A simplified transfer pricing regime for iron ore exports, developed with the support of this project, was published in February 2025 and is currently being implemented by the NRA.
RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 1
Outcome	Rating	Narrative
Audit and other verification programs more effectively ensure accuracy of reporting.	1 Not Achieved	This seems to have been downgraded in the list of priorities. However, the 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.
SM I: Objective – Strengthen Expenditure Policy Formulation and Design - EPD		Rating - 2
Outcome	Rating	Narrative
Government pay and employment are more competitive and consistent with fiscal constraints.	2 Partially achieved	The authorities have been making progress on controlling the wage bill and have designed a strategy to strengthen such control and reform the salary structure, closely following previous FAD advice. No update in October 2025.
Reduce subsidies while mitigating impact on vulnerable households.	1 Not achieved	An activity was conducted in FY24, but there has been no CD activity in this area in FY25. Activity is foreseen in FY26 concerning both water and electricity subsidy.
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 I: Objective – Strengthen Expenditure Policy Evaluation and Institution Building - PEI		Rating - 0
Outcome	Rating	Narrative
Authorities have an understanding of opportunities to enhance the adequacy, efficiency, and sustainability of public expenditure	1 Not Achieved	No activity has been conducted yet to assess progress in this area.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: CD support could be disrupted by travel restrictions that limit face-to-face interactions.	Low	Switch to remote support
RM II: Risk that external events create a more challenging environment to implement reforms.	High	Ensure sufficient flexibility in program execution across countries and allow for ability to adjust activities in the case of adverse events.
Political Support		
RM I: Key ministers withdraw support for the project.	Medium	Ongoing engagement with ministers and ensure CD support aligns with country priorities and commitments.
RM II: Lack of political support for reforms inhibits required actions or resources being allocated that are needed to enhancements to fiscal risk management institutions and practices.	High	Ensure CD is focused on priority areas and engage regularly with ministers and senior management to ensure government are aware of political economy considerations and to ensure ownership of reforms.
SM I: Difficulties in implementing measures due to lack of political support.	Medium	Increase awareness through discussion with political-level actors and senior management.
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.
SM I: Lack of commitment	Medium	Discussion with the authorities
Resource Adequacy		
RM I: Resources not sufficient to deliver the CD required.	Low	Ensure that planning identifies potential shortfalls at an early stage

Description	Rating	Mitigation Measures
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.

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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 recommendations, the authorities have developed a roadmap for implementing a value-added tax (VAT). They have also requested continued support for drafting VAT legislation, managing VAT implementation, and establishing a tax policy unit to oversee these reforms.

On revenue administration, the authorities are also implementing a four-year reform plan focused on strengthening core tax functions such as registration, filing, payment, and reporting accuracy. They are also working to update outdated revenue laws, enhance compliance management, and prepare to train staff and taxpayers for introduction of VAT. With support of the Global Public Finance Partnership (GPFP) project, in collaboration with the IMF's Regional Technical Assistance Center for East Africa (AFE) and other development partners, authorities are also strengthening customs clearance procedures.

The project works closely with the South Sudan country team of the IMF's African Department (AFR) to align capacity development (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: The first mission by the IMF's Fiscal Affairs Department (FAD) on non-resource revenue mobilization was delivered in July 2025, which outlines policy reform options across all major taxes and includes the design of a VAT that is tailored for the current economic structure and capacity. The authorities have laid out a roadmap for VAT implementation for 2026–29 since, based on the recommendations of the mission, and have requested further support in legal drafting of VAT legislation, implementation, and setting up a Tax Policy Unit to oversee the process.

Previous Progress: This is the first tax policy mission to South Sudan since its independence. The original mission, scheduled for April 2025, was postponed at the request of the authorities.

Next Steps: A virtual mission, joint with the IMF's Legal Department (LEG), will take place in December 2025 to start legal drafting of the VAT legislation. An in-person mission will then take place in May 2026 to finalize the draft VAT law.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Authorities continued to develop an effective registration, filing and payment strategy. A staff visit continued the 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 made requests for support in implementing priority reforms in revenue mobilization including: VAT implementation, review of revenue laws, and strengthening compliance management across all tax functions.

Previous Progress: The South Sudan Government aims to increase non-oil revenue to at least 6 percent of GDP by 2027. The authorities assessed its reform gaps, agreed to, and is implementing a four-year GPFP supported plan to implement the reform program. The first CD assignment was carried out in November 2024.

Next Steps: Given 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 customs clearance procedures. The project will also collaborate with LEG and FAD to develop a plan for implementing revenue administration reforms in the medium term. The project shall also continue to collaborate 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	The July 2025 mission on non-resource revenue mobilization outlined policy reform options across all major taxes, and included the design of a VAT that is tailored for the current economic structure and capacity. Further request on legal drafting of VAT legislation has been received.
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 program to assist in achieving the milestones and objective will commence after concluding the work on VAT.
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	1 Not Achieved	Organization structure misses 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	2 Partially Achieved	Strategic Plan in place, but implementation capacity is weak and progress monitoring and reporting is inadequate.

framework adopted and institutionalized		
Corporate priorities are better managed through effective risk management	1 Not Achieved	No risk-based compliance framework and practice in place-work started on improving compliance 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	Internal Audit department in place and is in 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	Both VAT Act and implementation plan are under development.
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Authorities are taking steps to improve the IT system. CD to support digitization yet to be delivered in first half of FY27-at the request of authorities. Taxpayer compliance management modules for an integrated tax administration IT system (ITAS) are yet to be developed.
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	Program to assist in achieving the milestones and outcome has started and authorities have developed a registration, filing and payment strategy that is awaiting 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	Audit program is weak; staff possess poor audit skills and limited audit capacity. Support to the authorities on audit CD starts in November 2025.
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 - 3
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	4 Fully Achieved	In CD discussion. AFE started work on clearance procedures and FAD aims to build on this to advance progress. Support in this area continued in collaboration, with AFE during the second quarter in FY26.
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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 priority or highest risk areas where resources are limited, in line with country engagement strategy. Engage regularly with ministers and senior management to ensure government ownership of reforms. Leverage bilateral IMF Spring/Annual Meetings and AFR country team engagement to garner political support.
Management and Technical Staff Support and Commitment		
RM I, RM II: Low commitment of management and staff in finance ministry and revenue authority to adopt and implement tax expenditure policy framework and implement revenue administration reforms	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 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.

Description	Rating	Mitigation Measures
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.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Suriname has made notable strides in modernizing tax administration. The introduction of value-added tax (VAT) in 2023 marked a significant milestone towards improving tax efficiency and transparency, broadening the tax base, and with ongoing capacity development (CD) efforts—supported by the IMF’s Caribbean Regional Technical Assistance Center (CARTAC)—are strengthening compliance and data integration systems.

However, challenges persist. Administrative capacity remains constrained, with gaps in human resources and IT infrastructure slowing revenue optimization. VAT compliance and enforcement require further improvement, and coordination across agencies needs strengthening to ensure timely data sharing.

Looking ahead, authorities plan a phased transition to a semi-autonomous revenue authority (SARA), focusing on organizational restructuring, staff training, and digitalization. With support from the Inter-American Development Bank (IDB), a draft legislation and organizational structure have been developed and reviewed by the IMF. Continued technical assistance and strong governance will be critical to sustain reforms and enhance revenue mobilization, supporting fiscal consolidation and long-term economic resilience.

The public financial management (PFM) agenda has made good progress, having achieved or initiated several significant reforms. The authorities have enacted new PFM legislation and issued a decree establishing fiscal rules alongside Stabilization and Saving Funds. They are currently evaluating additional key implementation documents for both the law and the decree. Furthermore, quarterly expenditure commitment ceilings are now being communicated to line ministries, expenditure arrears are tracked, and cash forecasts are being made reliable.

Despite these developments, expenditure control frameworks and cash management require further refinement and the establishment of robust supporting systems. The authorities also face capacity limitations in managing prospective oil revenues, given anticipated discoveries in 2027.

Going forward, the authorities are looking for plans aimed at ensuring proper management of oil revenues, supporting fiscal sustainability, and optimizing resource allocation. Continued technical assistance is viewed as essential to further strengthening expenditure control, cash management, and fiscal risk oversight.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Progress in supporting Suriname’s reform agenda has been gradual, primarily due to the country’s limited absorptive capacity, which constrains the pace of implementation. Despite these challenges, important milestones have been achieved. Notably, CD assistance successfully advanced the audit advisory program for VAT, with a strong emphasis on taxpayer education to improve compliance and understanding of obligations. In addition, the authorities benefited from a comprehensive scoping mission that assessed progress toward establishing a SARA. This mission provided critical insights into institutional readiness and outlined key steps required to transition to a more modern and independent revenue administration framework.

Previous Progress: Support for the reform program has significantly strengthened the tax administration's operational capacity to manage the VAT system and deliver improved services to taxpayers. This includes building institutional capability to ensure taxpayers can meet their obligations more efficiently and with greater confidence. A comprehensive suite of VAT guides and brochures was developed and published, making accurate and accessible information readily available to taxpayers and enhancing transparency. In addition, targeted support in data analytics has bolstered the administration's ability to monitor VAT revenue trends and assess operational performance, enabling evidence-based decision-making and more effective compliance management.

