



FY26 GPFP Mid-Year Project Proposals

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**Amendment to
Project Proposal for**

CENTRAL AFRICAN REPUBLIC

March 2026

Component: Spending

Module: SM-II: Managing Public Finances



PROJECT SUMMARY

COUNTRY: Central African Republic

LEAD DEPARTMENT: FAD

REGION: AFR

PLANNED DATES: FY27-28

PROJECT MANAGERS: René Ossa (Revenue Administration, FADR2, Lead)
Clément Ncuti (Public Financial Management, FADM2)

ESTIMATED BUDGET The cost included in this amendment is detailed in the proposal LTX PFM Support to Central African Republic and Rep of Congo.

PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
INITIAL PROJECT PROPOSAL	Proposal for module RM-II: Revenue Administration	January 2024
AMENDMENT 1 / 1	Seek inclusion of module SM II: Managing Public Finances (previously funded under a bilateral arrangement with a current donor of the GPFP for fragile and conflict affected states in sub-Saharan Africa)	March 2026

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ACRONYMS

CD	Capacity development
CAR	Central African Republic
FAD	IMF's Fiscal Affairs Department
FCS	Fragile and conflict affected states
GPFP	Global Public Finance Partnership
LTX	Long-term resident advisor
PFM	Public financial management
TSA	Treasury single account

I. PROJECT AMENDMENT PURPOSE

Country request and relevance/importance

This project seeks funding from the Global Public Finance Partnership (GPFP) to expand support to the Central African Republic (CAR). This support was previously financed by an earlier capacity development (CD) program with a current donor of the GPFP. This program targets fragile and conflict-affected states (FCS) in selected countries in sub-Saharan Africa to help restore and strengthen core public financial management (PFM) functions. Expansion of support responds to the CAR authorities' call for sustained, high-intensity CD that they expressed at each of the bilateral meetings with the IMF's Fiscal Affairs Department (FAD) during the Annual and Spring Meetings, but also as conveyed through the IMF's African Department as reflected in assessment of progress with fiscal structural reforms, and achievement of structural conditionality under the IMF's Enhanced Credit Facility supported arrangement, thanks to continued CD support. CD support would ensure persistent PFM weaknesses that threaten macro-fiscal stability and undermine program performance are addressed. It would also help maintain the reform momentum, supporting thereby opportunities to exit from fragility. This reflects both the IMF's prioritization of FCS and the increased demand for CD from FCS in the African region.

Description of Modules

The amendment will add a new module (SM-II: Managing Public Finances) to the existing project, focusing on improving fiscal transparency and reporting; and, strengthening budget management, in the context of fragility and pressing needs to meet SDGs and other development needs. Activities will focus inter alia on (i) strengthening cash flow planning and forecasting while also reinforcing linkages between cash and debt management; (ii) enhancing fiscal reporting and transparency through improved public accounting; (iii) supporting the operationalization of the Treasury Single Account (TSA); and (iv) providing agile, flexible support to address emerging PFM risks stemming from fiscal reporting and budget management. In line with previously delivered CD under this legacy bilateral program, CD to CAR will be agile and flexible, and will leverage the hand-on support of a long-term resident advisor (LTX). The scope of the LTX support is covered in a separate LTX proposal.

Multi-country LTX support is presented as a separate project proposal for budgeting and contracting purposes but the related activity workplan, RBM framework, and progress by the countries related to the

LTX interventions will be reported in the relevant country project for the CAR, consistent with FAD's programmatic country-centered approach.

II. BACKGROUND

Macro-fiscal situation

CAR remains a fragile and conflict-affected state, facing acute institutional and individual capacity constraints. Fiscal governance is undermined by weak PFM systems, frequent use of exceptional spending procedures, and persistent accumulation of arrears. The macro-fiscal outlook is vulnerable to shocks, with limited fiscal buffers and high dependence on external support. Recent reviews of the program under the IMF's Enhanced Credit Facility have highlighted repeated breaches of fiscal quantitative conditionality, reflecting in part underlying PFM weaknesses.

Country engagement and alignment to reform priorities

The LTX for CAR supported the Ministry of Finance and Budget in developing a strategic plan and the 2023-26 action plan of its Treasury Department. The advisor also supported the modernization of non-tax revenue collection system and coordinated the donors' actions on this topic to ensure efficient implementation. Extensive support has also been provided in resuming compilation of annual financial accounts, with restoration of the 2021 trial balance and data migration from a legacy financial system (i.e., GESCO) to a new system (i.e., SIM_Ba).

IMF priority areas / cross-cutting themes

The project aligns with IMF priorities for FCS, focusing on fiscal transparency and fiscal governance. Where relevant, CD will also address digitalization (e.g., payment systems).

III. PROJECT AMENDMENT MODULES - DESCRIPTION

This proposal is an amendment to an existing project. The amendment proposes CD support to the Central African Republic in PFM. FAD CD will support improvements within the strategic objectives presented in Table 1.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Spending	SM II / Managing Public Finances	- Improve fiscal transparency and reporting - Strengthen budget management

A. SM II – Managing Public Finances

Scope

The module will provide continuous support to the CAR authorities in further improving public accounting and fiscal reporting, modernizing cash management tools, and operationalizing the TSA.

Program Objectives

The CD program aims to strengthen core PFM functions consistent with guidelines from the regional PFM directives of the Central African Economic and Monetary Community, and to address persistent PFM weaknesses that threaten macro-fiscal stability. CD will support improving fiscal transparency and reporting, to strengthen the integrity, timeliness, and comprehensiveness of annual financial statements. CD will also support strengthening budget management, through improved budget execution and control processes aimed at curbing exceptional spending procedures; and improved cash management aiming to put a dent in arrears and operationalize the TSA.

Expected Results (outcomes)

As a result of this CD, the authorities are expected to:

- Produce comprehensive, timely, and high-quality fiscal reports;
- Annually close government accounts and improve the timeliness of annual financial statements;
- Produce regular and accurate cash flow forecasts and improve cash management;
- Reduce reliance on exceptional spending procedures and strengthen management of expenditure arrears;

- Operationalize the TSA, with majority of government accounts consolidated at the central bank;
- Enhance, through continuous hands-on training and coaching, capacity of treasury and accounting staff to implement and sustain reforms.

Project proposals typically cover only one to two years of CD activities, which are expected to contribute to the achievement of the objectives outlined in the sections above. The objectives of this GPFP project may require extended and ongoing support to be fully and sustainably realized. Therefore, progress reports will serve to monitor advancement towards these objectives, and it may be necessary to adjust or broaden project workplans to better facilitate the achievement of these goals.

IV. ORGANIZATIONAL ARRANGEMENTS

A. Country Engagement

CAR has benefitted from sustained CD support from the previous program with a current donor of the GPFP, in combination with support from the IMF's Regional Technical Assistance Center for Central Africa. Engagement through that program entailed HQ missions, regular short-term expert visits, and the placement of a LTX who supported CAR and the Republic of Congo, based in Brazzaville starting in June 2020 and now based in Bangui since May 2025.

B. Delivery Modalities

CD will comprise a mix of remote and in-person activities. Government officials will receive hands-on CD support for improving fiscal transparency and reporting and strengthen budget management. As relevant, and requested by the authorities, the project could at a later stage also allow for peer-to-peer learning events where countries can share experience and build synergies. Virtual deliveries from HQ Staff will also be used, when needed, to complement in-person support from the LTX. The following CD activities will be delivered as a package:

- **LTX support.** An in-country LTX will guide reform implementation, coordinate technical assistance support, and respond to authorities' needs in real time. The regional LTX, based in Bangui, in the Central African Republic also covers the Republic of Congo and focuses on public accounting and cash management. The specific scope of the LTX is covered in a separate proposal (LTX PFM Support to the Central African Republic and Republic of Congo).

- **Short-term expert** visits joining the LTX will be considered at a later stage, to help provide specialized assistance in specific areas of PFM. The project will seek to use French-speaking experts.

C. Coordination / Cooperation: Public Financial Management

Coordination			
Partner	Coordination Type	Coordination Area	Frequency
IMF's African Department CAR team, Regional Technical Assistance Center for Central, IMF's Monetary and Capital Markets Department, IMF's Statistics Department	CD design and delivery, mission timing, joint CD support, information sharing	PFM, fiscal and debt statistics, debt management	Continuous
Cooperation			
Partner	Coordination Type	Coordination Area	Frequency
European Union, World Bank, Agence Française de Développement	Sharing of information, insights, and recommendations	PFM	Bi-annually

V. RISK ASSESSMENT AND MITIGATION

Module	Description	Risk Assessment	Mitigation Measures
EXTERNAL CLIMATE/CONDITIONS			
SM II - Managing Public Finance	Intensification of regional conflicts or flare up of internal tensions.	High	Targeted support to strengthen key PFM institutions to withstand shocks and remain operational during shock episodes.
MANAGEMENT AND TECHNICAL STAFF SUPPORT AND COMMITMENT			
SM II - Managing Public Finance	Waning commitment for reforms by management and technical staff	Medium	Strengthen engagement at senior management level and target capacity developments efforts to achieving the authorities' own national and supranational PFM reform objectives.
RESOURCE ADEQUACY			
SM II - Managing Public Finance	No or little financial and material resource availability for implementing reforms	High	Strengthen collaboration with other development partners to complement the Fund's technical support with financial and material support to the authorities to implement reform work programs.

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY27	FY28	Grand Total
SM II – Managing Public Finances			
LTX in residence	1	1	2

Note: An LTX for in-person hands-on delivery was chosen to maintain reform momentum, given the fragile context in the CAR and the need for continuous support.

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
SM II – Managing Public Finances		
Q1-Q4/FY27	Duty station-based Work - DS	LTX support in public accounting and cash management.

VII. PROGRAM FINANCIALS

The cost included in this amendment is detailed in the proposal for LTX PFM Support to the Central African Republic and Republic of Congo.

VIII. TARGETED LOGICAL FRAMEWORK

A. SM II – Managing Public Finances

Objective: Improve Fiscal Transparency and Reporting - FTR	
Outcome(s)	Indicator(s)
Comprehensive, timely and high-quality fiscal reports	Strengthened completeness, timeliness and consistency of annual financial statements (Record Score: PEFA PI-29) FTC1.2.2
Strengthened budget execution and control processes	Strengthened effectiveness of management of expenditure arrears
Strengthened asset and liability management processes	Strengthened effectiveness and timeliness of cash flow forecasting and cash balance management including for capital spending (DEMPA DPI 11, PEFA PI-21.2)



**Amendment to
Project Proposal for
CHAD**

March 2026

Component: Spending

Module: SM-II: Managing Public Finances



PROJECT SUMMARY

COUNTRY: Chad

LEAD DEPARTMENT: FAD

REGION: AFR

PLANNED DATES: FY27-FY28

PROJECT MANAGERS: Rene Ossa (Revenue Administration, FADR2, Lead)
Severin Yves Kamgna (Public Financial Management, FADM2)

ESTIMATED BUDGET US\$134,692

BUDGET FOR ENDORSEMENT: US\$134,692

PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
INITIAL PROJECT PROPOSAL	Proposal for module RM-II: Revenue Administration	January 2024
AMENDMENT 1	Seek inclusion of module SM II: Managing Public Finances (previously funded under a bilateral arrangement with a current donor of the GPFP for fragile and conflict affected states in sub-Saharan Africa)	March 2026

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ACRONYMS

CD	Capacity development
FAD	IMF's Fiscal Affairs Department
FCS	Fragile and conflict affected states
GPFP	Global Public Finance Partnership
PFM	Public financial management
SRFP	Public Finance Reform Strategy
STX	Short-term expert
TSA	Treasury single account

I. PROJECT AMENDMENT PURPOSE

Country request and relevance/importance

This project seeks funding from the Global Public Finance Partnership (GPFP) to expand support to Chad, which was financed by an earlier capacity development (CD) program with a current donor of the GPFP. This program targets fragile and conflict-affected states (FCS) in selected countries in sub-Saharan Africa to help restore and strengthen core public financial management (PFM) functions. These functions include (but are not limited to) cash management, fiscal reporting, and budget preparation where greater intensive assistance is necessary as these countries continue to recover and rebuild fiscal buffers following recent exogenous shocks. The program will also help countries to maintain reform momentum, and support opportunities for countries to exit from fragility, with an expanded high-intensity presence in the field and the flexibility to address high priority topical needs when they arise. This reflects both the IMF's prioritization of FCS and the increased demand for CD from FCS in the Africa region.

Description of Modules

The project will support Chad authorities and technical services in coordinating, steering, and implementing the Public Finance Reform Strategy (SRFP) covering the period 2022–2027, adopted by decree on 19 August 2022. In this context, methodological, organizational, technical, and operational supports will be focused on: (i) public finance management institutions and capacities, (ii) the coverage and quality of budgetary and accounting information, (iii) budget execution and controls, and (iv) cash management and the implementation of the Treasury Single Account (TSA).

The estimated budget for this project amendment is US\$134,692, covered within the total budget endorsement request for Chad of US\$673,769 through FY28.

II. BACKGROUND

Macro-fiscal situation

Chad's macrofiscal outlook remains broadly positive, supported by strong non-oil sector performance and improved agricultural output. Real GDP growth reached 5 percent in 2024 and is projected to rise to 5.1 percent in 2026, while inflation turned negative in late 2025 due to falling food prices but is expected

to normalize gradually. Medium-term prospects hinge on sustained reforms, effective implementation of the National Development Plan, and favorable external conditions. These dynamics provide an opportunity to strengthen fiscal resilience and create space for priority social and capital spending.

Despite this progress, public finances face significant challenges and risks. Revenue mobilization remains weak, with authorities working to broaden the tax base and improve value-added tax administration, while oil dependence continues to expose the budget to price volatility. Persistent use of emergency spending procedures with limited absorptive capacity for investment, and delays in structural reforms—particularly in internal budgetary and accounting control—undermine fiscal discipline.

Humanitarian pressures from hosting 1.5 million refugees, tight financing conditions, and vulnerabilities in debt management further constrain fiscal space, making strong PFM reforms, enhanced cash management, and implementation of TSA critical for program success.

Country engagement and alignment to reform priorities

Thanks to the support provided by the previous funding CD program under a current GPFP donor, significant progress has been made in Chad's public finance reform. Among the most significant achievements are the creation of an Institutional Framework for Public Finance Reform (i.e., CIRFiP) and an Operational Reform Unit within the General Directorate of the Treasury and Public Accounting, ensuring the steering and coordination of the SRFP. An initial report on the implementation of the strategy has been prepared, while considerable capacity-building efforts have been carried out within the ministry's departments, supported by the establishment of training and communication plans.

From a technical perspective, the implementation of the accounting module of SIGFiP has enabled the modernization and decentralization of the State's accounting structure. An interdepartmental working group is now focused on the introduction of asset accounting, a key step in strengthening the patrimonial aspect of public finance. Furthermore, the management of exceptional procedures (i.e., DAO) has been improved through a dedicated regulatory framework and the integration of controls into SIGFiP, the integrated financial management and information system, fostering the development of a culture of internal control. Treasury management has also advanced, with the adoption of a strategy and roadmap

for the TSA, the formation of a dedicated team, and coordination with regional and professional partners. Finally, the introduction of modern forecasting and planning tools is enhancing the management of treasury and its alignment with debt management, thereby consolidating the transparency and reliability of public finances.

III. PROJECT AMENDMENT MODULES - DESCRIPTION

This proposal is an amendment to an existing project. The amendment proposes CD support to Chad in public financial management. FAD CD will support improvements within the strategic objectives presented in Table 1.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Spending	SM II / Managing Public Finances	• Improve fiscal transparency and reporting • Strengthen budget management

A. SM II – Managing Public Finances

Scope

CD will provide the authorities with continuous support to the cash management and public accounting reforms, with a focus on operationalizing the TSA, modernizing the cash management tools, and the restoration of the 2021 trial balance.

Program Objectives

Improve fiscal transparency and reporting

- Comprehensive, timely and high-quality fiscal reports
- Strengthening accounting and audit processes
- Strengthen budget management
- Strengthening asset and liabilities management processes

Expected Results (outcomes)

As a result of this CD, authorities are expected to strengthen core PFM functions, such as an increased ability to foster fiscal responsibility and transparency, strengthen cash management, and implement stock accounting reforms.

Project proposals typically cover only one to two years of CD activities, which are expected to contribute to the achievement of the objectives outlined in the sections above. The objectives of this GPFP project may require extended and ongoing support to be fully and sustainably realized. Therefore, progress reports will serve to monitor advancement towards these objectives, and it may be necessary to adjust or broaden project workplans to better facilitate the achievement of these goals.

IV. ORGANIZATIONAL ARRANGEMENTS

A. Country Engagement

FAD's capacity development engagement in Chad has been sustained, anchored in the implementation of the SRFP 2022–2027 and aligned with IMF program commitments. Over the past years, assistance focused on consolidating core PFM reforms such as cash management, TSA implementation, and modernization of public accounting. Regular HQ missions, short-term experts (STX), and a long-term resident advisor have provided hands-on support to improve fiscal transparency, strengthen budget preparation, and enhance reporting.

Beyond ongoing reforms, FAD has expanded its engagement into new areas to build resilience and modernize systems. Key initiatives include developing state-owned enterprise governance frameworks and fiscal risk management tools, reinforcing digitalization through integrated financial management and information system diagnostics and interoperability roadmaps, and supporting macro-fiscal modeling. Recent missions have also initiated steps toward green PFM and climate-responsive budgeting, reflecting forward-looking priorities.

B. Delivery Modalities

CD will comprise of STX visits. These activities will help implement the recommendations of HQ missions.

C. Coordination / Cooperation: Public Financial Management

Partner	Coordination Type	Coordination Area	Frequency
IMF's Regional Technical Assistance Center for Central Africa (AFC)	Recommendations, Sharing of information, where available participation in missions	Macroeconomic policies Fiscal Risks, Budget execution, cash management, fiscal transparency and reporting	Regular
African Development Bank (Projet PAGES)	Sharing of information and recommendation	Macroeconomic policies Fiscal Risks, Budget execution, cash management, fiscal transparency and reporting	On a continuous basis

V. RISK ASSESSMENT AND MITIGATION

Module	Description	Risk Assessment	Mitigation Measures
EXTERNAL CLIMATE/CONDITIONS			
SM II - Managing Public Finance	Chad faces persistent external risks: volatile oil prices, regional insecurity (Sudan, CAR), influx of refugees, and fragile macroeconomic conditions. These factors can disrupt fiscal planning and TA implementation.	Very High	Early engagement with authorities to clarify priorities; maintain flexibility in TA delivery; coordinate with regional partners (Central African Economic and Monetary Community, World Bank, African Development Bank)
POLITICAL SUPPORT			
SM II - Managing Public Finance	Political commitment to PFM reforms is uneven, with fluctuating support for reform initiatives.	Very High	Maintain regular dialogue with senior officials; align TA with government priorities; provide advocacy to sustain momentum; support the operationalization of reform steering committees (e.g., CIRFiP).
MANAGEMENT AND TECHNICAL STAFF SUPPORT AND COMMITMENT			
SM II - Managing Public Finance	Commitment and capacity among management and technical staff are constrained by limited expertise and competing priorities.	High	Provide targeted training and coaching; foster cross-departmental working groups .
RESOURCE ADEQUACY			
SM II - Managing Public Finance	Resource constraints include limited budget for reform activities, dependence on donor funding, and gaps in IT infrastructure (SIGFiP, TSA modules not fully operational).	High	Advocate for adequate budget allocations; coordinate donor support to avoid duplication; streamline cash management and TSA implementation.
OTHER RISKS			
SM II - Managing Public Finance	Resistance to change and reform fatigue among stakeholders.	High	Provide change management support and regular communication

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY27	FY28	Grand Total
SM II – Managing Public Finances			
STX visits	2	2	4
TOTAL	2	2	4

Note: In-person delivery was chosen to involve all stakeholders involved in the implementation of PFM related reforms and conduct hands-on workshops on tools and process suggested.

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
SM II – Managing Public Finances		
Q1/FY27	Field-Based work – FB	Improving cash management and TSA
Q2/FY27	Field-Based work – FB	Improving cash management and TSA

VII. PROGRAM FINANCIALS

Module	FY27	FY28	TOTAL (USD)
Direct Delivery			
SM II - Managing Public Finances	62,040	63,840	125,880
Trust Fund Management Fee (7%)	4,343	4,469	8,812
TOTAL	66,383	68,309	134,692

Note: The estimated budget for this project is US\$134,692 and endorsement is requested for the full amount through FY28. Endorsement for future plans will be requested at a later date as funding for the program is secured and reform plans gain traction.

VIII. TARGETED LOGICAL FRAMEWORK

A. SM II – Managing Public Finances

Objective: Improve fiscal transparency and reporting – FTR	
Outcome(s)	Indicator(s)
Comprehensive, timely, and high quality fiscal reports	Strengthened completeness, timeliness and consistency of annual financial statements (Record Score: PEFA PI-29) FTC1.2.2
Strengthened accounting and audit processes	Strengthened adoption and implementation of international accounting standards

Objective: Strengthen Budget Management – SBM	
Outcome(s)	Indicator(s)
Strengthened asset and liability management processes	Improved design and establishment of fixed assets register



**Amendment to
Project Proposal for**

Democratic Republic of the Congo

March 2026

Components: Revenue and Public Financial Management

Module: RM-I: Tax Policy

SM-II: Managing Public Finances



PROJECT SUMMARY

COUNTRY:	Democratic Republic of the Congo	
LEAD DEPARTMENT:	FAD	
REGION:	AFR	
PLANNED DATES:	FY26-28	
PROJECT MANAGERS:	Patrick Petit (Tax Policy, FADT1, Lead) Rene Ossa (Revenue Administration, FADR2) Aminata Charles (Public Financial Management, FADM2)	
ESTIMATED BUDGET:	US\$647,463	
BUDGET FOR ENDORSEMENT:	US\$647,463	
PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
INITIAL PROJECT PROPOSAL	Proposal for RM-I: Tax Policy and RM-II Revenue Administration	January 2024
AMENDMENT 1	Reorient RM-I CD program towards non-tax revenue drafting and mining taxation; and the inclusion of SM-II: Managing Public Finances (previously funded under a bilateral arrangement with a current donor of the GPFP for fragile and conflict affected states in sub-Saharan Africa)	March 2026

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ACRONYMS

CD	Capacity development
DRC	Democratic Republic of the Congo
ECF	IMF's Extended Credit Facility
FAD	IMF's Fiscal Affairs Department
GPFP	Global Public Finance Partnership
MEFP	IMF's Memorandum on Economic and Financial Policies
PFM	Public financial management
STX	Short-term expert
TSA	Treasury single account

I. PROJECT AMENDMENT PURPOSE

A. Country request and relevance/importance

The purpose of this amendment is first to reorient the revenue component of this capacity development (CD) program away from areas where successes were achieved or where going beyond partial success will not be cost-effective (tax expenditures, parafiscal fees, excise taxes, provincial taxation), towards areas where (1) additional resources will be needed to reach a clear milestone (non-tax revenue), and (2) new needs have appeared (mining taxation). Second, it also seeks to continue work on modernizing and strengthening the key components of public financial management (PFM). This support was previously financed by an earlier CD program with a current donor of the Global Public Finance Partnership (GPFP) that targets fragile and conflict-affect states in sub-Saharan Africa. This CD program thus keeps aiming at a simpler and more transparent tax system and higher revenue, both of which will contribute to growth and macro-fiscal stability. In addition, strengthening PFM practices will ensure that these gains translate into better budget execution, improved resource allocation, and enhanced accountability—critical for sustaining fiscal discipline and help the Democratic Republic of the Congo (DRC) implement the structural benchmarks in the IMF's Extended Credit Facility (ECF).

B. Description of Modules

Tax policy. The work on non-tax revenue will continue to review and codify a sprawling system of taxes collected by line ministries, whose transparency and legal basis are weak or absent, and hence significant governance issues. The new work on mining taxation will target international tax provisions, as well as resource-rent tax and cobalt valuation, to increase revenue and make the system more transparent and adapted to modern practices in the mining industry.

Public financial management. The CD will support the implementation of modified cash accounting, which is part of the strategy to modernize public finance, through the following:

- Experimentation of cash modified accounting system in four pilot ministries;
- Implementation of public accountants' offices in the four pilots;
- Registration of the budget expenditure operations on an accrual basis to better track arrears; and
- Production of their general ledger.