Next Steps: Looking ahead, future CD initiatives will focus on deepening revenue administration reforms by tackling persistent challenges in VAT refund processing, filing accuracy, and payment compliance. A key priority will be supporting the establishment of the SARA, given the ambitious timelines set by the authorities. This support will include technical guidance to strengthen the draft legislation, ensuring alignment with international best practices, and refining the proposed organizational structure to promote efficiency and accountability. Additionally, tailored training and advisory support will be provided to the newly appointed project management team to build strong implementation capacity from the outset. In the area of technology and information exchange, assistance will be directed toward implementing an integrated system that enables secure data sharing and cross-matching of taxpayer information between the domestic tax department and customs, improving risk management and compliance monitoring.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY26: Suriname has enacted the primary decree necessary for fiscal rules and the establishment of Stabilization and Savings Funds. The spending limits for line ministries for the third and fourth quarters of 2025 have been finalized. Expenditure arrears are now systematically tracked in a dedicated Excel file. However, monthly cash forecasts remain unreliable, and ownership of the IMF's cash forecasting and analysis tool (CFAT) is limited.

Previous Progress: The Budget Department sets quarterly spending limits for line ministries according to available cash. Authorities have begun implementing CFAT.

Next Steps: For the rest of FY26, the project will support the authorities in preparing quarterly expenditure commitments based on cash flow forecasts, using two specific tools. As Suriname approaches an oil boom, the project will also assist with managing future oil revenues according to the authorities' new priority. Building robust institutions helps ensure oil resources are managed efficiently, which can help close infrastructure gaps.

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	Work has commenced with the authorities to establish a SARA. A scoping mission reviewed the draft organizational structure and provided preliminary recommendations to enhance the structure in keeping with good international practice. A follow-up mission will provide further support.
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 Strategic Management Framework for the organization.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	Critical data being collected and analyzed. Additional assistance was provided. Currently management uses Excel spreadsheet in their analysis.
Transparency and accountability are more effectively supported by independent external oversight and internal controls	1 Not Achieved	Program to assist in achieving this outcome still not yet in place.
Effective implementation of a new tax or modernized legislation	3 Largely Achieved	VAT guides and rules drafted and being reviewed
Digital technologies are better aligned with strategic objectives	2 Partially Achieved	Authorities have some way to go to have a single IT system.

RM II: Objective – Strengthened core tax administration functions (SDG 17.1) - TAD	Rating - 3
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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 being sought with Chamber of Commerce.
A larger proportion of taxpayers meet their filing obligations as required by law	3 Largely Achieved	Program to improve filing compliance is in its early stage has progressed
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.
Audit and other verification programs more effectively ensure accuracy of reporting	3 Largely Achieved	Program in early stage of implementation
Taxpayer services initiatives to support voluntary compliance are strengthened	2 Partially Achieved	More than 10 VAT guides drafted, being reviewed by legal.

RM II: Objective – Improved customs administration functions (SDG 17.1) - CAD	Rating - 1
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Outcome	Rating	Narrative
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Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	Discussion commences in in strengthening enforcement process
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	Early discussion in addressing custom controls process.
SM II: Objective – Strengthen Budget Management - SBM		Rating - 2
Outcome	Rating	Narrative
Strengthened budget execution and control processes	2 Partially Achieved	Quarterly spending limits are set but not reliably enforced in the integrated financial management information system (IFMIS) Free Balance system, weakening expenditure control throughout the process. As a result, new arrears kept appearing during the rest of FY2025. Key IFMIS features remain inactive or underused.
Strengthened asset and liability management processes	2 Partially Achieved	Cash flow projections for the remainder of FY25 continue to be unreliable, primarily due to insufficient data regarding non-cash items and suboptimal coordination with the borrowing plan. The project evaluated Q3 expenditure ceilings. It should be noted that none of the five CBvS accounts are designated as primary, resulting in the absence of a treasury single account (TSA), and limiting Treasury's access to ministry accounts. Implementation of the partial TSA roadmap remains pending.
SM II: Objective – Strengthen Macroeconomic Frameworks - SMF		Rating - 1
Outcome	Rating	Narrative
Strengthened identification, monitoring, and management of fiscal risks	1 Not Achieved	Regarding fiscal risks, little has been done, except the delayed publication in 2025 of the 2019 and 2020 audits of the Electricity Corporation.
SM II: Objective – Build Sustainable Fiscal Institutions - SFI		Rating - 2
Outcome	Rating	Narrative
Strengthened capacity to assess core PFM functions and develop reform strategies	2 Partially Achieved	A main decree implementing Suriname's fiscal rules and the Stabilization and Saving Funds has been adopted. Decrees linked to the December 2024 PFM Act and the creation of the PFM Steering Committee are still awaiting approval.

Strengthened capacity to plan, implement and sustain digitalization	2 Partially Achieved	Most functionalities of the IFMIS are either inactive or underutilized. To strengthen expenditure controls, the March/April 2025 FAD mission helped identify key functionalities that needed to be developed and/or used.
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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 2025 presidential elections	Medium	Ensure support from the new government
Management and Technical Staff Support and Commitment		
RM II: Low commitment of management and staff in finance and other ministries to adopt and implement fiscal risk management practices.	Very High	Engage with senior management and technical staff proactively and explain the importance of strengthening fiscal risk management.
SM II: Lack of management and technical staff support, and commitment from the Ministry of Finance and line ministries	Medium	Ensure commitment from selected line ministries' cabinet officials

Description	Rating	Mitigation Measures
Resource Adequacy		
RM II: Insufficient technical capacity and human resources necessary to implement reforms are limited	High	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited
SM II: Limited capacity both at the Ministry of Finance and the line ministries; Availability of resources	Medium	Strengthen skills and ownership; ensure resource availability
Other Risks		
RM II: Multiple donors are providing technical assistance on tax administration	Medium	Take an active role in engaging with other donors to ensure support is well coordinated.
SM II: Lack of coordination with other donors	Medium	Ensure coordination with all development partners, especially the Inter-American Development Bank.

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I. COUNTRY REFORM PROGRESS

Syria is undertaking an ambitious effort to rebuild its tax system in the aftermath of the war, with a dedicated tax committee established to oversee the reform process. So far, in-country activities have been limited to public financial management (PFM), where an HQ mission was conducted during October 26–30, 2025. The mission team provided practical guidance on finalizing the 2026 budget, advised on steps to strengthen future budget planning, and discussed measures and PFM roadmap to consolidate government bank accounts, enhance cash forecasting and fiscal reporting. The PFM workstream also submitted two rounds of comments on the draft Basic Financial Law, offering detailed feedback to help refine and strengthen the proposed legislation. The tax policy and revenue administration workstreams have remained desk-based, focusing on the review and commentary of three draft tax laws: the Income Tax Law, the Sales Tax Law, and the Fees and Stamp Duty Tax Law.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy
Key Progress in FY26: The work realized so far are desk-based analyses of draft laws on income tax, sales tax and fees and stamp tax, which covers the tax policy aspect of the draft tax laws. Next Steps: A workshop is planned to discuss comments on the draft tax laws, and additional activities will be discussed at this time.
RM II: Revenue Module II – Revenue Administration
Key Progress in FY26: It has not yet been possible to field a mission due to the authorities' insistence on conducting it in-country and not off-site in a third country. As a result, it was necessary to assess the security situation in Damascus to enable an in-country mission. In the meantime, desk assistance was provided to the tax administration through the review of three draft tax laws: the Income Tax Law, the Sales Tax Law, and the Fees and Stamp Duty Tax Law. This review complemented the work of the tax policy division by covering the revenue-administrative side of applying the three tax laws. It included provisions related to processes and procedures, particularly core functions such as registration, filing, payment, dispute resolution, penalties, audit, and digitalization. Previous Progress: This Global Public Finance Partnership (GPFP) project became available in July 2025; therefore, no capacity development (CD) activities were conducted with the authorities prior to that date. Next Steps: A workshop is planned to discuss the comments on the draft tax laws. Additionally, two diagnostic missions are scheduled for both the tax and customs administrations to identify priority reform areas. Furthermore, two separate missions are planned to review the organizational structures of the tax and customs administrations.
SM II: Spending Module II – Managing Public Finances
Key Progress in FY26: A mission was jointly conducted, by HQ and the IMF's Middle East Regional Technical Assistance Center (METAC), in Damascus during October 26–30, 2025. It engaged senior officials across the ministry and the central bank and reviewed ongoing reforms, including the introduction of

a digital budget platform, plans for a Treasury Single Account (TSA), and steps to improve fiscal reporting. The mission provided practical guidance on finalizing the 2026 budget, advised on steps to strengthen future budget planning, and discussed measures to consolidate government bank accounts and enhance cash forecasting. Additionally, desk-based support has been provided through the review of both versions of the draft Public Financial Law, ensuring continued engagement and technical input despite field constraints.

Previous Progress: The GPFP project became available in July 2025; therefore, no CD activities were conducted with the authorities prior to that date.

Next Steps: Two follow-up activities have been scheduled and confirmed as outcomes of the October 2025 mission: (i) first follow-up FAD mission (Nov. 23–27, 2025) will assist the authorities in preparing the 2026 Beyan (Ministerial Financial Statement) by sharing international best practices regarding its presentation, structure, and content. The team will provide practical examples of fiscal strategy statements from other countries and offer guidance on adapting these approaches to the Syrian context; and (ii) second follow-up mission (Nov. 30–Dec. 4, 2025): This mission will focus on supporting the authorities in enhancing cash forecasting capabilities. In addition, a TSA mission is planned for January 2026, alongside further follow-up missions dedicated to budget preparation, budget execution, and cash forecasting building on the scheduled missions' findings and recommendations.