These measures will progressively help the authorities to improve transparency and accountability.

The estimated budget for this project amendment is US\$647,463 covered within the total budget endorsement request for the Democratic Republic of the Congo (DRC) of US\$1,753,398 through FY28.

II. BACKGROUND

A. Macro-fiscal situation

The DRC faces a highly challenging environment, driven by persistent conflict in the East and mounting humanitarian pressures. These factors have significantly strained public finances, with security spending crowding out essential social and development spending. The fiscal space remains limited, and emergency procedures are widely used, raising concerns about fiscal transparency and discipline.

The DRC is a fragile country with low revenue and significant governance issues.¹ In 2024, tax and non-tax revenue were 9.5 and 4.0 percent of GDP, respectively, of which 5.7 percent from natural resources (tax and non-tax); typically, a third to half of total revenue comes from the mining sector. Revenue mobilization is a key concern in DRC, both for mining and non-mining sectors. DRC has an ECF with the IMF, and a team visited the country in October/November 2025, for the second review.

B. Country engagement and alignment to reform priorities

In January 2025, the IMF Executive Board approved a 38-month ECF arrangement totaling US\$1.729 billion, alongside a Resilience and Sustainability Facility arrangement of US\$1.038 billion. Recent political transitions, including a government reshuffle and changes of leadership at the central bank and the National Assembly, have not altered the authorities' firm commitment to the Fund-supported programs.

As part of this program, the authorities emphasized their readiness to improve transparency and accountability. For that, the DRC is rolling out a treasury single account (TSA) to improve cash management, transitioning from cash-based to accrual accounting for better financial reporting, and deploying public accountants in pilot ministries to decentralize expenditure authorization. These steps aim to modernize public finance management and support macro-fiscal stability under the ECF program.

¹ Antonio Hyman-Bouchereau, A., P. Di Benedetto, D. McDonnell, A. French, P. Petit, A. Ramarozatovo and B. Taiclet, Évaluation sur la gouvernance et la lutte contre la corruption, Legal Department, Fiscal Affairs Department, October 2020 (IMF).

Growth is also an important objective of the program, but the complexity of the tax system is an obstacle to investments. An improved and simpler tax system to support private investments is therefore at the center of the authorities' growth strategy. Following the September 2017 tax conference, the IMF and the World Bank coordinated to support tax reform in DRC. The World Bank initiated work on the income tax (which then became a project to prepare a Tax Code) and the IMF's Fiscal Affairs Department (FAD) opted to work on tax simplicity and transparency—the DRC has one of the most complex and least transparent tax systems in the world, in large part because of thousands of nuisance taxes. FAD, therefore, supported (1) the rationalization and codification of non-tax revenue (revenue collected by line ministries); (2) the rationalization and improved control over parafiscal fees (revenue collected by administrative bodies); and (3) the evaluation, management, and rationalization of tax expenditures. The program also supported (4) the reform of excise taxes; and (5) provincial taxes, which are other sources of complexity.

Higher revenue is also crucial to boost government spending on health, education, and infrastructures. Fully leveraging the potential of the mining sector is therefore crucial to the authorities' revenue strategy and significant support has been provided by development partners to help the authorities reach this goal (notably by FAD during 2013-2016, with advice on mining tax reform and mining revenue forecasting). In this respect, the authorities have recently asked FAD to provide advice on three topics that are not covered by development partners and where FAD has significant experience: (1) international taxation; (2) resource-rent tax; and (3) reference pricing.

III. PROJECT AMENDMENT MODULES - DESCRIPTION

This proposal is an amendment to an existing project. The amendment proposes CD support to the DRC in the areas of tax policy and PFM. FAD CD will support improvements within the strategic objectives presented in Table 1.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Revenue	RM I / Tax Policy	Improve tax policy design
Spending	SM II / Managing Public Finances	- Improve fiscal transparency and reporting - Strengthen budget management

A. RM I – Tax Policy

Scope

This project started in 2018, first under financing with a current GPFP donor, and then under the IMF's Revenue Mobilization Thematic Fund. At this stage, the tax expenditures work has been a tremendous success (annual assessments every year since 2019). Excise taxes were significantly increased on main products (cigarettes and beer, as well as cars in the 2026 budget), and some rationalization of excises categories occurred. Clear steps (central government laws) are also on their way to providing a better framework for harmonizing provincial laws (drafting was just finished, and the draft laws have been released for consultations). A new organization in charge of rationalizing parafiscal fees was also inaugurated by the Prime Minister in September 2025, thus setting a rationalization process in motion. Finally, non-tax revenue codification (albeit longer than expected) should result in a new text which would for the first time place in a single document these thousands of fees (a prior step to rationalization), as a section of the forthcoming Tax Code (prepared in cooperation with the World Bank—target date is December 2026).

However, the scope for further CD-driven progress is shrinking in some areas, where other types of support could now be more efficient (e.g., objectives of the IMF's Memorandum on Economic and Financial Policies (MEFP), program-related benchmarks, close ad hoc technical assistance, follow up from HQ, joint analytical projects, etc.): this is the case for tax expenditures, excise taxation, parafiscal fees, and provincial taxation. The drafting work on non-tax revenue has taken longer than expected, but

it is (at least for a large part of it)² about to be included as a section of the new Tax Code, and this needs to be finalized. In addition, two recent reports by the German Agency for International Cooperation (GIZ) and the Extractive Industries Transparency Initiative have highlighted many gaps in mining taxation, and FAD's expertise could help on three of them (reference prices, international taxation provision, and resource-rent tax).

Program Objectives

This proposal seeks to advance the CD program by channeling resources toward achieving a key milestone in non-tax revenue mobilization and supporting tax reform in the mining sector. Building on past efforts, the program will evolve beyond its earlier focus areas (tax expenditures, excise taxation, parafiscal fees and provincial taxation) to better align with the country's evolving needs. The initial objective of improving tax simplicity and transparency thus remains, but the work on mining taxation will aim to bring the Congolese tax system closer to international best practice, in terms of tax design.

Expected Results (outcomes)

The outcome of this project is to prepare for inclusion in the forthcoming Tax Code (December 2026) (1) a section on non-tax revenue (including tax procedures), and (2) provisions on international taxation (in the Tax Code) and resource-rent tax (in the Mining Code).³ The program also aims to (3) prepare a framework for the valuation of cobalt.

B. SM II – Public Financial Management

Scope

The CD program will support DRC authorities in enhancing progressively fiscal transparency, strengthening budget management, and improving financial reporting. Assistance will include reviewing and updating the legal and institutional framework, where necessary, to ensure greater transparency and more effective budget execution. The program will help produce for the four pilot ministries a cash modified accounting for fiscal expenditure operations to progressively have reliable financial reports based on budgetary operations and to better track the arrears. In addition, the project will support the

² Non-tax revenue to be included in Tax Code in December 2026 would include revenue from the domain (mines, hydrocarbons, environment, habitat, real property, urbanism, etc.), as well as a procedure code. Administrative, judiciary and portfolio revenue would come in a second wave.

³ Provisions on provincial taxation would also be included, and they are currently undergoing review procedures at the provincial level.

implementation of the public accountant function for the four pilots—an essential actor in the expenditure chain—responsible for verifying and controlling payments before execution, thereby reinforcing accountability and fiscal discipline.

Program Objectives

This proposal aims to strengthen PFM. For that, it is essential to enhance fiscal transparency and reporting by producing progressively comprehensive, timely, and high-quality fiscal reports.

Expected Results (Outcomes)

As part of the ECF-supported reforms, the DRC authorities are prioritizing the operationalization of the Directorate-General of Treasury and Public Accounting (DGTCP: in charge of managing cash, expenditure control and financial reporting) and the installation of public accountants in four pilot ministries to strengthen budget execution and fiscal transparency. Pilot ministries should implement an interfaced expenditure chain, supported by equipped offices and operational accounts, enabling accountants to control expenditures before payment. DGTCP should be operational by consolidating the modified cash accounting of the 4 pilots for fiscal expenditures. Each pilot ministry should generate quarterly balances under the new system. These measures aim to modernize the expenditure chain, improve budgetary control, and lay the foundation for accrual accounting and compliance with International Public Sector Accounting Standards.

Project proposals typically cover only one to two years of CD activities, which are expected to contribute to the achievement of the objectives outlined in the sections above. The objectives of this GPFP project may require extended and ongoing support to be fully and sustainably realized. Therefore, progress reports will serve to monitor advancement towards these objectives, and it may be necessary to adjust or broaden project workplans to better facilitate the achievement of these goals.

IV. ORGANIZATIONAL ARRANGEMENTS

A. Country Engagement

Tax Policy. The authorities have committed (MEFP, 2nd review) to adopting a Tax Code including non-tax revenue and provincial taxation by December 2026 and there is close cooperation with the authorities and the World Bank. The mission therefore aims to keep supporting the drafting of these texts, based on a well-honed *modus operandi* (four one-month STX missions in support of a local drafting group). The focus of these missions will be to prepare a procedure code that will apply to already drafted texts concerning non-tax revenue in the field of Mines, Hydrocarbons, Environment, Habitat, Urbanism, Land Affairs. Other fields may be added if time allows. Provincial taxes are already drafted and are reviewed by the “*Comité de pilotage*” (a mechanism to coordinate the central and provincial governments) and the “*Conférence des Gouverneurs*”.

Public Financial Management. FAD has supported the DRC authorities in advancing major public PFM reforms. From 2022 to 2024, an in-country long-term resident advisor has been working closely with the authorities on TSA implementation, accounting, and cash management. With this support, the authorities adopted a TSA decree defining its scope and organization framework. They also launched accounting reform through the recruitment of public accountants and the adoption of new accounting tools. This project will enable continued support to the country as it advances these critical reforms aimed at enhancing fiscal transparency and strengthening overall PFM performance.

B. Delivery Modalities

CD will comprise of a mix of remote and in-person activities. Virtual deliveries will be used to provide efficiencies to in-person support, including pre-engagement meetings and post-follow-up meetings. The following CD activities will be delivered as a package:

- Headquarters-led (HQ) missions and staff visits to tackle all aspects of mining taxation in a single mission, provide strategic recommendations, conduct regular follow-ups, assess progress, ensure STX work is aligned to plans, coordinate with other CD providers, and adjust reform implementation plans.
- Short-term expert (STX) visits to help implement the recommendations delivered by the HQ missions; a limited number of STXs will be assigned to support the local drafting group in charge of non-tax revenue drafting and to provide specialized assistance in specific areas of PFM.

- Workshops, during the HQ missions, staff visits, or STX visits, to share experiences, provide stakeholders with a view of progress achieved and challenges faced, and discuss with the managers and staff their views on the reforms and particular technical subjects.