III. LOGICAL FRAMEWORK

Country – Syrian Arab Republic		
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	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.
Increased / decreased revenue quantity	1 Not Achieved	
RM II: Objective – Strengthened Revenue Administration Management and Governance Arrangements - 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	No reform strategy has yet been discussed with the authorities.
Organizational arrangements enable more effective delivery of strategy and reforms	1 Not Achieved	

Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	2 Partially Achieved	The authorities have prepared drafts of three new laws: an Income Tax Law, a Sales Tax Law, and a Fees and Stamp Duty Law. All three drafts have been reviewed by the revenue administration division at FAD, focusing on procedural and administrative provisions within the tax framework. A workshop is planned to discuss with the authorities the comments on these laws.
RM II: Objective – Improved Customs Administration Functions - CAD		Rating - 1
Outcome	Rating	Narrative
Customs control during the clearance process more effectively ensures accuracy of declarations	1 Not Achieved	No activities have yet been provided in this area.
SM II: Objective –Strengthen Budget Management - SBM		Rating - 1
Outcome	Rating	Narrative
Strengthened budget execution and control processes	1 Not Achieved	No CD activities have been delivered on this topic during this reporting period.
Strengthened annual budget process for more efficient and effective use of resources	1 Not Achieved	Same as above.
Strengthened asset and liability management processes	1 Not Achieved	Same as above
SM II: Objective - Build Sustainable Fiscal Institutions - SFI		Rating - 2
Outcome	Rating	Narrative
Strengthened capacity to assess core PFM functions and develop reform strategies	2 Partially Achieved	The Reform Roadmap for the Fiscal Sector in Syria was prepared during the June 2025 staff visit. Planned joint mission provided by the IMF's Fiscal Affairs Department and METAC will address its short-term priorities in Pillar 1: Post-Conflict Fiscal Stabilization and further assess the budget and PFM processes. The authorities are in the process of drafting a new Public Financial Law to replace the Basic Financial Law. The FAD PFM team has reviewed and provided comments on both versions of the draft law.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II and SM II: Ongoing conflict dynamics, sanctions, and geopolitical instability may delay the delivery of the program and reform implementation.	Very High	Conduct offsite missions and maintain relationship with the authorities. Coordinate with other agencies for security updates; design modular project components that can be paused or relocated;
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 contact and support with the Minister of Finance
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 ministry of finance.
Management and Technical Staff Support and Commitment		
RM I: Capacity and willingness of civil servants to engage at the technical and planning level.	Medium	It remains very early to assess this risk. If such a risk materializes, then: (1) Adjust reform package and target areas where there is consensus on reform, and (2) Assess support from higher levels (Secretary General / Deputy-Minister, Minister) to elicit engagement at the technical level.
RM II: The status and background of staff is unknown	High	Provide training to staff.
SM II: Weak administrative capacity and loss of experienced personnel in the ministry of finance 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 Syrian staff to support reform and reform process.	Low	Very low risk on the IMF side. It is too early to assess this risk from the authorities' side; however, this could eventually be partly mitigated by additional IMF resources.
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		
RM I, RM II: N/A	N/A	N/A
SM II: Data availability may be unreliable, and access to institutions may be	High	Rely on phased diagnostics to assess data gaps; integrate contingency planning into the workplan; prioritize reforms with lower infrastructure dependence.

Description	Rating	Mitigation Measures
constrained by physical infrastructure damage or administrative fragmentation.		

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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.

On the tax policy front, the IMF's Fiscal Affairs Department (FAD) built on earlier work to identify and quantify tax expenditures in the value-added tax (VAT) and corporate income tax (CIT) systems by conducting a capacity-building initiative to assess tax expenditures arising from excise duties and customs tariffs. This completes the estimation of tax expenditures across all major tax instruments in Tajikistan. In addition, training sessions were delivered and a methodological manual was prepared to support the implementation of the tax expenditure evaluation framework. The resulting methodologies and estimates have been extensively used by the authorities in formulating their action plan for implementing the MTSRP.

On the 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 capacity development (CD) support. This commitment will be immediately applied in the development of a new TC Strategic Development Program for 2026–2030, as the current Tax Administration Development Program (2020–2025) concludes this year.

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 mission to the TC was provided in advancing the development of its 2026–2030 Strategic Plan for tax debt management. Initially developed with FAD in April 2025, the draft Strategic Plan 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.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key progress in FY 2026: 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.

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 will be immediately applied in the development of a new TC Strategic Development Program for 2026–2030, as the current Tax Administration Development Program (2020–2025) concludes this year. The newly assigned IMF long-term resident advisor for revenue administration to the TC began his assignment in September 2025. CD support was provided to the TC to advance the development of its 2026–2030 Strategic Plan for tax debt management, which was initially drafted with the FAD support. The draft Strategic Plan aims to modernize tax debt management by aligning it with international best practices, helping TC transition from a conventional tax debt recovery model to a modern, proactive, data-driven, and risk-based debt management system.

Previous Progress: In preparation for the TADAT assessment in the TC, 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 Strategic Plan outline for tax debt management has been 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 (CS).

Next Steps: The CD will focus on the development of the new TC Strategic Development Program for 2026–2030, which will also address cash transactions and the shadow economy, including from the CS perspective. On tax debt, the CD will support finalizing the Strategic Plan 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 to advance tax administration for the TC management.

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	2 Partially Achieved	MTSRP adopted on December 2023 for the period 2024-2029, with MTSRP Phase 1 action plan endorsed. The Coordination Council for Public Financial Management is already in place and has a broad mandate to increase the efficiency of the financial public administration system. The council will provide a high-level oversight on the MTSRP implementation.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	TC developed an expanded framework for audit case selection. This is based upon 72 risk criteria, applicable to large- and medium-sized taxpayers. All on-site tax audits of large taxpayers are carried out through a “Risk Analysis Management” module.
Organizational arrangements enable more effective delivery of strategy and reforms	2 Partially Achieved	The large taxpayer management is fragmented. Consolidating large taxpayer operations would increase efficiency and effectiveness.
Support functions enable more effective delivery of strategy and reforms	2 Partially Achieved	Workforce planning must go beyond filling vacancies as they emerge. This can be a priority element to address within the development of a Human Resource Management (HRM) Strategy.
RM II: Objective – Improved customs administration functions (SDG 17.1) – CAD		Rating - 1
Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	A diagnostic mission took place in December 2024, 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 Strategic Plan outline for tax debt management has been developed for the 2026–2030 period.
Taxpayer services initiatives to support voluntary compliance are strengthened	1 Not Achieved	Further support will be needed in establishing a charter explaining taxpayers' rights and obligations.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I, RM II: Risk that external events (such as geopolitical tensions) create a more challenging environment to implement reforms.	Medium	Ensure sufficient flexibility in program execution across countries and allow for ability to adjust activities in the case of adverse events.
Political Support		
RM I, RM II: Lack of political support for reforms.	Low	The 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 the CDs 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.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM I: Insufficient technical capacity and human resources necessary to implement reforms, and to use new tools developed as part of the CD.	Medium	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited.
RM II: Technical staff might be busy with the implementation of daily operational tasks leaving limited capacities for modernization reform discussions.	Medium	Strengthen the reform management capacity for reform implementation, including establishing dedicated reform management structure, arrangements, and resources, supported by in-country long-term resident advisor.
Other Risks		
RM I, RM II: 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.

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I. COUNTRY REFORM PROGRESS

The Tanzanian authorities are pursuing a comprehensive reform agenda focused on preserving macro-financial stability, fostering sustainable and inclusive economic growth, and strengthening resilience to climate change. Key reforms include implementing fiscal consolidation measures, enhancing domestic revenue mobilization through a new medium-term revenue strategy (MTRS), and improving public financial and investment management to safeguard debt sustainability and create space for priority development needs. Structural reforms target improvements in public sector governance, business regulation, tax administration, access to finance and infrastructure development, alongside efforts to close gender gaps and upgrade health and education spending. These reforms are driven by the need to maintain macroeconomic stability, respond to demographic pressures, meet Sustainable Development Goals, reduce poverty, and promote private sector-led job creation while also addressing risks from climate change and an uncertain external environment.

On revenue administration, strengthening domestic resource mobilization is carried out under the MTRS approved by the Cabinet in June 2025. The governance structures, including the Steering Committee, the Technical Teams, and the MTRS Secretariat, have been formed and were officially launched in September 2025. These steps have been taken in line with advice of this project funded by the Global Public Finance Partnership (GPFP), which has also collaborated with the IMF's Regional Technical Assistance Center (RTAC) for East Africa (AFE) on advising the Tanzania Revenue Authority (TRA) regarding the alignment of its new Corporate Plan 7 with the MTRS. The authorities have requested support in implementing MTRS reforms, including guidance on effective value-added tax refunds management, international taxation, and completing the rollout and integration of the Integrated Domestic Revenue Administration System, IDRAS; and the Tanzania Customs Integrated System, TANCIS.

In terms of public financial management (PFM), GPFP-funded support for the government to develop an Investment Project Climate Change Reporting Template for Tanzania, populate it with the key larger investment projects, and include these in the budget was successfully implemented when the national budget was passed on June 27, 2025. This reform fulfilled Reform Measure (RM) 6 of the Resilience and Sustainability Facility (RSF) program agreement between the IMF and the Government of Tanzania. The larger effort with respect to introducing resilience and sustainability elements in the public investment process has been closely coordinated with the World Bank. The current task is to update the Public Investment Management Operational Manual by the end of calendar year 2025. The IMF submitted detailed draft comments to the authorities in December 2025. AFE is in discussion with the authorities on how to further support integrating resilience and sustainability in the Tanzanian Fiscal Risk Statement, and with Zanzibar on possible follow-up on gender budgeting reform.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: 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 TRA started the process to develop its Corporate Plan 7 and are working on aligning it to the MTRS.

Previous Progress: The authorities developed a first draft of the MTRS with support from the IMF's Fiscal Affairs Department (FAD) and consulted stakeholders for inputs and buy-in. They initially submitted the MTRS to the Interministerial Task Team for approval, but on advice got it approved by Cabinet— signaling government commitment to the reforms.

Next Steps: Future support will focus on implementing 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.

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 it is part of the ongoing PFM reform assistance agenda anchored in the RTAC. On climate, the Project Climate Change Reporting Template has been included in the 2025-26 Budget as stipulated in RSF RM 6. The budget was passed on June 27, 2025.

Previous progress: On gender budgeting, a diagnostic mission and workshop was held with authorities to discuss the roadmap and mission's recommendations and provide general capacity building. The reform action roadmap was well received by authorities and sets out near- and medium-term actions for incrementally implementing gender budgeting and expanding the pilot. 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 assisted officials in developing and applying an Investment Project Climate Change Reporting Template and training on fiscal risk analysis.

Next Steps: Follow up support for introducing gender budgeting was requested and might be included in the RTAC work program. On climate, a QCRAFT mission has been discussed with authorities but due to work pressures in the Ministry of Finance the mission has not been scheduled yet.

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 was 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.

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 December 2025 has yet to be confirmed by the MoF.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II, SM II: None	N/A	N/A
Political Support		
RM II: Government strong oversight of the MTRS reforms and monitoring of results	High	Strong engagement of government on MTRS implementation in liaison with the country team. Monitoring of Key MTRS milestones in IMF-Tanzania program discussions.
SM II: A lack of political decision-maker support can undermine progress and implementation.	High	Strong engagement with government in the context of RSF reform measures and priorities identified by central and sub-national governments in coordination with the African Department.
Management and Technical Staff Support and Commitment		
RM II: 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.	Very High	Guide authorities on MTRS strong governance and leadership of the MTRS process. Also guide authorities on strong stakeholder engagement process to garner support.
SM II: Local resources may be insufficient for reaching all counterparts for reform	High	Foster coordination by inviting multiple stakeholders to trainings and workshops.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM II: MTRS reforms not allocated adequate resources for implementation.	Medium	Authorities strongly encouraged to make a cost-benefit analysis of the MTRS and provide resources to implement high priority measures.
Other Risks		
RM II, SM II: With the completion of RM6 and RM7, there is a risk that supporting work (such as QCRAFT) will not be prioritized by authorities.	N/A	QCRAFT has been repeatedly raised with Tanzanian officials by RTAC and the country team of the IMFs African Department and in the recent regional PIM Workshop in Nairobi where interest was confirmed.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Over the past few months, several exchanges with the team in charge of tax policy have made it possible to precisely define the objective in this area: the priority is to develop, before the end of the first half of 2026, a medium-term revenue mobilization strategy covering the period 2026–30. This strategy will encompass fiscal policy as well as tax administration and customs administration. A coherent set of tax policy measures and tax administration projects will be developed, the expected revenues for each measure and project will be precisely quantified, and this set will then be sequenced over the covered period in order to meet the identified financing needs.

During previous exchanges, the nature of the assistance required from the IMF's Fiscal Affairs Department (FAD) was clarified, and a first scoping mission aimed at quickly launching work to design the revenue mobilization strategy was organized. This mission will take place November 12–18; it will provide all necessary assistance to the departments involved so that they can define the principles the strategy must respect, lay the foundations of the strategy, plan the work schedule and build a roadmap, and define the governance rules that will allow the actors to carry out these tasks effectively and efficiently. Then, depending on the needs expressed by the Togolese authorities and once a draft strategy has been developed, this first mission may be followed by a formulation mission that will review the draft and offer the Togolese authorities with all the necessary recommendations for its completion within the allotted time.

The IMF's Institute for Capacity Development (ICD) is leading a TA project to strengthen the authorities' forecasting and policy analysis tools. The project is currently in the pre-scoping phase, with an in-person scoping mission—potentially coupled with a training session—planned for the fourth quarter of FY26. The work aims to help the authorities modernize their existing forecasting framework and enhance their capacity to conduct policy simulations. Based on information gathered so far from the authorities, the project focus may shift from introducing a nowcasting toolkit toward developing a more comprehensive framework for forecasting and policy analysis. ICD is maintaining close coordination with the country team and other departments to ensure that this work supports the authorities' broader reform agenda.

The Togolese Revenue Authority (OTR) has made strong progress in advancing its data and artificial intelligence (AI) reform agenda. Following the FAD August mission that set priorities and launched three AI pilots, three additional missions helped establish the foundations for modern data and AI infrastructure and strengthen data-governance practices. These efforts are positioning OTR to become a more data-driven administration and to integrate AI into core functions such as risk analysis and monitoring. Continued FAD support—including upcoming missions already planned under this project—will be essential as OTR deploys the new infrastructure, finalizes the data architecture, and expands AI applications in 2026.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: No activities on tax policy were planned during this reporting period.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: In August, a FAD mission assisted the Togolese Revenue Authority in setting clear priorities for applying AI and data analysis to improve customs and tax administration. The mission helped establish a data-governance framework and launched three pilot AI projects to enhance risk analysis, monitoring, and document processing. These initiatives laid the foundation for OTR's transition toward a data-driven administration and for embedding AI in operational decision-making.

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

Next Steps: Work planned for late 2025 and early 2026 will focus on consolidating these reforms by putting in place the required digital infrastructure, finalizing the data architecture, and advancing the three AI pilot projects. Continued capacity-building efforts will aim to ensure institutional ownership and the sustainable use of data and artificial intelligence across OTR.

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

Key Progress in FY26: The project is still in pre-scoping phase, which is conducted virtually. The in-person scoping and training mission originally planned for the second quarter of FY26 has been postponed for the fourth quarter of FY26. The final date will depend on authorities' availability.

Previous Progress: This is a new project.

Next Steps: The next in-person mission will assess the authorities' capacity and needs, agree on a technical assistance action plan and provide initial training on macroeconomic forecasting and policy analysis. Information gathered so far suggests that the project focus might shift from implementing a nowcasting and near-term forecasting toolkit to developing a fully-fledged macroeconomic framework for forecasting and policy analysis. This adjustment reflects the authorities' emphasis on strengthening and modernizing their existing forecasting tool to better support policy simulations.

III. LOGICAL FRAMEWORK

Country – Togo		
RM I: Objective – Improve Tax Policy Design - TPD		Rating - 0
Outcome	Rating	Narrative
Improved distributional fairness across taxpayers due to amended tax rates or base.	1 Not Achieved	First mission to discuss strategy with authorities will be in November.
Increased/decreased revenue quantity	1 Not Achieved	Same as above.
RM II: 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	The alignment of digital technologies with strategic objectives has strengthened, particularly following the August 2025 mission, which supported the OTR in defining priorities for the use of data and artificial intelligence (AI). The new data-governance framework and AI roadmap ensure that ongoing digital initiatives directly support OTR's modernization goals. Further progress will depend on sustaining management engagement and completing the planned infrastructure and data-architecture work in 2026.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized.	2 Partially Achieved	Authorities have clarified reform priorities and initiated the development of a monitoring framework, but key performance indicators are not yet fully established or systematically tracked.
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	An August 2025 FAD mission laid the groundwork for strengthening data analytics capabilities by establishing a data governance framework and launching three structuring projects: a pilot risk analysis tool, interactive dashboards, and automated data extraction using generative AI.
Customs control during the clearance process more effectively ensures accuracy of declarations.	2 Partially Achieved	Foundational work has begun to strengthen risk-based control and improve the accuracy of customs declarations through AI-driven tools, but consistent application during clearance has not yet been realized.
Foreign trade operators better comply with their reporting and payment obligations.	2 Partially Achieved	Initial steps to strengthen traceability are underway through the modernization of customs systems and the development of AI-based tools that will enhance monitoring and data integrity. These efforts are expected to improve compliance by enabling more transparent and traceable customs processes.
SM IV: Objective – Develop capacity in macroeconomic forecasting and policy analysis to support policy decision making and communications - MFR		Rating - 1
Outcome	Rating	Narrative
Authorities have a baseline understanding of their existing forecasting and analytical capabilities and opportunities for improvement	1 Not Achieved	Scoping mission initially planned for February 2026 and will be re-discussed following the authorities' capacity needs and availability.