C. Coordination / Cooperation

Partner	Coordination Type	Coordination Area	Frequency
IMF's African Department	Tax policy: Coordination with program (MEFP, benchmarks, revenue measures, etc.) PFM: Coordination with program (MEFP, benchmarks, PFM reforms, etc.) Sharing of information, and recommendations	Tax Policy Revenue, legal, and other program-related measures PFM: Priorities, recommendations and status of reforms	On a continuous basis
IMF's Regional Technical Assistance Center for Central Africa (AFC)	Tax policy: AFC is coordinating with other partners to support mining revenue forecasting models, which will be used to calibrate the resource-rent tax. PFM: Recommendations, Sharing of information, where available participation in missions	Tax policy: Mining taxation PFM: Fiscal Risks, Budget execution, cash management, fiscal transparency and reporting	Tax policy: Ad hoc, based on availability of their output. PFM: Regular
World Bank, on the Tax Code	Tax policy: Integrated calendar and joint initiatives on the Tax Code	Tax Policy, tax and non-tax revenue, tax procedure code	Tax policy: On a continuous basis
German Agency for International Cooperation (GIZ)	Tax policy: Coordination of initiatives	Tax policy: Mining taxation	Tax policy: Ad hoc by nature, but regular in practice
World Bank (project ENCORE)	Tax policy: Coordination of initiatives on mining PFM: Sharing of information, and recommendations	Tax policy: Mining taxation PFM: Fiscal Risks, Budget execution, cash management, fiscal transparency and reporting	Tax policy: Ad hoc PFM: Regular

V. RISK ASSESSMENT AND MITIGATION

Module	Description	Risk Assessment	Mitigation Measures
EXTERNAL CLIMATE/CONDITIONS			
RM I - Tax Policy	Pandemic	Low	Drafting work, legal review and financial modeling can be done partly remotely, as well as analytical work based on data provided in earlier missions.
SM II – Managing Public Finances			
POLITICAL SUPPORT			
RM I - Tax Policy	Political instability may slow down and even stop implementation of reforms	High	The new Minister is a previous technical partner and links with his two tax advisers and technical staff are strong. However, the political process in DRC remains very complex, and things can turn around rather quickly. In this context, the mission has been opportunistic and flexible, using program-related revenue needs to push for reforms (as well as structural benchmark), as well as other opportunities.
SM II – Managing Public Finances			Ensuring that CD is focused on priority areas and with the support of the IMF team and ensure government continue to support the CD program and ownership of reforms.
MANAGEMENT AND TECHNICAL STAFF SUPPORT AND COMMITMENT			
RM I - Tax Policy	Staff instability in the local working groups and significant bureaucratic interference	Low	The modus operandi of this CD program is to initiate work and then rely on local workgroups to pursue it, putting FAD in an advisory function and relying on strong local counterparts (CTR and COREF) to steer the process. In this respect, while the stability of the working groups was an issue at the beginning of the program (after they were just set up), it is not an issue anymore. There are now working groups on non-tax revenue, provincial taxation, tax expenditures, parafiscal charges, TSA, accounting reforms.
SM II – Managing Public Finances			
RESOURCE ADEQUACY			
RM I - Tax Policy	Wavering political support could impact resource adequacy	Medium	Non-tax revenue drafting, which is a key aspect of simplifying the tax system, is a much longer process than expected and the mission is trying to speed up this process, in coordination with authorities, in order to maintain momentum and the local working group intact.
SM II – Managing Public Finances	Ministry of Finance is overall adequately staffed but reforms would also require input in terms of IT and training.	Medium	Continued coordination with other development partners.
OTHER RISKS			
RM I - Tax Policy	Bureaucratic and industry resistance to reforms	Medium	There are significant entrenched interests in bureaucracy and industry, as was made clear by the difficulties implementing Parliament-approved excise tax increase in the last budget (voted in December, enforced in April). Advocacy for reforms thus plays a big role. The Ministry of health was met a few times on excise taxes, the

Module	Description	Risk Assessment	Mitigation Measures
			provincial parliament on provincial tax expenditures, etc. There are significant entrenched interests in bureaucracy and industry, as was made clear by the difficulties implementing Parliament-approved excise tax increase in the last budget (voted in December, enforced in April). Advocacy for reforms thus plays a big role. The Ministry of Health was met a few times on excise taxes, the provincial parliament on provincial tax expenditures, etc. This CD program also has strong connections with other donors (World Health Organization, World Bank, GIZ) and with the IMF's African Department, which supports CD through the MEFP and program benchmarks.
SM II – Managing Public Finances	Resistance to reforms in the new budget execution process and transparency	Medium	Advocate for budget discipline by having a change management strategy that combines strong communication, capacity building, and stakeholder engagement.

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY26	FY27	FY28	Grand Total
RM I – Tax Policy				
HQ led CD mission	-	1	-	1
STX visits	1	2	-	3
Staff visits	-	-	-	-
Workshops (inc. during HQ and remote CD)	-	-	-	-
Subtotal	1	3	-	4
SM II – Managing Public Finances				
HQ led CD mission	-	1	1	2
STX visits	-	1	1	2
Staff visits	-	-	-	-
Workshops (inc. during HQ and remote CD)	-	-	-	-
Subtotal	-	2	2	4
TOTAL	1	5	2	8

Note:

- In-person delivery was chosen in all tax policy activities as mobilizing human resources for remote deliveries has proven very difficult in the past. Technological conditions are also far from optimal, and significant capacity gaps demand a very “hands-on” and pro-active approach which is easier with in-person missions
- In-person delivery was chosen for PFM to engage in sensitive matters that require substantial interviews and field observations conducted in operational units.
- Collectively, the blend of CD delivery proposed over the duration of this project/program reflects the optimal balance of in-person, remote, and hybrid activities needed to achieve the project/program outcomes taking into account the needs of the country and the resources available.

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
RM I – Tax Policy		
Q4/FY26	Field-Based work - FB	STX: Legal drafting of the Tax Procedure Code
Q1/FY27	Field-Based work - FB	STX: Legal drafting of the Tax Procedure Code
Q2/FY27	Field-based work - FB	1. Legal drafting of the Tax Procedure Code and other non-tax revenue texts 2. Review of mining taxation (international tax provisions and resource rent tax) and cobalt valuation
Q3/FY27	Field-Based work - FB	STX: Legal drafting of the Tax Procedure Code and other non-tax revenue texts
SM II – Managing Public Finances		
Q1/FY27	Field-Based work - FB	STX: Pilot ministries controlling the expenditure before payment
Q2/FY27	Field-Based work - FB	STX: Pilot ministries registration of fiscal expenditures operations in a cash modified accounting system
Q3/FY27	Field-Based work - FB	STX: Pilot ministries producing their accounting balances in a cash modified system with the fiscal operations they validated
Q1/FY28	Field-Based work - FB	HQ: Pilot ministries accounting report production
Q2/FY28	Field-Based work - FB	STX: Pilot ministries accounting report consolidated by the DGTCP
Q3/FY28	Field-Based work - FB	STX: How to broaden the scope of accounting operations and the opening balance

VII. PROGRAM FINANCIALS

Module	FY26	FY27	FY28	TOTAL (USD)
Direct Delivery				
RM I - Tax Policy	197,513	236,170	-	433,683
SM II – Managing Public Finances	-	84,487	86,934	171,423
Subtotal	197,513	320,657	86,936	605,106
Trust Fund Management Fee (7%)	13,826	22,446	6,086	42,357
TOTAL	211,339	343,103	93,021	647,463

Note: The estimated budget for this project amendment is US\$647,463 and endorsement is requested for the full amount through FY28. Endorsement for future plans will be requested at a later date as funding for the program is secured and reform plans gain traction.

VIII. TARGETED LOGICAL FRAMEWORK

A. RM I – Tax Policy

Objective: Improve Tax Policy Design – TPD	
Outcome	Indicators
Increased economic efficiency by minimizing economic distortions or addressing externalities or market failures	Adopt legislation that reduces economic distortion.
	Taxes are introduced or amended to address externalities

B. SM II – Managing Public Finances

Objective: Improve fiscal transparency and reporting - FTR	
Outcomes	Indicators
Comprehensive, timely, and high quality fiscal reports	Strengthened completeness, timeliness and consistency of annual financial statements (Record Score: PEFA PI-29) FTC1.2.2
Strengthened accounting and audit processes	Strengthened adoption and implementation of international accounting standards
Objective: Strengthen Budget Management - SBM	
Outcome	Indicator
Strengthened asset and liability management processes	Improved design and establishment of fixed assets register



Amendment to
Project Proposal for
REPUBLIC OF CONGO

March 2026

Component: Spending

Module: SM-II: Managing Public Finances



PROJECT SUMMARY

COUNTRY: Republic of Congo

LEAD DEPARTMENT: FAD

REGION: AFR

PLANNED DATES: FY27-FY28

PROJECT MANAGERS: Serge Mani (Revenue Administration, FADR2, Lead)
Delphine Prady (Expenditure Policy, FADEP)
Severin Yves Kamgna (Public Financial Management, FADM2)

ESTIMATED BUDGET The cost included in this amendment is detailed in the proposal for LTX PFM Support to the Central African Republic and Republic of Congo.

PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
INITIAL PROJECT PROPOSAL	Proposal for module RM-II: Revenue Administration and SM-I: Spending Policy	January 2024
AMENDMENT 1 / 1	Seek inclusion of module SM II: Managing Public Finances (previously funded under a bilateral arrangement with a current donor of the GPFP for fragile and conflict affected states in sub-Saharan Africa)	March 2026

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ACRONYMS

AFC	IMF's Regional Technical Assistance Center for Central Africa
CD	Capacity development
C-PIMA	Climate-Public investment management assessment
FAD	IMF's Fiscal Affairs Department
FCS	Fragile and conflict affected states
GPFP	Global Public Finance Partnership
LTX	Long-term resident advisor
PFM	Public financial management
PIMA	Public investment management assessment
TSA	Treasury single account

I. PROJECT AMENDMENT PURPOSE

Country request and relevance/importance

This project seeks funding from the Global Public Finance Partnership (GPFP) to expand support to the Republic of Congo. This support was previously financed by an earlier capacity development (CD) program with a current donor of the GPFP. This program targets fragile and conflict-affected states (FCS) in selected countries in Sub-Saharan Africa to help restore and strengthen core public financial management (PFM) functions. These functions include (but are not limited to) cash management, fiscal reporting, and budget preparation where greater intensive assistance is necessary as these countries continue to recover and rebuild fiscal buffers following recent exogenous shocks. The program will also help countries to maintain reform momentum, and support opportunities for countries to exit from fragility, with an expanded high-intensity presence in the field and the flexibility to address high priority topical needs when they arise. This reflects both the IMF's prioritization of FCS and the increased demand for CD from FCS in the Africa region.

Description of Modules

The project will support the Republic of Congo in (i) strengthening cash flow planning and forecasting; (ii) implementing the treasury single account (TSA); and (iii) implementing stock accounting reforms. In line with previously delivered CD, CD to the Republic of Congo will be agile and flexible and will leverage the hands-on support of a long-term resident advisor (LTX). The scope of the LTX support is covered in a separate LTX proposal.

Multi-country LTX support is presented as a separate project proposal for budgeting and contracting purposes but the related activity workplan, RBM framework, and progress by the countries related to the LTX interventions will be reported in the relevant country project for the Republic of Congo, consistent with the programmatic country-centered approach of the IMF's Fiscal Affairs Department (FAD).

II. BACKGROUND

Macro-fiscal situation

The Republic of Congo's macrofiscal outlook for 2025 is marked by slower-than-expected growth, with GDP projections revised down to 2.4 percent due to persistent power and fuel shortages, weak public investment, and technical disruptions in the oil sector. Inflation remains above the regional target, driven by higher excise taxes and transport costs, while the current account balance has deteriorated amid lower oil prices and increased maintenance investments. Fiscal consolidation efforts are complicated by significant discrepancies in oil revenue collection, raising concerns about budget credibility and the risk of extra-budgetary spending.

Key challenges to PFM reforms include acute liquidity pressures, accumulation of arrears, and entrenched weaknesses in debt management and fiscal risk oversight. Structural reforms—such as the rollout of expenditure tracking systems and the TSA—have stalled, and governance gaps persist, particularly in oversight of state-owned enterprises and anti-corruption measures. Sustained fiscal resilience will require disciplined borrowing, improved cash and risk management, and renewed momentum on structural reforms.

Country engagement and alignment to reform priorities

The LTX for the Republic of Congo has been particularly active with the authorities and highly contributed to progress in improving coverage and quality of accounting and budget reporting, and the management of government assets and liabilities. Progress has been achieved in the implementation of accrual basis and balance sheet accounting and the treasury functions reforms. Some examples include the design of an action plan for the implementation of the accounting reform and the introduction of a new procurement template and stronger cash flow forecasting tools. Positive actions were taken to operationalize the TSA, including establishing a steering committee and drafting a Treasury-Central Bank agreement. The resident advisor also contributed to other missions led by HQ to strengthen the public investment management process and reinforce fiscal governance.

The authorities reconfirmed their interest in a new IMF program but noted a formal request would be possible after the presidential elections expected in March 2026. This should include significant public

finance reform measures, the implementation of which would benefit from support provided under the current project, particularly in the areas identified in this proposal.

III. PROJECT AMENDMENT MODULES - DESCRIPTION

This proposal is an amendment to an existing project. The amendment proposes CD support to the Republic of Congo in PFM. FAD CD will support improvements within the strategic objectives presented in Table 1.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Spending	SM II / Managing Public Finances	Improve fiscal transparency and reporting Strengthen budget management

A. SM II – Managing Public Finances

Scope

On cash management reforms, FAD CD will support the authorities in implementing the TSA. Regarding public accounting reforms, FAD CD will (i) support the authorities with the progressive establishment of the opening balance sheet; (ii) facilitate training on the new chart of accounts; and (iii) operationalize the production of the inventory and fixed assets accounting.