Analytical models and forecasting tools are developed and operational	1 Not Achieved	Same as above
Improved analytical skills, and better macroeconomic forecasting and policy analysis capacity	1 Not Achieved	Same as above

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. Close consultation with relevant internal and external stakeholders to help ensure consensus across government.
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.
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

Description	Rating	Mitigation Measures
		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.
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 I: N/A	N/A	N/A
RM II: Multiple donors are providing technical assistance on data analytics 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.
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.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Tax Policy. The authorities' high-level disengagement with the IMF gradually trickled down to technical disengagement at the capacity development (CD) level as well, including after June 2024 on this program, which had weathered well in this difficult environment. Three reports were nevertheless produced between January and March 2025 in order to finish the ongoing work that started before the authorities disengaged and demonstrate areas for further tax policy CD engagements. These reports cover (1) excise taxes and small taxes; (2) value-added tax (VAT); and (3) personal income tax (PIT), which together cover in large parts the issue of tax rebalancing. These reports were reviewed internally and sent to the authorities in June 2025. Given the circumstances, there has been no reaction to these reports beyond acknowledging reception by technical counterparts. As raised in the previous progress report, this CD program funded by the Global Partnership for Public Finance will, therefore, be closed. FAD will continue to be open to future engagement and can re-discuss CD needs in this new context if authorities demand support in the future.

Spending Policy. As mentioned in the previous progress report, there were no activities in FY25 owing to lack of engagement with the authorities. Following the June 2025 Steering Committee Meeting, as there was no clear prospect of future engagement, the program was closed.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key progress in FY 2026: Following the cancellation of the June 2024 FAD mission amidst the overall disengagement of the Tunisian authorities, significant work was accomplished remotely with available data resources shared before. Three reports were produced on (1) excise taxes and small taxes; (2) VAT; and (3) PIT. These reports in effect cover in large part the issue of tax rebalancing (main objective of this program), but not the corporate income tax reform. These reports were sent to the Tunisian authorities in early-June 2025, in the hope that this can keep alive a minimal level of technical cooperation on tax policy. However, there has been no reaction so far, beyond acknowledging the reports were received. Supportive Minister of Finance Ms. Nemsia was dismissed in February 2025. This program will therefore end.

III. LOGICAL FRAMEWORK

Country – Tunisia		
RM I: Objective – Improve Tax Policy Design – TPD		Rating - 2
Outcome	Rating	Narrative
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	2 Partially Achieved	Analyses on tax rebalancing (excise taxes, VAT, small taxes, and personal income tax - PIT) are completed and were sent to the authorities to help reengagement. The authorities have not reacted so far. Measures taken recently are mainly ad hoc, save for a reduction in PIT, which falls short of FAD's recommendations.

Improved distributional fairness across taxpayers due to amended tax rates or base	2 Partially Achieved	Analyses on tax rebalancing (excise taxes, VAT, small taxes, and personal income tax - PIT) are completed and were sent to the authorities to help reengagement. The authorities have not reacted so far. Measures taken recently are mainly ad hoc, save for a reduction in PIT, which falls short of FAD's recommendations.
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IV. PROJECT MANAGER: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Uganda is reforming its tax systems under the auspices of the Domestic Revenue Mobilization Strategy (DRMS), which is anchored on the medium-term revenue strategy framework approach. DRMS-1 was poorly implemented, due partly to the COVID pandemic, and extended by two years. A second DRMS (DRMS-2) has been drafted covering years FY26-30. DRMS-2 relies mainly on revenue administration for early revenue gains; tax policy is further loosened in early years followed by later tightening. Despite three HQ missions on tax expenditures (TE) evaluation and reform, Uganda has made little progress on tax base-broadening due in part to national elections planned for 2026. Successive tax policy missions have coordinated with other donors, including the World Bank and TaxDev.

On tax administration, the authorities are focusing on enhancing compliance through the electronic fiscal receipting and invoicing system (EFRIS), imposing heavier penalties for noncompliance, and introducing real time monitoring for high-risk sectors like gaming. They are also in the process of revamping their tax administration IT system. The Uganda Revenue Authority (URA) has also undergone a restructuring of the organization, following recommendations from an independent consultant. URA has asked the IMF for assistance with assuring the quality of their new enterprise risk management framework.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: An HQ mission on TE assessment and domestic revenue mobilization was delivered in July 2025, including a week-long workshop on TE evaluation methods. In August 2025, the regional long-term resident advisor (LTX) reviewed the authorities' revenue forecasting framework and built capacity for revenue forecasting methodologies. Capacity development (CD) on mining taxation funded by the Managing Natural Resource Wealth Thematic Fund was delivered in June 2025; going forward, natural resource taxation CD will be financed by the Global Public Finance Partnership (GPFP). The authorities have produced the draft DRMS-2, which the July mission reviewed. In its early years, the DRMS-2 relies on revenue administration measures to raise revenue and offers new TEs to selected industries. TE rationalization is deferred until FY27 and beyond. Elections will be held in early 2026.

Previous Progress: Workshops on VAT modeling and Fiscal Analysis of Resource Industries (FARI) modeling were delivered in February 2025.

Next Steps: At the 2025 Annual Meetings, the ministry of finance requested CD on refining the mining tax regime and on taxation of the informal sector (including withholding taxes) and microsimulation modeling. Further CD in petroleum revenue forecasting might be needed once petroleum production starts in mid-2026.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Following a restructuring of URA and the creation of the Enterprise Risk Management Division, a quality assurance of their policy and operational framework was undertaken and recommendations made. This was coupled with a review of the compliance risk management (CRM) framework, which was found to be largely sound, and only lacking in consolidation of domestic taxes and customs. A draft DRMS-2 is in place, which is largely a review and extension of DRMS-1 owing to poor

implementation. *Extractive industries.* Significant progress has been made in strengthening Customs administration and oversight within the extractive industries sector. Standard Operating Procedures (SOPs) for Customs have been tailored to address the specific risks associated with the mining and petroleum sectors. The SOPs were completed and submitted to the authorities for review, stakeholder consultations, and final revisions prior to implementation. Additionally, ongoing training is being provided to further strengthen tax audit capacity and technical skills.

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 remain focused on strengthening audit capacity and technical skills, with an increased emphasis on building expertise to effectively manage and mitigate international tax risks.

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 serious reform of VAT or income TE during FY25-26. FY2026 budget proposes new TEs for small businesses; increased cigarette and beer excises (lower for domestic production than imports); plastic bag tax introduced.
Increased/decreased revenue quantity	2 Partially Achieved	The draft DRMS-2 supports Uganda's goal of tenfold nominal growth by FY30 by aiming to nearly double revenue over that period. Most near-term revenue gains are from administrative tightening, partially offset with new tax incentives; base-broadening TE reforms are backloaded until FY27-30.
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	HQ-led TE analysis and domestic revenue mobilization mission in June 2025 delivered week-long in-depth workshop in TE cost-benefit analysis. MOF and URA staff were trained in use of several analytical models to support efficient and progressive revenue raising. Regional LTX-led revenue forecasting workshop in August 2025.

		Further CD support will be necessary to integrate new models into MOF/URA practices.
RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 2
Outcome	Rating	Narrative
Corporate priorities are better managed through effective risk management	2 Partially Achieved	An action plan was developed with CD from the IMF's Regional Technical Assistance Center for East Africa (AFE). Some compliance improvement plans have been produced. A review of the newly created Enterprise Risk Management Division's policies and frameworks was undertaken and recommendations given.
Support functions enable more effective delivery of strategy and reforms	1 Not Achieved	Slow implementation of digitalization strategy delaying progress.
Authorities have a baseline understanding of the current state of the government's revenue administration, management, and governance arrangements and core revenue administration operations	1 Not Achieved	Authorities are still conducting internal reviews and have yet to clearly define required interventions.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM I: Failure to better coordinate East African Community trade rules undermines effective excise and tariff reform.	Low	Align excise rates with externalities from harmful goods consumption for both imports and domestic products
Political Support		
RM I: 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.

Description	Rating	Mitigation Measures
RM II: Poor engagement and support by Management	High	Constant follow-up with Management to ensure support
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
Other Risks		
RM I, RM II: N/A	N/A	N/A

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I. COUNTRY REFORM PROGRESS

During FY26, Uzbekistan advanced key reforms across revenue and spending areas, supported by IMF capacity development (CD) and close coordination with development partners. The Tax Committee's 2023-30 strategic plan, the public financial management (PFM) strategy, and the five-way dialogue on pension reform with other donors are examples where the IMF's Fiscal Affairs Department (FAD) has exercised leadership in assisting the government to set the strategic direction for its reform agenda and for its engagement with other development partners. The Ministry of Economy and Finance (MEF) also requested, for November 2025, a comprehensive workshop on intergovernmental fiscal relations, covering both revenue and expenditure, both on policy and administration; the workshop will provide strategic and principle-based guidance to inform the authorities' ongoing reforms in this area.

On the revenue side, tax policy measures to simplify and harmonize regimes for self-employed individuals and entrepreneurs will take effect in January 2026. Draft laws to replace tax holidays with accelerated depreciation and apply value-added tax (VAT) to donor-funded projects were circulated, aiming to improve revenue mobilization and efficiency. These efforts build on earlier progress, including the introduction of a mining rent tax and strengthened in-house modeling capacity. Revenue administration reforms focused on organizational structure reforms, improving processes for managing VAT credits supplemented by daily hands-on support from the long-term resident advisor (LTX). New engagement with the customs administration also commenced during this period. Achievements include approval of the Tax Committee's 2025–30 strategic plan, enhanced audit capacity, and improved collaboration between tax and customs administrations.

On the spending side, the draft Pension Concept Note was submitted to the Deputy Prime Minister in September, with presidential review expected by end-October. A quantification exercise in early 2026 will refine the design to ensure sustainability. Civil Service reform progressed with the launch of the job evaluation exercise, financed by the World Bank following IMF coordination. PFM reforms also advanced: the MEF approved a roadmap for improving public investment management (PIM) and completed a review of its organizational structure. Work continues on implementing the PFM strategy, including strengthening budget processes, quality of the Fiscal Strategy Paper, and assessing long-term climate-related fiscal risks.

Donors and development partners alike have emphasized the need for stronger institutional arrangements and credible medium-term frameworks. FAD CD has addressed these concerns by supporting fiscal transparency, improving budget processes, and fostering coordination with partners such as the World Bank, Asian Development Bank (ADB), and International Labour Organization (ILO), taking a multi-disciplinary approach across revenue and expenditure, and across policy and administration, when advising Uzbekistan.

II. PROJECT DELIVERY HIGHLIGHTS

RM I: Revenue Module I – Tax Policy

Key Progress in FY26: Measures for simplification and harmonization of tax regimes for self-employment and individual entrepreneurs take effect January 1, 2026. Draft laws were circulated to replace tax holidays with accelerated depreciation and to apply VAT to donor funded projects. These reforms are expected to

improve revenues and efficiency. Analysis of strengthening the personal income tax assisted the authorities in exploring options to enhance the progressivity of the tax system. In-field FAD missions strongly engaged with the MEF Tax Policy Unit (TPU) by sharing analysis and models to strengthen in-house capacity.

Previous Progress: The mining rent tax was established and the capacity for in-house modeling of extractive industries taxation by the TPU improved.

Next Steps: A FAD tax policy mission will deliver CD on fiscal federalism (November). A medium-term revenue strategy (MTRS) for implementing structural tax reforms will be developed, in coordination with revenue administration colleagues during the second half of FY26 or in FY27.

RM II: Revenue Module I – 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 an STX visit in November 2025 on VAT credits. The LTX 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 Large Taxpayer Office (LTO); (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: A strategy to combat the shadow economy has been submitted to the Presidential Administration and is awaiting final approval. Additional high-risk sectors and taxes have been identified, and the development of compliance improvement plans is currently underway. The development of the Tax Committee's 2025–30 strategic plan and support to improve VAT administration aim to strengthen revenue administration in Uzbekistan and increase revenue collection. Achievements include enhanced audit capacity, and improved collaboration between tax and customs administrations.

Next Steps: Over the next six months, FAD will focus on strengthening capacity of customs in risk management and post clearance audit. Further, FAD plans to deliver CD on developing an MTRS, in conjunction with tax policy colleagues, and support the government strategy to combat the shadow economy.

SM I: Spending Module I – Spending Policy

Key Progress in FY26: The draft Pension Concept Note was submitted to the Deputy Prime Minister in September, with plans for it to reach the President by end-October. This milestone reflects continued engagement under the five-way dialogue led by FAD with the Pension Fund, the World Bank, ADB, and ILO. A quantification exercise is planned for early 2026 to refine the final design and strengthen sustainability.

Civil Service reform moved forward with the launch of the job evaluation exercise, financed by the World Bank after FAD's recommendation and coordination. Although its start was delayed by extended discussions on the terms of reference, implementation is now underway, and the timeline has been adjusted to extend into 2026.

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: For Civil Service reform, FAD will continue to provide input on policy design as the job evaluation progresses, and collaborate closely with PFM colleagues to ensure that institutional arrangements align with broader institution-building efforts to strengthen the MEF's institutional architecture around a strengthened budget process.

For pension reform, FAD will assist with the planned quantification exercise in early 2026 to finalize the reform package. Continued collaboration with development partners will remain essential 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 Public Investment Management Assessment (PIMA) Update and Climate-PIMA. A review of the organization and functions of the MEF was conducted to help inform a restructuring of the MEF aimed at ensuring institutional arrangements to support improved fiscal management and outcomes. FAD continues to work with the MEF to strengthen the Fiscal Strategy Paper and analysis of fiscal risks, with recent support focused on quantifying long-term fiscal risks from climate change.

Previous Progress: With IMF support, working closely with other development partners, the Government of Uzbekistan adopted a PFM 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 strategy was adopted by the Cabinet of Ministers in April 2025.

Next Steps: FAD will provide further guidance on the organization of macro-fiscal and budget functions to ensure these are well coordinated and support informed fiscal policy making. A Fiscal Transparency Evaluation Update is planned to identify gaps and reform actions to further enhance the quality of fiscal information, fiscal transparency and accountability. Strengthening the medium-term budget framework remains a priority. In line with reform actions in the PFM reform strategy, FAD will work with the authorities to strengthen budget processes, to ensure policymakers have robust information on the costs of existing programs and new policies in making decisions, and to support more credible budgets.

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	TPU has increased staffing and has good analytical capacity. CD missions worked closely with TPU.
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.
Increased/decreased revenue quantity	2 Partially Achieved	Too early to assess budget impacts of changes in taxation in 2025.
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	Following CD support to improve LTO operations, a new organizational structure has been developed and awaits the authorities' endorsement.
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	2 Partially Achieved	This activity began in 2019 under the IMF's Revenue Mobilization Thematic Fund (RMTF). The TC's Strategy 2024–30 was developed and improvements made with LTX support. The draft strategy for 2025–30 is now pending the president's approval.
Corporate priorities are better managed through effective risk management	2 Partially Achieved	A compliance risk management approach was adopted under the RMTF project. With LTX support, compliance improvement plans (CIPs) were developed. Sector-specific CIPs have been selected.
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. The national audit plan for 2025 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 Customs Committee (CC) wishes to enhance the selectivity by using 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 competitive and consistent with fiscal constraints	1 Not Achieved	After the recasting of the civil service reform in 2024, based on the recommendations of FAD's July 2024 mission, the 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 technical work on the job evaluation is now underway, which is a major necessary step, though it began several months later than planned therefore pushing the realistic date for a detailed reform proposal into 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, WB, ADB and ILO, 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 was finalized and submitted to the Deputy Prime Minister in September, and submission to the President for feedback is expected by end-October. FAD has advised that once presidential feedback is received, rigorous costing should be done in early 2026 to fine-tune the proposal, implying a decree in 2026 (the initial target date was end-2025).
SM I: Objective – Strengthen Policy Evaluation and Institution Building - PEI		Rating - 2
Outcome	Rating	Narrative
Authorities have an understanding of opportunities to enhance the adequacy, efficiency, and sustainability of public expenditure	2 Partially Achieved	The MEF has developed a greater understanding of the risks to sustainability in its initial reform plans for both Civil Service pay and for the Pension Fund, which did not initially include detailed costing. In line with the July 2024 mission report on Civil Service reform, a job evaluation exercise is underway, which will set the technical foundations for evidence-based proposals for the new Civil Service pay system. The draft Pension concept note has been submitted to the Deputy Prime Minister, after the FAD-led multi-international financial institutions working group helped the MEF and the Pension Fund conceptualize key trade-offs on adequacy and sustainability.
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. Ongoing CD will be required to support effective implementation of proposed 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	There has been progress in some PIM institutions, but further efforts are required to strengthen planning, 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 - 1
Outcome	Rating	Narrative
Comprehensive, timely, and high quality fiscal reports	1 Not Achieved	The PFM Reform Strategy includes further actions to improve fiscal reporting and transparency.
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: 2023 was characterized by political uncertainty, notably around the time of the MEF merger, inhibiting reform momentum.	Medium	- Engage regularly with senior government officers (e.g., Deputy Prime Minister, relevant deputy ministers), to foster and monitor government ownership of reforms. - Strengthen relationships with key officers to monitor reform progress, especially on critical milestones (e.g., as set out in the PFM Reform Strategy and Project implementation plan).

Description	Rating	Mitigation Measures
		- 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.
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.

Description	Rating	Mitigation Measures
		- Provide continuous LTX support to ensure reform stability and enhance momentum.
Other Risks		
RM I: N/A	N/A	N/A
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.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. REFORM PROGRESS

By October 2025, more than 17,600 learners have participated in Virtual Training to Advance Revenue Administration (VITARA). VITARA modules have been integrated into several IMF capacity development (CD) initiatives in revenue administration, including engagements in Antigua and Barbuda, China, Palau, Sri Lanka, Turkmenistan, and Uzbekistan, as well as CD engagements at IMF regional centers such as the South Asia Regional Training and Technical Assistance Center (SARTTAC) and the Pacific Financial Technical Assistance Center (PFTAC). The modules have been used either as prerequisites for in-country activities or as components of in-person CD delivery. During April–May 2025, the IMF launched the VITARA module on Taxpayer Registration, which has already attracted more than five hundred participants. Although the rollout of the latest modules has experienced minor delays, the project continues to advance steadily. Several new online English modules (Debt Management, Taxpayer Services, Filing) are expected to be released, together with a Russian (Compliance Risk Management (CRM)) and a French module (Audit) within the next six to eight months, alongside five additional reference guides (CRM, Enterprise Risk Management, Performance Management, Taxpayer Registration, IT and Data Management) slated for publication by the end of the fiscal year.

II. PROJECT DELIVERY HIGHLIGHTS

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

Key Progress in FY26: Between April and October 2025, around 1,100 participants completed VITARA courses, with an average learning gain of 11 percent. Of these, 86 percent were from emerging markets and low-income countries—41 percent from Africa, followed by Asia-Pacific and the Western Hemisphere (16 percent each), the Middle East and Central Asia (15 percent), and Europe (12 percent). Women accounted for 36 percent of learners. To support long-term capacity building, VITARA partners developed a manual for integrating modules into national training programs and a booklet linking the VITARA curriculum to Tax Administration Diagnostic Assessment Tool (TADAT) Performance Outcome Areas.