Program Objectives

Improve fiscal transparency and reporting

- Comprehensive, timely and high-quality fiscal reports
- Strengthening accounting and audit processes
- Strengthen budget management
- Strengthening asset and liabilities management processes

Expected Results (outcomes)

As a result of this CD, authorities are expected to strengthen core PFM functions, such as an increased ability to formulate and implement procedures to foster fiscal responsibility and transparency and strengthen cash management.

Project proposals typically cover only one to two years of CD activities, which are expected to contribute to the achievement of the objectives outlined in the sections above. The objectives of this Global Public Finance Partnership project may require extended and ongoing support to be fully and sustainably realized. Therefore, progress reports will serve to monitor advancement towards these objectives, and it may be necessary to adjust or broaden project workplans to better facilitate the achievement of these goals.

IV. ORGANIZATIONAL ARRANGEMENTS

A. Country Engagement

Over the past decade, FAD and the IMF's Regional Technical Assistance Center for Central Africa (AFC) have maintained continuous CD engagement with the Republic of Congo, aimed at strengthening PFM governance and fiscal resilience. This has focused on six key areas: (i) PFM reform strategy and legal framework, (ii) public investment efficiency through public investment management assessment (PIMA) or / Climate-PIMA, (iii) management of fiscal risks related to state-owned enterprises and public debt, (iv) macrofiscal policies and tools, (v) implementation of the TSA and cash management improvements, and (vi) modernization of public accounting and fiscal transparency.

Interventions combined headquarters missions (FAD), AFC in-country support, multi-stakeholder workshops, and resident advisor assistance. The revision of PFM reform strategy (2021) and PIMA/C-PIMA diagnostics (2023) provided a roadmap for PFM and public investment management governance. Concurrently, continuous support on TSA/cash management and accrual accounting helped progressively reinforced transparency and fiscal discipline.

This integrated approach, aligned with IMF program commitments, has ensured continuity of core reforms, introduced innovations (green budgeting, digitalization), and enhanced regional coordination.

B. Delivery Modalities

CD will comprise a mix of remote and in-person activities. Virtual deliveries will be used to provide efficiencies to in-person support, including pre-engagement meetings and post-follow-up meetings.

Government officials will receive hands-on CD support for improving cash management, stock accounting and fiscal reporting.

- **LTX support.** An LTX will guide reform implementation, coordinate technical assistance support, and respond to authorities' needs in real time. The specific scope of the LTX is covered in a separate proposal (LTX PFM Support to the Central African Republic and Republic of Congo).

C. Coordination / Cooperation: Public Financial Management

Partner	Coordination Type	Coordination Area	Frequency
AFC	Recommendations, Sharing of information, where available participation in missions	Macroeconomic policies Fiscal Risks, Budget execution, cash management, fiscal transparency and reporting	Regular
World Bank (Projet PAGIR)	Sharing of information and recommendation	Macroeconomic policies Fiscal Risks, Budget execution, cash management, fiscal transparency and reporting	On a continuous basis

V. RISK ASSESSMENT AND MITIGATION

Module	Description	Risk Assessment	Mitigation Measures
EXTERNAL CLIMATE/CONDITIONS			
SM II - Managing Public Finance	The country remains exposed to external shocks, including volatile oil prices, regional instability, and fragile macroeconomic conditions. Fiscal consolidation pressures and economic risks in neighboring countries (e.g., Gabon, Central African Republic) can rapidly shift CD priorities and affect reform momentum.	Medium	Early engagement with authorities to clarify fiscal priorities; routine coordination with IMF country team; maintain flexibility in CD delivery to adapt to changing external conditions.
POLITICAL SUPPORT			
SM II - Managing Public Finance	While the authorities have expressed strong interest in PFM reforms and a new IMF program, political commitment can fluctuate, especially around election cycles (e.g., presidential elections in March 2026). Delays in formal requests or legislative action may slow implementation.	Medium	Maintain regular high-level dialogue with key stakeholders (Ministry of Finance, Budget, Public Portfolio); align CD with government priorities.
MANAGEMENT AND TECHNICAL STAFF SUPPORT AND COMMITMENT			
SM II - Managing Public Finance	There is a core group of committed officials, but overall capacity is constrained by staff turnover, limited technical expertise, and competing priorities.	Medium	Provide targeted training and coaching; encourage cross-departmental working groups to foster ownership and continuity.
RESOURCE ADEQUACY			
SM II - Managing Public Finance	Resource constraints persist, including limited budget for reform activities, dependence on donor funding, and gaps in IT infrastructure (e.g., SIGFIP, TSA modules not fully operational). Delays in consultant contracts have stalled progress.	High	Advocate for adequate budget allocations for reform; coordinate donor support to avoid duplication; prioritize critical IT upgrades and ensure timely renewal of technical assistance contracts.
OTHER RISKS			
SM II - Managing Public Finance	- Weaknesses in fiscal data quality and reporting. - Resistance to change and reform fatigue among some stakeholders.	Medium	Strengthen internal controls and audit functions; provide change management support and regular communication to address reform fatigue.

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY27	FY28	Grand Total
SM II – Managing Public Finances			
LTX visits	3	3	6

Note:

- In-person delivery was chosen for targeted support and hands-on workshops and discussions with stakeholders.
- Remote delivery was chosen for support the LTX will provide from his duty station, Bangui (Central African Republic)

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
SM II – Managing Public Finances		
FY27	Duty station-based Work - DS	Remote guidance for the establishment of governance bodies for the implementation of the Treasury bank.
Q1/FY27	Field-Based work - FB	Implementation of the new TSA mapping
Q2/FY27	Field-Based work - FB	Training workshop on internal accounting control for all Treasury executives
Q3/FY27	Field-Based work	Implementation of the new TSA mapping

VII. PROGRAM FINANCIALS

The cost included in this amendment is detailed in the proposal for LTX PFM Support to the Central African Republic and Republic of Congo.

VIII. TARGETED LOGICAL FRAMEWORK

A. SM II – Managing Public Finances

Objective: Improve fiscal transparency and reporting - FTR	
Outcome(s)	Indicator(s)
Comprehensive, timely, and high quality fiscal reports	Strengthened completeness, timeliness and consistency of annual financial statements (Record Score: PEFA PI-29) FTC1.2.2
Strengthened accounting and audit processes	Strengthened adoption and implementation of international accounting standards

Objective: Strengthen Budget Management - SBM	
Outcome(s)	Indicator(s)
Strengthened asset and liability management processes	Improved design and establishment of fixed assets register



Amendment to
Project Proposal for
THE GAMBIA
March 2026

Component: Spending

Module: SM-II: Managing Public Finances



PROJECT SUMMARY

COUNTRY: The Gambia

LEAD DEPARTMENT: FAD

REGION: AFR

PLANNED DATES: FY27-FY28

PROJECT MANAGERS: Ross Warwick (Tax Policy, FADT2)
Alberto Garcia Huitron (Climate Policy, FADCP, Lead)
Nick Carroll (Expenditure Policy, FADEP)
Almudena Fernandez (Public Financial Management, FADM1)

ESTIMATED BUDGET: US\$659,274

BUDGET FOR ENDORSEMENT: US\$659,274

PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
INITIAL PROJECT PROPOSAL	Proposal for module RM-I: Tax Policy	January 2024
AMENDMENT 1/2	Addition of module SM-I: Spending Policy; update of RM-I: Tax Policy module	June 2025
AMENDMENT 2/2	Seek inclusion of module SM II: Managing Public Finances (previously funded under a bilateral arrangement with a current donor of the GPFP for fragile and conflict affected states in sub-Saharan Africa)	March 2026

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ACRONYMS

AFW2	IMF's second Regional Technical Assistance Center for West Africa
CD	Capacity development
EU	European Union
FAD	IMF's Fiscal Affairs Department
GPFP	Global Public Finance Partnership
LTX	Long-term resident advisor
MoFEA	Ministry of Finance and Economic Affairs
PFM	Public financial management
RSF	IMF's Resilience and Sustainability Facility
SOE	State-owned enterprises

I. PROJECT AMENDMENT PURPOSE

Country request and relevance/importance

The Gambia is currently under IMF-supported programs such as the Extended Credit Facility and the Resilience and Sustainability Facility (RSF), approved in June 2025. Public financial management (PFM) capacity development (CD) support has so far been delivered through funding with a current donor of the Global Public Finance Partnership (GPFP) for fragile and conflict affected states in sub-Saharan Africa, as well as through a bilateral European Union (EU)-funded project on PFM and revenue administration.

These resources have enabled a broad and well-coordinated reform agenda, including the placement of a long-term resident advisor (LTX) embedded in the Ministry of Finance and Economic Affairs (MoFEA), working primarily on macro-fiscal analysis, fiscal risks, and fiscal reporting. For more than 10 years, LTXs have been posted in the country with functions evolving over time.

There is now strong reform momentum, with the IMF's Fiscal Affairs Department (FAD) emerging as a central and trusted partner on the PFM reform agenda. Maintaining this momentum is critical in light of the upcoming elections scheduled for end-2026, the expiration of the current Extended Credit Facility arrangement at end-2026, and the high likelihood of a successor IMF-supported program following the elections. In preparation for the next reform cycle, MoFEA is developing a new PFM reform strategy for 2026-2036 and has initiated processes to clear the identified arrears and strengthen mechanisms to prevent their recurrence. Continued engagement during this transition period is essential to safeguard recent gains and anchor reforms in core fiscal institutions, as highlighted by the government after the departure of the former LTX (in July 2025).

Description of Modules

Continued and enhanced support under the GPFP is critical to provide the scale, continuity, and mix of long-term and short-term expertise needed to sustain reform momentum and anchor the next phase of PFM reforms during the program transition period. The proposed amendment will support reforms across macro-fiscal and budget planning, budget execution and fiscal reporting, fiscal risks, state-owned enterprises (SOEs), and public investment management. The CD support provided by FAD will be agile

and flexible, combining a resident LTX, staff support from headquarters and short-term experts through field-based missions and desk reviews.

The estimated budget for this project amendment is US\$659,274, covered within the total budget endorsement requested for The Gambia of US\$1,864,094 through FY28. The LTX will be based in-country during the first two years, a period which is considered particularly critical for arrears clearance and to ensure a smooth transition in the context of the upcoming elections.

II. BACKGROUND

Macro-fiscal situation

Economic momentum in The Gambia has strengthened in recent years, supported by steady demand in agriculture, construction, and tourism. Real GDP growth is estimated to have reached around 6 percent in 2025, reflecting continued recovery from global headwinds and domestic reforms. Inflation has moderated further, with headline consumer price inflation returning to single digits and estimated at about 7.0–7.6 percent in 2025, as global food and energy prices eased and monetary policy remained appropriately tight.

Despite this progress, domestic revenue mobilization remains low relative to regional peers, constraining fiscal space for priority spending and debt reduction. Tax revenue continues to lag compared with sub-Saharan Africa averages, limiting the authorities' ability to finance public services and investment without continued reliance on borrowing and external support. The recently adopted Domestic Revenue Mobilization Strategy aims to increase revenue by about 1.7 percent of GDP by 2030, focusing on strengthening value-added tax performance, expanding property taxation, and accelerating implementation of an integrated tax administration system and broader digitalization reforms.

Expenditure pressures are shaped by structural rigidities and upcoming political commitments, including the wage bill and higher outlays ahead of the December 2026 elections. SOEs, particularly in the energy and telecommunications sectors, continue to pose significant fiscal risks. Legacy of financial obligations and contingent liabilities associated with these enterprises have materialized in recent years, complicating cash planning and undermining budget credibility.

PFM weaknesses remain an important constraint on policy implementation. Budget credibility is undermined by persistent deviations between approved appropriations and actual outturns, reflecting shortfalls in macro-fiscal forecasting, cash management, and expenditure controls. Arrears have accumulated as a symptom of these weaknesses. Although progress has been made in arrears identification and disclosure, establishing a clear payment process and continuing to track arrears—at least over the next two years—is critical to ensure that the problem is durably addressed.

The Gambia is also highly vulnerable to external and climate-related shocks, including floods, droughts, and sea level rise. These exposures were recognized formally under the RSF arrangement and underscore the need for integrating climate risks into macro-fiscal frameworks, public investment decisions, and broader fiscal risk analysis to preserve long-term stability and resilience.

Country engagement and alignment to reform priorities

The Gambia has benefited from extensive CD support and has been among the countries receiving the most intensive engagement from FAD over the past two years. Support has been delivered through multiple funding sources, notably a bilateral program with the EU, which concluded in December 2025, funding under a bilateral arrangement with a current donor of the GPFP for fragile and conflict affected states in sub-Saharan Africa, and continuous assistance from the IMF's second Regional Technical Assistance Center for West Africa (AFW2). The authorities are actively taking these recommendations forward, and MoFEA is currently preparing a new PFM strategy to guide reforms over the next 10 years.

The authorities' key reform priorities, which are closely aligned with IMF and FAD recommendations, include:

- Strengthening macro-fiscal forecasting and further developing the medium-term fiscal framework, including debt sustainability analysis and tools to assess available fiscal space, and improving coordination between MoFEA and the Central Bank through the Macro Working Group established in August 2024;
- Enhancing budget credibility, including by strengthening the link between the budget, fiscal risks, and the medium-term macroeconomic and fiscal frameworks;
- Reinforcing expenditure controls, with a strong emphasis on clearing existing arrears and preventing their accumulation through improved commitment controls, cash forecasting, and accounting reforms;

- Improving fiscal reporting and strengthening fiscal transparency, including continued implementation of the new Chart of Accounts Manual published in October 2025, and improving the reliability of the Statement of Government Operations by reducing discrepancies and strengthening data quality;
- Improving fiscal risk identification, monitoring, and management, including enhanced SOE oversight and the systematic integration of climate-related fiscal risks into the Fiscal Risk Statement.

IMF priority areas / cross-cutting themes

The LTX will be working on fiscal risks management, including supporting the authorities in incorporating analysis of existing climate-related fiscal risks into the Fiscal Risk Statement published ahead of the preparation of the annual budget, ensuring that these risks are taken into account in the budget process. This is a reform measure under the RSF program, complementary to work on disaster risks provided by FAD's Climate Policy Division.

III. PROJECT AMENDMENT MODULES - DESCRIPTION

This proposal amends an existing project to provide continued CD support to The Gambia in PFM. FAD CD will support improvements aligned with the strategic objectives presented in Table 1.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Spending	SM II / Managing Public Finances	• Improve Transparency and Reporting • Strengthen Budget Management • Strengthen Macroeconomic Frameworks

A. SM II – Managing Public Finances

Scope

The scope of support will be providing continuity to reforms initiated in recent years, with an emphasis on hands-on implementation and tangible results. The work program will concentrate on improving the quality, coverage, and timeliness of fiscal reporting, including reducing forecasting errors through the effective use of macrofiscal models and analytical tools already developed by FAD.

Support will also strengthen the control, monitoring, and management of expenditure arrears, which is a critical element of the IMF-supported program. This includes improving data reliability, analytical capacity, and the use of arrears information to support clearance strategies and prevent the accumulation of new arrears.

These areas of engagement are aligned with three high-level objectives: (i) improving transparency and reporting; (ii) strengthening budget management; and (iii) strengthening macrofiscal frameworks.

Program Objectives

- Improve Transparency and Reporting:
 - Comprehensive, timely, and high-quality fiscal reports
- Strengthen Budget Management
 - Strengthened annual budget process for more efficient and effective use of resources
 - Strengthened budget execution and control processes
- Strengthen Macroeconomic Frameworks
 - Strengthened identification, monitoring, and management of fiscal risks
 - Strengthened medium-term fiscal frameworks

Expected Results (outcomes)

As a result of this CD project, the authorities are expected to strengthen core PFM functions across multiple and interconnected areas. These include fostering fiscal responsibility and transparency, strengthening fiscal risk management, improving the accountability and reliability of fiscal accounts, enhancing the quality of fiscal projections and their alignment with the annual budget, and reducing the accumulation and stock of expenditure arrears.

IV. ORGANIZATIONAL ARRANGEMENTS

A. Country Engagement

FAD's engagement in The Gambia is strong, long-standing, and well established, with sustained support across multiple PFM reform areas over recent years. A new LTX was installed in December 2025 to work on core PFM areas, particularly macro-fiscal planning and analysis, fiscal risks, fiscal reporting and arrears clearance and prevention.

FAD support has been very intensive on arrears management, which represents three of the PFM structural benchmarks in the IMF program. Last HQ-led mission (December 2025) supported the development of a comprehensive stocktaking exercise that identified and disclosed arrears of approximately GMD6.5 billion, equivalent to more than 3.6 percent of GDP as of end-June 2025. This exercise represented a major step forward in fiscal transparency and was instrumental in strengthening data integrity and budget reporting.

FAD also contributed to the drafting of a revised PFM Bill and associated regulations, which are currently awaiting Cabinet approval. In parallel, close engagement with The Gambia Bureau of Statistics led by Statistics Department and with the Accounting General Department (AFW2) has resulted in improvements in economic and fiscal classifications, strengthening the link between macro-fiscal projections, budget execution data, and the compilation of the Statement of Government Operations. These reforms are critical to PFM areas, and aim to prevent misclassifications and reporting errors that, in 2024, contributed to the reporting of a higher fiscal deficit and public debt than previously recorded and triggered a de minimis misreporting episode subsequently reimbursed and approved by the IMF Executive Board in May 2025.

The proposed amendment builds on an existing and intensive engagement, aimed at consolidating reforms already underway and ensuring their durability during a critical transition period marked by upcoming elections and the expiration of the current IMF-supported program. FAD support is closely coordinated with the IMF's African Department, the Resident Representative, AFW2, and other development partners, and combines long-term in-country presence with targeted headquarters and short-term expert support. This deep and continuous engagement positions FAD to effectively support ongoing reforms, address emerging risks, and anchor institutional improvements in core fiscal functions.

B. Delivery Modalities

CD will comprise in-person activities including:

- **LTX support.** An in-country LTX will guide reform implementation, coordinate technical assistance support, and respond to the authorities' needs in real time. The country will benefit from a regional LTX focused on improving digitalization in revenue administration across multiple countries.
- **Headquarters-led (HQ) mission** to provide strategic recommendations, conduct regular follow-ups, assess progress, ensure LTX work is aligned to plans, coordinate with other CD providers, and adjust reform implementation plans.

C. Coordination / Cooperation: Public Financial Management

Partner	Coordination Type	Coordination Area	Frequency
IMF's African Department and Resident Representative	Sharing of information, insights, and recommendations	All	Quarterly
AFW2	Join relevant discussions during AFW2 missions	Cash management, budget credibility, SOEs, general PFM workshops, other	Ongoing
EU Delegation	Regular discussions	Budget, including close coordination with the EU-funded expert embedded in the Budget Department	Quarterly
World Bank	Regular discussions	Coordination with the World Bank expert to be posted in the coming months	Quarterly

V. RISK ASSESSMENT AND MITIGATION

Module	Description	Risk Assessment	Mitigation Measures
EXTERNAL CLIMATE/CONDITIONS			
SM II - Managing Public Finance	N/A	N/A	N/A
POLITICAL SUPPORT			
SM II - Managing Public Finance	Political instability and corruption may lead to frequent changes in government and non-disclosure of relevant information (for example for compiling the Statement of Government Operations and fiscal data reconciliation). Elections in December 2026 may shift the government priorities.	High	Collaborate with the IMF's African Department and reinvigorate the macroeconomic technical committee to facilitate high level discussions within the MoFEA and with other key counterparts, such as the Central Bank. Active engagement with authorities after the elections, particularly if there are changes in the staff.
MANAGEMENT AND TECHNICAL STAFF SUPPORT AND COMMITMENT			
SM II - Managing Public Finance	The limited technical capacity within government authorities can hinder the effective evaluation and implementation of recommendations. High staff turnover	High	Keep a strong engagement with the MoFEA officials investing time on training and capacity building
RESOURCE ADEQUACY			
SM II - Managing Public Finance	Inadequate technical resources may constrain the availability of data.	Medium	Build strong relationships with management and officials in the MoFEA

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY27	FY28	Grand Total
HQ led CD mission	1	-	1
LTX based in MoFEA	1 (full FY)	(1 month)	1
TOTAL	2	-	2

Note: The HQ-led mission is scheduled for the second half of FY27, following the elections, and will aim to support the definition and conditionality of a new IMF-supported program, which is likely to be negotiated. In-person delivery is preferred to ensure a strong working relationship with the country authorities.

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
SM II – Managing Public Finances		
Q1/FY27- Q1/FY28	Duty-station based work – DS	LTX assignment (based in MoFEA)
Q4/FY27	Field-Based work - FB	HQ-led mission on Fiscal Reporting

VII. PROGRAM FINANCIALS

Module	FY27	FY28	TOTAL (USD)
Direct Delivery			
SM II - Managing Public Finances	566,628	49,516	616,144
Trust Fund Management Fee (7%)	39,664	3,466	43,130
TOTAL	606,292	52,982	659,274

Note: The estimated budget for this project is US\$659,274, and endorsement is requested for the full amount. Endorsement for future plans will be requested at a later date as funding for the program is secured and reform plans gain traction.

VIII. TARGETED LOGICAL FRAMEWORK

A. SM II – Managing Public Finances

Objective: Improve Fiscal Transparency and Reporting – FTR	
Outcome(s)	Indicator(s)
Comprehensive, timely, and high quality fiscal reports	Improved transparency of other fiscal reports and processes

Objective: Strengthen Budget Management – SBM	
Outcome(s)	Indicator(s)
Strengthened budget execution and control processes	Strengthened effectiveness of management of expenditure arrears

Objective: Strengthen Macroeconomic Frameworks – SMF	
Outcome(s)	Indicator(s)
Strengthened identification, monitoring, and management of fiscal risks	Enhanced analysis, disclosure, and management of other contingent liabilities and specific fiscal risks
Strengthened medium-term fiscal frameworks	Strengthened availability, adoption, and reporting of medium-term fiscal strategy (Record Score: PEFA PI-15)
	Improved comprehensiveness of macrofiscal forecasts



**Amendment to
Project Proposal for**

REPUBLIC OF MADAGASCAR

March 2026

Component: Revenue and Spending

Modules: RM-II: Revenue Administration
SM-II: Managing Public Finances



PROJECT SUMMARY

COUNTRY: Republic of Madagascar

LEAD DEPARTMENT: FAD

REGION: AFR

PLANNED DATES: FY26/27

PROJECT MANAGERS: Pierre Kerjean (Revenue Administration, FADR2, Lead)
Majdeline El Rayess (Public Financial Management, FADM2)

ESTIMATED BUDGET \$ 660,287

BUDGET FOR ENDORSEMENT: \$ 660,287

PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
INITIAL PROJECT PROPOSAL	Proposal for RM-I: Tax Policy and RM-II Revenue Administration modules	January 2024
AMENDMENT 1/1	Request extension of the RM-II: Revenue Administration module; and the inclusion of SM-II: Managing Public Finances module	March 2026

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ACRONYMS

CD	Capacity development
ECF	IMF's Extended Credit Facility
FAD	IMF's Fiscal Affairs Department
GovTech	Digitalization in public finance
GPFP	Global Public Finance Partnership
PFM	Public financial management
IPSAS	International Public Sector Accounting Standards
STX	Short-term expert

I. PROJECT AMENDMENT PURPOSE

Country request and relevance/importance

During the 2025 Annual Meetings, Malagasy authorities presented several requests for comprehensive capacity development (CD) to strengthen their overall fiscal framework. Their main goals include a digital transformation of tax and customs administration and modernizing and strengthening of key components of public financial management (PFM). These reforms will support sustainable economic growth and good governance, and help implement the structural benchmarks in the IMF Extended Credit Facility (ECF).

These efforts reflect the Malagasy authorities' commitment to a holistic macro fiscal strategy that integrates improved revenue administration, customs modernization, and PFM reforms. Such integrated reforms are expected to foster stronger fiscal discipline, enhance transparency, and ultimately support sustainable economic development including facilitating trade and investment.

Description of Modules

Revenue administration. The CD will continue the assistance provided in FY26 in support of the tax administration's digital transformation and compliance risk management of the large taxpayer segment. Regarding customs, the CD will consist of technical assistance to consolidate the adoption of the AI-based risk analysis tools that Malagasy customs deployed in 2025. This CD will support the implementation of the customs strategic plan 2025-2029, aiming to reduce the compliance gap in the taxation of international trade, promote good governance and facilitate trade and investment.