Previous Progress: Since July 2021, VITARA has trained about 17,600 participants, achieving an average learning gain of 13 percent. The program now offers 21 online modules, 7 reference guides, and 6 microlearning video playlists.

Next Steps: New English modules will be released on Debt Management, Taxpayer Services, and Filing. Translations are underway: the CRM module into Russian and the Audit module into French. The first Russian module will support IMF CD in the Caucasus, Central Asia, and Mongolia Region Capacity Development Center (CCAMTAC) region. Finalized content for three new reference guides—CRM, Enterprise Risk Management, and Performance Management—will be followed by guides on Taxpayer Registration and 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.
Resource Adequacy		
A program manager and technical staff will need to be procured, managed by current IMF staff.	Medium	Continue to evaluate the resource needs and make adjustments as necessary. Future updates to existing modules will likely be necessary to prevent obsolescence - potentially requiring additional funding in future cycles.

IV. PROJECT MANAGERS CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Revenue administration capacity development (CD) helped the authorities develop short-term emergency revenue plans covering a 12-month period. These plans are now set to be implemented with the active support of the Minister of Finance, aiming to stabilize and enhance revenue collection during the designated timeframe. These plans build on previous CD delivered by the IMF's Fiscal Affairs Department (FAD) and the Middle East Regional Technical Assistance Center (METAC)—covering areas such as taxpayer services, organizational structure, compliance risk management, and tax audit—while also incorporating newly identified priorities and CD needs requested by the authorities. METAC will support FAD in delivering CD activities related to these plans. Regular coordination continues between METAC and the IMF's Middle East and Central Asia Department (MCD) on an almost daily basis to ensure complementarity and efficiency in the delivery of CD.

II. PROJECT DELIVERY HIGHLIGHTS

Revenue Module II – Revenue Administration
Key Progress in FY26: Priority areas for revenue mobilization have been identified for both the tax and customs administrations. In response, short-term emergency revenue plans were jointly developed with the authorities, covering a 12-month implementation period. These plans were formally adopted and include a total of 50 targeted measures—32 for the tax administration and 18 for the customs administration—designed to enhance revenue collection and operational efficiency Next Steps: In FY27, we will conduct a comprehensive diagnostic of the existing IT infrastructure within the tax administration. Based on the findings, we will support the implementation of a new Integrated Tax Administration System (ITAS), modeled on the solution previously deployed by the IMF in several fragile and conflict-affected states. This initiative aims to modernize core tax functions, improve operational efficiency, and strengthen revenue mobilization capabilities.

III. LOGICAL FRAMEWORK

Country – Yemen		
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	No CD has been provided yet in relation to this outcome.
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	1 Not Achieved	No CD has been provided yet in relation to this outcome.
Capacity for reform increased due to clear reform strategy and a strategic	4 Fully Achieved	Short-term emergency revenue plans covering a 12-month period were developed for both the tax and customs administrations.

management framework adopted and institutionalized		These plans have been formally adopted by the authorities and are now set to begin implementation, aiming to strengthen revenue mobilization and operational effectiveness during the designated timeframe.
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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		
Minister of Finance is supporting the reforms	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		
Outdate infrastructure and manual environment for the revenue administration staff.	Very High	Authorities to be encouraged to provide necessary resources to the revenue administrations (infrastructure, ITAS, 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.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

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

Zambia has a strong development partners' presence and support in these fields (major partners being the World Bank, European Union, and German Agency for International Cooperation). The authorities have been actively engaged with the partners to ensure the effective coordination of their support, including through inviting the partners to identify and support the specific workstreams of the Integrated Public Financial Management Reform Strategy 2024-27.

On the revenue side, the IMF's Fiscal Affairs Department's (FAD) review and feedback of the tax expenditure report published in December 2024 covering most income tax, excise tax, and customs measures helped the authorities to improve transparency on the use of tax incentives in Zambia. In April 2025, FAD undertook a comprehensive diagnostic of the tax system. The recommendations 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. The Zambia Revenue Authority (ZRA) has made positive strides in implementing key recommendations from recent FAD missions, such as establishing the Risk Management Unit (RMU), the compliance risk management (CRM) Steering Committee, and the CRM Implementation Committee. The establishment and operationalization of both the Risk Committee and the Risk Unit are significant achievements. While the compliance improvement plan (CIP) for corporate income tax (CIT) filing is not yet fully implemented, several functional areas are actively making progress. The e-invoicing system is mandatory for all value added tax (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.

On the spending side, to support the authorities' commitment to strengthen the fiscal framework, FAD provided advice 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: In April 2025, at the request of the authorities, FAD ran a two-week mission to provide a diagnostic of the tax system. The recommendations if implemented will improve the fairness and efficiency of the tax system by making it more principles-based. Following further consultations between the

authorities and FAD, Zambia implemented a corporate minimum alternative tax in summer 2025 consistent with the diagnostic recommendations.

Previous Progress: In response to a request from the authorities about revenue forecasting, they were given information in 2024 about FAD's online course on revenue forecasting. The authorities published a tax expenditure report in December 2024 that covers most income tax, excise tax, and customs measures. They requested FAD review of the publication, which was provided in February 2025. This will help to improve transparency on the use of tax incentives in Zambia.

Next Steps: The authorities in October 2025 requested additional training on revenue forecasting. This training will likely not be feasible until FY27. Existing funding in the GPFP project is likely insufficient for this activity. The authorities are also interested in developing a medium-term revenue strategy (MTRS) and in improving the coverage of the country's supply-use tables to provide the data needed for VAT modelling (including for tax expenditures). The MTRS will help Zambia in having a coherent and comprehensive plan to improve revenue mobilization; it is not yet clear whether the authorities will seek IMF help with the MTRS. Their interest in improving the supply-use tables has been forwarded to the IMF's Statistics Department.

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: The ZRA has made solid progress in implementing its CRM framework. The establishment and operationalization of both the Risk Committee and the RMU are significant achievements. While the CIP for CIT filing is not yet fully implemented, several functional areas are actively making progress. 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.

Previous Progress: The implementation of key recommendations from previous FAD missions was crucial in establishing the RMU, the CRM Steering Committee, and the CRM Implementation Committee, which held its first meeting in November 2024.

Next Steps: Upcoming CD activities will help sustain momentum in CRM implementation, strengthen VAT refund controls, and expand the use of e-invoicing. These include a study tour to the Australian Taxation Office, aimed at identifying high-impact opportunities to accelerate ZRA's CRM journey, as well as targeted support for leveraging e-invoicing data to enhance VAT refund oversight.

SM II: Spending Module II – Managing Public Finances

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. 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. Among several SWF design options currently being considered by the authorities, the IMF recommends creating a stabilization fund to complement the proposed fiscal rule. The improvements in macro-fiscal forecasting, fiscal risk management and fiscal rules monitoring and reporting have been emphasized

Previous Progress: To support the authorities' desire for access to 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: The IMF will further support Zambia to enhance the capacity of the MoFNP in assessing fiscal impact of macroeconomic shocks and climate events, and public-private partnerships, and managing 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	Authorities requested assistance with supply and use tables so that they can provide data for VAT modelling.
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 requested training on revenue forecasting. Such training will improve the budgeting process in Zambia and allow decisions on possible tax measures to be better informed by estimates of revenue impacts. The training is anticipated 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	The ZRA has made solid progress in implementing its CRM framework. The establishment and operationalization of both the Risk Committee and the RMU are significant achievements. While the CIP for CIT

		filing is not yet fully implemented, several functional areas are actively making progress.
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 Macroeconomic 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 Sovereign Wealth Fund 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.
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		
RM I: N/A	N/A	N/A
SM II: In light on upcoming elections in August 2026, the risks of slipping on	High	Coordinate closely with the IMF's African Department to leverage the Extended Credit Facility program in ensuring the political

Description	Rating	Mitigation Measures
spending and PFM reforms commitment is heightened.		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.
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.
Resource Adequacy		
RM I, RM II: Resources are misused, not properly accounted for, do not achieve value for money.	Low	Project resources will be employed in accordance with the Fund's policies and procedures, including in particular its Travel Policy.
SM II: The adequacy of human and financial resources and/or suitable physical infrastructure (buildings and equipment) and technology within the targeted unit(s) to conduct the desired function	Medium	Continue stressing allocating resources in priority areas that require immediate attention and invest in training programs to enhance the skills of existing personnel.
Other Risks		
RM I, RM II: Multiple donors are providing technical assistance on CRM topics; and gaps, or overlaps may arise as a result.	Low	Take an active role in engaging with other donors to ensure support is well coordinated, especially with German Agency for International Cooperation because they have a strong physical presence in the country.

V. PROJECT MANAGERS: CONTACT INFORMATION

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I. COUNTRY REFORM PROGRESS

Zimbabwe's reform agenda has advanced through coordinated efforts in both revenue administration and expenditure policy.

In *revenue administration*, the IMF's capacity development (CD) support was pivotal in strengthening Zimbabwe Revenue Authority (ZIMRA)'s ability to diagnose and identify measures to address persistent weaknesses, as evidenced by targeted workshops in the post-Tax Administration Diagnostics Assessment Tool (TADAT) mission and carrying out the Revenue Administration-GAP (RA-GAP) analysis. These activities responded directly to the authorities' request for diagnostics to highlight gaps and recommendations to ensure robust compliance management and improved data-driven decision making. These have laid a solid foundation for ZIMRA's upcoming strategic cycle and will provide baselines from which the IMF and other donors can engage and support Zimbabwe. Previous support enabled the ZIMRA to implement an integrated tax administration IT system. The African Development Bank provided counterpart funding for procurement of the system while the IMF provided implementation support through the Global Public Finance Partnership (GPFP). With this investment, there is increased taxpayer registration and improvement in taxpayer experience with the ZIMRA. The World Bank, European Union and other donors are briefed after missions to ensure effective coordination and collaboration.