Public finance management. The CD will support the management of fiscal risks related to guarantees, by updating the current legal framework. Existing laws restrict state-owned enterprises from obtaining guarantees. CD will enhance capacity for identifying, analyzing, and managing fiscal risks related to guarantees. In addition, support will be provided for the implementation of accrual accounting, which is part of the strategy to modernize public finance by transitioning from cash basis of recording to accrual basis of recording, following international standards namely the International Public Sector Accounting Standards (IPSAS).

The estimated budget for this project amendment is \$660,287, covered within the total budget endorsement request for Madagascar of \$1,538,807 through FY27.

II. BACKGROUND

Macro-fiscal situation

Following social unrest and violent protests in September 25, a new government was formed. The (interim) new president announced that elections would be held at the end of a maximum two-year transition, and identified energy, education and health, job creation, and accountability in public resource management as top priorities.

Tax revenue is projected to decline to 10.6 percent of GDP in 2025 from 11.2 percent of GDP in 2023. Key priorities under the ECF include fostering revenue mobilization, improving budget execution, enhancing the spending quality, and improving the financial position of the state-owned electricity and water utility JIRAMA (with a recovery plan adopted as part of the second review). A Governance Diagnostic Assessment led by the IMF's Fiscal Affairs Department (FAD) took place in February 2025 and the draft report is currently being finalized. Through automation and modernization of human resource management, and risk analysis and strengthening fiscal transparency, the work program of this project aims at addressing some of the main conclusions of the assessment.

Country engagement and alignment to reform priorities

In July 2025, the Board approved the second reviews of the 36-month ECF and IMF Resilience and Sustainability Facility programs launched in June 2024. The 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.

The new Malagasy authorities submitted a draft 2026 budget to Parliament on October 30. The budget reflects some previous discussions with staff, including income tax reform and rationalization of tax expenditures.

IMF priority areas / cross-cutting themes

GovTech. The CD provided in the area of customs will contribute to Madagascar's reforms in GovTech, digitalization, and AI. In 2024 and 2025, Malagasy customs authorities already demonstrated their ability to deploy AI tools into production. The first tool is a specialized AI for declaration selectivity, developed with support from Korean customs. The second tool is an agentic AI responsible for analyzing the risks

associated to customs value using customs databases and documents accompanying customs declarations .

III. PROJECT AMENDMENT MODULES - DESCRIPTION

This proposal is an amendment to an existing project. The amendment proposes CD support to Madagascar in revenue administration and PFM. FAD CD will support improvements within the strategic objectives presented in Table 1.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Revenue	RM II / Revenue Administration	- Strengthened core tax administration functions - Improved customs administration functions
Spending	SM II / Managing Public Finances	- Strengthening macro-fiscal frameworks - Improve fiscal transparency and reporting

A. RM II - Revenue Administration

Scope

Traction has been good in FY25-26, with leadership committed to improving and modernizing processes, including HR management with a view to successfully completing the digital transformation of revenue administrations and impacting revenue collection. This commitment translated into several structural benchmarks agreed upon in the IMF lending program. CD will continue supporting the Malagasy tax administration on (i) change management; HR modernization and governance in support to its digitalization; and (ii) compliance risk management on the large taxpayer segment.

In the field of customs, the leadership demonstrated strong commitment to improving risk analysis and transparency using AI systems: negotiation with private partners to make commercial documents AI-readable and exploitable for automated risk analysis, allocation of specific material resources, creation of a dedicated AI team, and close monitoring by the leadership to have AI systems deployed in production. Building on these successful achievements to extend digitalization and automate risk analysis, CD will be deployed to help Malagasy customs authorities to: (i) monitor and improve the accuracy of AI models;

(ii) adapt organizational and management arrangements for AI adoption; (iii) support the risk management strategy based on data exploitation and third-party information; (iv) deepen the digital transformation of the customs administrations.

Program Objectives

Strengthened core tax administration functions:

- A performance-based HR framework is established
- Major tax risks for the large taxpayer segment are addressed.

Strengthened core customs administration functions:

- Risk-based control selectivity applied more consistently, automatically and based on external information;
- Optimize customs processes to better leverage on AI tools' implementation.

Expected Results (outcomes)

Strengthened core tax administration functions:

- Tax administration performance improves as a result of conducive HR policy and adhesion to reform.
- Revenue collection improvement.

Strengthened core customs administration functions:

- Decrease of false positives and increase of fraud detection,
- Reorganization of some customs processes.
- Improved internal governance through adoption of AI and exploitation of data collected through the customs process for internal audit purposes.

B. SM II – Managing Public Finances

Scope

CD will support the Malagasy authorities in providing assistance related to strengthening the management of fiscal risks related to guarantees, with providing support in reviewing and updating the current legal and institutional framework to allow better management of the government guarantee and

provide training on the techniques of identifying and analyzing risks related to government guarantees and contingent liabilities. The project will also support the authorities in reviewing their plans for the transition to accrual accounting following IPSAS, proposing measures for improvements in line with good international practices and, in the process, strengthening the capacity of the officials in charge of the transition as well as relevant stakeholders.

Program Objectives

Strengthening macro-fiscal frameworks

- Strengthening identification, monitoring, and management of fiscal risks – Enhanced analysis, disclosure and management of guarantees

Improve fiscal transparency and reporting

- Strengthened accounting and audit processes – strengthened adoption and implementation of international accounting standards

Expected Results (outcomes)

Strengthening macro-fiscal frameworks

- New draft law on the management of government guarantees
- Enhancing capacity of staff in identifying, analyzing and managing fiscal risks related to guarantees

Improve fiscal transparency and reporting

- Improvements to the legal and institutional framework supporting the transition to accrual accounting
- Strengthening staff capacities in relation to IPSAS and the requirements for transition

Project proposals typically cover only one to two years of CD activities, which are expected to contribute to the achievement of the objectives outlined in the sections above. The objectives of this Global Public Finance Partnership (GPFP) project may require extended and ongoing support to be fully and sustainably realized. Therefore, progress reports will serve to monitor advancement towards these

objectives, and it may be necessary to adjust or broaden project workplans to better facilitate the achievement of these goals.

IV. ORGANIZATIONAL ARRANGEMENTS

A. Country Engagement

The CD in tax and customs administrations will continue the effort made during the last GPFP project on HR management, the automation of risk management and the integration of external sources of information in risk analysis, while the CD in PFM introduced in the GPFP proposal will focus on strengthening the management of fiscal risks and enhancing transparency by supporting the current accounting reforms. This proposal aims to keep up momentum and build on successful achievements for Madagascar in implementing structural reforms that are important to the fulfillment of structural conditionality under the ongoing ECF program. Until April 2025, Madagascar benefited from funding support from the Government of Japan. That support resulted in successful implementation of a functional classification of expenditure consistent with statistical standards in the Government Finance Statistics Manual 2014 (*GFSM 2014*), developing climate budget tagging in preparation of a first green budget statement, improving in-year budget execution reporting and commitment planning across all line ministries, advancing public asset management through the adoption of a new decree on stock accounting, and adoption of a new law on cash management.

B. Delivery Modalities

CD will comprise a mix of remote and in-person activities. Virtual deliveries will be used to provide efficiencies to in-person support, including pre-engagement meetings and post-follow-up meetings. The following CD activities will be delivered as a package:

- **Headquarters-led (HQ) missions and staff visits** to provide strategic recommendations, conduct regular follow-ups, assess progress, ensure STX work is aligned to plans, coordinate with other CD providers, and adjust reform implementation plans.
- **Short-term expert (STX)** visits to help implement the recommendations delivered by the HQ missions; a limited number of STXs will be assigned to provide specialized assistance in specific areas of revenue administration and PFM.

- **Workshops**, during the HQ missions, staff visits, or STX visits, to share experiences, provide stakeholders with a view of progress achieved and challenges faced, and discuss with the managers and staff their views on the reforms and particular technical subjects.

C. Coordination / Cooperation

Partner	Coordination Type	Coordination Area	Frequency
IMF's Regional Technical Assistance Center for Southern Africa (AFS) – Revenue Administration and Public Finance Management	Recommendations, Sharing of information, where available participation in missions	Revenue administration: Internal audit PFM: Fiscal Risks, Budget execution, cash management, fiscal transparency and reporting	Regular
IMF's African Department	Sharing of information, and recommendations	Priorities, recommendations and status of reforms	Regular
Other technical partners (e.g. World Bank, African Development Bank, Agence France Expertise, European Union, Japan International Cooperation Agency)	Sharing of information, where available coordination of workplan to avoid duplication, and potential collaboration	All relevant topics to tax and customs administration, budget management, macro-fiscal frameworks, and transparency and governance	Ad-hoc when needed, and at the end of each mission meeting to discuss issues and potential coordination and collaboration

V. RISK ASSESSMENT AND MITIGATION

Module	Description	Risk Assessment	Mitigation Measures
EXTERNAL CLIMATE/CONDITIONS			
RM II - Revenue Administration	Madagascar is exposed to external shocks such as tariffs, inflation, and domestic vulnerabilities mainly weather-related events.	High	Ensure sufficient flexibility in program execution allowing to adjust the scope and the modality of the delivery accordingly (field based vs. virtual) to respond to these shocks.
SM II - Managing Public Finance			
POLITICAL SUPPORT			
RM II - Revenue Administration	Given the recent political events following the youth protests and the change of the government, political support is even more critical to ensure continuity of PFM reforms.	Very High	Ensuring that CD is focused on priority areas and with the support of the IMF team, outreach with senior management and key policy makers is to ensure government's continued support to the CD program and ownership of reforms.
SM II - Managing Public Finance			
MANAGEMENT AND TECHNICAL STAFF SUPPORT AND COMMITMENT			
RM II - Revenue Administration	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.
SM II - Managing Public Finance	Capacity of staff is variable, and commitment and continuity of engagement of senior management needs to be guaranteed.	High	CD support from HQ, the IMF's Regional Technical Assistance Center in Southern Africa (AFS) in close coordination with the IMF's African Department country team and other donors should help ensure continuity of support.
RESOURCE ADEQUACY			
RM II - Revenue Administration	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 priority or highest risk areas where resources are limited.
SM II - Managing Public Finance	Ministry of Finance is overall adequately staffed but reforms would also require input in terms of IT and training.	Medium	Continued coordination with other development partners such as Expertise France, European Union, and World Bank.
OTHER RISKS			
RM II - Revenue Administration	Multiple donors (the World Bank, African Development Bank, European Union, Expertise France, etc.) are providing CD support on tax and customs administrations and public finance management reforms.	Low	Take an active role in engaging with other donors to ensure support is well coordinated and avoid duplication. Usually, meetings are always scheduled with technical partners during missions to share information and explore collaboration and coordination of work plans.
SM II - Managing Public Finance			

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY26	FY27	Grand Total
RM II – Revenue Administration			
HQ led CD mission	-	-	-
STX visits	-	2 tax 3 customs	5
Staff visits	-	1 tax 1 customs	2
Workshops (inc. during HQ and remote CD)	-	-	-
Subtotal	-	7	7
SM II – Managing Public Finances			
HQ led CD mission	1	1	2
STX visits	-	2	2
Staff visits	-	-	-
Workshops (inc. during HQ and remote CD)	-	-	-
Subtotal	1	3	4
TOTAL	1	10	11

Note:

- In-person delivery was chosen to engage in sensitive matters like reorganization of work and performance measurement that require substantial interviews and field observations conducted in operational units.
- Collectively, the blend of CD delivery proposed over the duration of this project/program reflects the optimal balance of activities needed to achieve the project/program outcomes taking into account the needs of the country and the resources available.