On the *expenditure policy* front, the public wage bill remains a central policy concern in Zimbabwe, as it is the largest expenditure item and continues to rise. In July, a CD mission supported the authorities in wage bill management, which is affected by weaknesses in the compensation and employment framework and a lack of predictability. Recommendations were made to rationalize employment and compensation, emphasizing alignment with structured and sequenced interventions during the budget cycle, including strengthened wage bill projections. The World Bank was briefed after missions to ensure effective coordination and collaboration. There is a need for a follow-up mission to provide training to enable staff in the ministry of finance (MoF) to undertake wage bill analysis and projections, improving wage bill planning and control. During the Annual Meetings in October 2025, the authorities agreed that training on wage bill projections would be beneficial and agreed to provide reliable and credible individualized payroll data ahead of the mission.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Building up on prior work done on compliance risk management (CRM), there was further capacity building done on the topic. A seven-day workshop with ZIMRA divisions and HQ staff, leading to practical steps to address weaknesses identified by TADAT and adopt best practices. Additional workshops during the post-TADAT mission helped identify root causes of ongoing tax administration issues, resulting in targeted recommendations for compliance management, informal sector taxation, and priority reforms. A high-level reform plan was proposed to guide ZIMRA's 2026–2030 Corporate Strategic Plan and highlight CD needs. A hybrid mission used the IMF RA-GAP methodology to assess the value added tax (VAT) gap, identifying sectors with significant potential for increased compliance. An HQ-led customs mission further evaluated technical assistance and identified capacity gaps in reform monitoring and evidence-based decision making and additional work is planned to address these gaps.

Previous Progress: Previous achievements include the successful launch of the Tax and Revenue Management System, which received positive taxpayer feedback for enhancing functionalities of the

integrated tax administration IT system. In customs, ZIMRA benefited from support to regulate customs brokers, uncovering issues such as inaccurate declarations and integrity concerns. Recommendations were made for a new regulatory framework aligned with international standards.

Next Steps: Upcoming technical assistance will prioritize enhanced data analytics to support effective compliance risk management, enforcement, performance measurement, and integrity. In response to the RA-GAP study, audit scoping will be undertaken to develop an audit strategy and implementation plan to address high risk sectors. The post-TADAT mission identified the need to develop the use of behavioral insights to build the filing and payment culture.

SM I: Spending Module I – Spending Policy

Key Progress in FY26: At the request of Minister of Finance Mthuli Ncube, an IMF's Fiscal Affairs Department (FAD) mission visited Harare in July 2025 to assess and advise on rationalizing the government wage bill. The mission provided a diagnostic of public employment and compensation issues, along with reform options to contain spending. As a result, the authorities now better understand the sources of wage bill pressures and which measures are necessary to improve fiscal sustainability. Extensive discussions with key ministries and unions enhanced the authorities' understanding of efficiency, adequacy, and fiscal sustainability of spending. For instance, the mission explored various policy scenarios for employment and wage growth and estimated their potential fiscal impact. In the short term, options can be grouped into measures that address (i) the adjustment of wages; (ii) refining employment levels; and (iii) combined measures. Given the high level of the wage bill, compensation or employment measures alone are insufficient to reach the government's policy target of 50 percent of revenue, and so a combined set of measures is likely needed. The CD engagement would have benefited from better provision of data, as detailed payroll data reconciled with the budget was not provided.

Previous Progress: Previous achievements include a scoping mission to discuss the medium-term CD engagement in expenditure policy areas that identified the management of the public sector wage bill as a CD priority.

Next Steps: During the October 2025 Annual Meetings, MoF Deputy Director Ms. Mantenda requested follow-up support and training. FAD emphasized the need for detailed payroll data and skilled MoF staff to absorb the training. Ms. Mantenda agreed, proposing February 2026 for the training and requesting further assistance on expenditure rationalization in the next fiscal year.

III. LOGICAL FRAMEWORK

Country – Zimbabwe		
RM II: Objective - Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 3
Outcome	Rating	Narrative
Corporate priorities are better managed through effective risk management	3 Largely Achieved	Support was provided to strengthen the Compliance Risk Management process. Enterprise Risk Management policy and Corporate Risk Management Charter are now in place.

Support functions enable more effective delivery of strategy and reforms	3 Largely Achieved	Tax and Revenue Management System implementation is complete. IMF provided technical advice throughout the different phases of the implementation. An independent evaluation is in progress supported by the African Development Bank to ascertain future enhancements.
RM II: Objective - Strengthened core tax administration functions (SDG 17.1) - TAD		Rating - 2
Outcome	Rating	Narrative
The integrity of the taxpayer base and ledger is strengthened	2 Partially Achieved	There is ongoing work to cleanse the taxpayer register. Results from a recent post-TADAT mission funded by GPFP showed that there is additional work to be done in this area and advice was provided to support this activity.
A larger proportion of taxpayers meet their filing obligations as required by law	2 Partially Achieved	Rates for on-time filing are below the TADAT standard for a 'C' rating. While progress is observed with the rates, more has to be done to lift the rates. Advice was provided in the post-TADAT mission carried out in August 2025.
A larger proportion of taxpayers meet their payment obligations as required by law	2 Partially Achieved	Payment rates are still below the TADAT standard for good practice. While minor improvements are observed, using VAT as an example, filing during TADAT assessment was 39 percent for all taxpayers; it improved to 52 percent by the time of the post-TADAT mission in August. Data integrity issues impact the statistics for on-time filing and advice was provided during the recent post-TADAT mission to both deal with issues in the register and other initiatives to support on-time filing.
Audit and other verification programs more effectively ensure accuracy of reporting	2 Partially Achieved	No activity was carried except through prior support provided through the IMF's Regional Technical Assistance Center for Southern Africa (AFS). An audit scoping activity is planned for early 2026 in response to the findings of a recent mission that identified some gaps in the tax audit area including in addressing risks in the specialized sectors.
RM II: Objective - Improved customs administration functions (SDG 17.1) - CAD		Rating - 2
Outcome	Rating	Narrative
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	1 Not Achieved	The rates for post-clearance audits are yet to be determined.
Customs control during the clearance process more effectively ensures accuracy of declarations	2 Partially Achieved	ZIMRA has a weak capacity to manage and control clearing agents. This weakness is a niche for bad practices and non-compliance. A visit assessed the gaps against international standards and provided recommendations to align the control over clearing agents to international standards. The full implementation of the recommendations will require the support of the government to change the guarantee system applied to clearing agents.

SM I: Objective – Strengthen Expenditure Policy Formulation and Design – EPD			Rating - 3
Outcome	Rating	Narrative	
Public expenditure is fiscally sustainable and efficient	3 Medium	The wage bill mission in July 2025 raised issues related to wage bill controls and deficiencies related to wage bill forecasting, The objective of ensuring that the authorities have a clear understanding of these issues to ensure that the outcome is met was relatively achieved. A wage bill follow-up mission and training course may occur during FY2027.	
Government pay and employment are more competitive and consistent with fiscal constraints	3 Medium	The wage bill mission in July 2025 provided recommendations on this regard and raised the need for detailed payroll data to undertake a deeper analysis on issues (drivers) related to government pay and compensation, raising the authorities' awareness, relatively achieving the objective. During the October 2025 Annual Meetings, MoF Deputy Director Ms. Mantenda requested follow-up support and training. FAD emphasized the need for detailed payroll data and skilled MoF staff to absorb the training. Ms. Mantenda agreed, proposing February 2026 for the training and requesting further assistance on expenditure rationalization in the next fiscal year.	
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	At the request of Minister Mthuli Ncube, an FAD mission visited Harare in July 2025 to assess and advise on rationalizing the government wage bill. The mission provided a diagnostic of public employment and compensation issues, along with reform options to contain spending. As a result, the authorities now better understand the sources of wage bill pressures and measures to improve fiscal sustainability.	

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II, SM I: Risk that external events create a more challenging environment to implement reforms.	Medium	Ensure sufficient flexibility in program execution and allow for ability to adjust activities in the case of adverse events.
Political Support		
RM II, SM I: Lack of political support for reforms inhibits required actions or resources being allocated that are needed to enhancements to fiscal risk	Medium	Ensure 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 of institutions and practices.		
Management and Technical Staff Support and Commitment		
RM II, SM I: Low commitment of management and staff in finance, other ministries, and revenue administration to adopt and implement fiscal risk management practices.	Medium	Engage with senior management and technical staff proactively and explain the importance of strengthening fiscal risk management.
Resource Adequacy		
RM II, SM I: Insufficient technical capacity and human resources necessary to implement reforms	High	Ensure CD plans include sufficient capacity building and training elements and prioritize CD to priority or highest risk areas where resources are limited.
Other Risks		
RM II, SM I: Multiple donors are providing technical assistance on fiscal risk topics and gaps, or overlaps may arise as a result.	Medium	Take an active role in engaging with other donors to ensure support is well coordinated. Debrief meetings are held after every headquarter mission to update development partners on observations and identified CD needs and to get updates from the development partners.

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