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
RM II - Revenue Administration		
Q2/FY27	Field-Based work - FB	Tax: Staff visit on reform priorities and impact measurement.
Q2/FY27	Duty station-based Work - DS	Customs: STX 1 week on distance for AI-based risk management
Q2/FY27	Field-Based work - FB	Tax: Risk management
Q3/FY27	Duty station-based Work - DS	Customs: STX 1 week on distance for AI-based risk management
Q3/FY27	Field-Based work - FB	Tax: HR modernization and change management
Q3/FY27	Duty station-based Work - DS	Customs: STX in person for AI-based risk management - follow-up.
Q4/FY27	Field-Based work - FB	Customs: staff visit for impact measurement and organization of processes
SM II – Managing Public Finances		
Q4/FY26	Field-Based work - FB	HQ led mission – Managing Fiscal Risks from Guarantees
Q2/FY27	Field-Based work - FB	HQ led mission – Review Implementation of Accrual Accounting
Q3/FY27	Field-Based work - FB	HQ STX led mission – Follow-up on Managing Fiscal Risks from Guarantees
Q4/FY27	Field-Based work - FB	HQ STX led mission – Follow-up on Implementation of Accrual Accounting

VII. PROGRAM FINANCIALS

Module	FY26	FY27	TOTAL (USD)
Direct Delivery			
RM II - Revenue Administration	-	217,091	217,091
SM II - Managing Public Finance	140,000	260,000	400,000
Subtotal	-	477,091	617,091
Trust Fund Management Fee (7%)	9,800	33,396	43,196
TOTAL	149,800	510,487	660,287

Note: The estimated budget for this project is \$660,287 and endorsement is requested for the full amount through FY27. Endorsement for future plans will be requested at a later date as funding for the program is secured and reform plans gain traction.

VIII. TARGETED LOGICAL FRAMEWORK

A. RM II – Revenue Administration

Objective: Strengthened core tax administration functions (SDG 17.1) - TAD	
Outcome(s)	Indicator(s)
Audit and other verification programs more effectively ensure accuracy of reporting	Appropriate range of tax audits and other initiatives used to detect and deter inaccurate reporting and fraud (TADAT 2019 POA6-19).

Objective: Improved customs administration functions (SDG 17.1) - CAD	
Outcome(s)	Indicator(s)
Foreign trade operators better comply with their reporting and payment obligations	Alignment of customs procedures (including transit) with international standards and regional integration objective improved
Customs control during the clearance process more effectively ensures accuracy of declarations	Risk-based control selectivity applied more consistently
Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	Framework to control special regimes and exemptions is strengthened

B. SM II – Managing Public Finances

Objective: Strengthening macro-fiscal frameworks - SMF	
Outcome(s)	Indicator(s)
Strengthening identification, monitoring, and management of fiscal risks	Enhanced analysis, disclosure and management of guarantees
Objective: Improve fiscal transparency and reporting - FTR	
Outcome(s)	Indicator(s)
Strengthened accounting and audit processes	Strengthened adoption and implementation of international accounting standards



**Amendment to
Project Proposal for
THE PHILIPPINES**

March 2026

Component: Revenue

Module: RM-II: Revenue Administration



PROJECT SUMMARY

COUNTRY: The Philippines

LEAD DEPARTMENT: FAD

REGION: APD

PLANNED DATES: FY26/27

PROJECT MANAGERS: Sebastian Beer (Tax Policy, FADT2, Lead)
Supriyo De (Revenue Administration, FADR1)

ESTIMATED BUDGET \$ 406,600

BUDGET FOR ENDORSEMENT: \$ 406,600

PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
INITIAL PROJECT PROPOSAL	Proposal for RM-I: Tax Policy; RM-II Revenue Administration	January 2024
AMENDMENT 1	Update of RM-II Revenue Administration module to provide additional CD requested by country authorities and maintain momentum of work on revenue administration reforms; this would also have implications for tax policy reform implementation.	March 2026

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ACRONYMS

ADB	Asian Development Bank
APD	IMF's Asia and Pacific Department
BIR	Bureau of Internal Revenue, Philippines
CD	Capacity development
CIP	Compliance improvement plan
CIT	Corporate income tax
CRM	Compliance risk management
DOF	Department of Finance, Philippines
FAD	IMF's Fiscal Affairs Department
GovTech	Digitalization of public finance
GPFP	Global Public Finance Partnership
MTRS	Medium-term revenue strategy
STX	Short-term expert
TADAT	IMF's Tax Administration Diagnostic Assessment Tool
VAT	Value-added tax

I. PROJECT AMENDMENT PURPOSE

Country request and relevance/importance

The Philippines continues strengthening revenue mobilization, with strong assistance from the IMF's Fiscal Affairs Department (FAD). Revenue improvements will reflect a strengthened tax system design, including through the modernization of the value-added tax (VAT) from the tax policy side, but also through critical tax administration reforms. Reforms in these areas, when accompanied by concomitant strategic insights, managerial input and human resource enhancements, could raise tax to GDP ratio by around 1.8 percent of GDP.

The Bureau of Internal Revenue (BIR) has expressed interest in further capacity development (CD) following on the 2024 Tax Administration Diagnostic Assessment Tool (TADAT) assessment and the recommendations of the recent mission on compliance risk management (CRM) and data analytics, both of which were funded by Global Public Finance Partnership (GPFP). The BIR had abandoned a previous effort at CRM adoption, but the TADAT process helped demonstrate the need for it. The amendments in this proposal will help the authorities develop the capacity needed to make CRM a success. With CRM in place, the BIR can move from a system of ad hoc and decentralized decision making on audits to a more centralized, systematic and data-driven approach.

The Department of Finance (DOF) has also requested CD for VAT and corporate income tax (CIT) compliance gap estimation and analysis, which would also feed into the CRM process. These requests have arisen from a coordinated engagement between FAD tax policy and revenue administration staff with the DOF. This proposal seeks to capitalize on this reform momentum and the requests for additional CD.

Description of Modules

The tax policy module included a comprehensive VAT diagnostic to address low VAT efficiency, tax expenditure assessments to improve incentive frameworks, and capacity building in revenue forecasting and analysis. Authorities have committed to modernizing the VAT law and ongoing evaluation of tax incentives. This emphasis adds to an already established emphasis on tax expenditure assessment and revenue mobilization strategy. In FY26 the tax policy CD will focus on VAT modernization (recasting the VAT law) and evaluation of select tax expenditures.

RM II: Revenue Module II – Revenue Administration

The revenue administration module focused on conducting a TADAT assessment to establish a baseline understanding of tax administration, followed by reform planning emphasizing digitalization and governance improvements. After the 2024 TADAT assessment, a CRM roadmap was developed and endorsed by BIR management, with further CD requested for CRM strategy and tax gap analysis. This complements the tax policy module in preparing for VAT reforms and e-invoicing.

A post-TADAT follow-up mission and assistance on CRM and data analytics was completed in September 2025. Authorities then created a CRM Roadmap developed combining the workshop's insights with lessons from past attempts. CRM re-implementation has been endorsed by the BIR Management Committee (ManCom) ensuring organizational engagement.

The additional CD proposed here would support the BIR in formulating its CRM strategy and enhance data analytics. Tax-gap analysis CD for the DOF to feed into BIR CRM would determine the extent and nature of non-compliance and provide evidence to support compliance management decisions.

The estimated budget for this project amendment is \$406,600, covered within the total budget endorsement request for the Philippines of \$1,468,477 through FY27.

II. BACKGROUND

Macro-fiscal situation

The Philippine economy is expected to remain resilient, despite losing some momentum amid external headwinds. Economic growth is projected at a 5.4 percent rate in 2025, accelerating to 5.7 percent in 2026. However, downside macroeconomic risks warrant close attention and reinforce the need for revenue mobilization, starting with vulnerability to natural disasters and global trade uncertainty.

More gradual medium-term fiscal consolidation is appropriate and should be underpinned by durable revenue mobilization efforts and public financial management reforms to enhance budgetary accountability and transparency, according to recommendations from the 2025 Article IV consultation. Over the medium term, the authorities should continue implementing gradual fiscal consolidation, in line with their targets, to replenish fiscal buffers and support external balance. However, implementing concrete and durable tax measures would limit the need for restraint in priority spending, which tends to

have a larger impact on growth and disproportionately impacts vulnerable populations.¹ This GPFP amendment is designed to enhance revenue mobilization through improved revenue administration, which will help authorities deliver on their broad development goals as well as directly address the Article IV recommendations.

Country engagement and alignment to reform priorities

This GPFP project amendment seeks to build on recent successful engagements with country authorities. Relationships were cultivated and momentum created during the various GPFP-funded tax policy and revenue administration engagements, such as the tax expenditures assessment and VAT modernization work; and the 2024 TADAT assessment and post-TADAT missions to support the priorities assessment. CD priorities aligned with the assessment include CRM and data analytics.

In tax policy, authorities have worked to improve the overall strategy for revenue mobilization and tax expenditure assessment. Progress on tax expenditures in FY25 came in part because of a medium-term revenue strategy (MTRS) engagement workshop in November 2024, jointly developed with revenue administration and focused on gap analysis. It equipped the authorities with essential inputs and tools for tax reforms to increase revenue and improve the efficiency of taxation.

These efforts, and an attempt to introduce CRM concepts, are not new. Between 2011 and 2016, BIR pursued CRM with CD and assistance from other development partners.² However, reforms stalled after 2017, largely due to a lack of clarity and follow through on appropriate organizational arrangements. The low scores in the 2024 TADAT assessment highlighted the need for CRM and reignited BIR's interest. It signaled initial CRM reform follow-up by establishing a Compliance Improvement Strategy Committee (CISCOM) and endorsing CRM re-implementation. This renewed momentum encouraged the IMF FAD team to follow up with further missions and seek additional GPFP funding.

Following an engagement with FAD in 2024 covering tax policy, the DOF decided to revamp and modernize the Philippines' VAT. Key components of the reform include improving input tax recovery and refunds to remove distortions in production efficiency. For the medium term, catalyzed by the successful engagement on the tax policy side, the authorities are committed to adopting a progressive VAT, which

¹ [IMF Staff Completes 2025 Article IV Consultation with the Philippines.](#)

² CRM is a methodology used to identify compliance risks within the taxpayer population. Identifying the largest relative risks to the tax base allows tax administration leaders to make informed decisions on how to address the noncompliance and promote higher rates of voluntary compliance over the long term. See [Betts, S. \(2022\). Revenue Administration: Compliance Risk Management Framework to Drive Revenue Performance \(IMF Technical Notes and Manuals No. 2022/005\), IMF.](#)

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 introducing that system. At present, the BIR is in the early stages of piloting this technology and estimates that it will be implemented in approximately five years. Improved CRM and data analytics are likely to accelerate and catalyze this transition by developing synergies between digitalization and compliance management. Hence, additional GPFP funding is being sought. This GPFP project amendment will leverage and build upon the successful engagement with country authorities cultivated during the GPFP funded 2024 TADAT assessment and post-TADAT missions to support priorities outlined in the 2024 TADAT assessment. CD priorities aligned with the assessment cover CRM and data analytics.

IMF priority areas and cross-cutting themes

The project addresses one of the IMF's three cross-cutting themes, digitalization, by including the use of data analytics for improved CRM, leveraging benefits from digitization initiatives supported by other development partners such as the Asian Development Bank (ADB) and the World Bank, and strategically preparing for real-time electronic invoicing system for VAT. Coordination with ADB is particularly important as it is financing the overall digitalization process at BIR, which provides a strong foundation for CRM adoption. This hand-in-hand approach is based on regular meetings with the ADB to monitor the progress of digitalization, and ensures that GPFP CD is sequenced to match BIR's technical ability to absorb it.

III. PROJECT AMENDMENT MODULES - DESCRIPTION

This proposal is an amendment to an existing project. The amendment proposes CD support to the Philippines in revenue administration. FAD CD will support improvements within the strategic objectives presented in Table 1.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Revenue	RM II / Revenue Administration	Strengthened revenue administration management and governance arrangements (SDG 17.1)

A. RM II - Revenue Administration

Scope

The BIR has expressed interest in further CD to follow up on the 2024 TADAT assessment and the recommendations of the recent mission on CRM and data analytics. The DOF has also requested CD for VAT and CIT compliance gap estimation and analysis, which would also feed into the CRM process.

Purposeful steps are needed to improve CRM and move closer to international good practice across FY26 and FY27. A range of immediate and medium-term improvements have been categorized into six groupings: (1) strengthening governance and management arrangements; (2) adopting a structured process for the identification of risks; (3) implementing a CRM risk register to record compliance risks; (4) use of compliance improvement plans (CIPs) for significant compliance risks; (5) strengthening intelligence gathering; and (6) building CRM-oriented data analytics capability.

Given the need for BIR to retain the momentum gained during the IMF missions, remote engagement through online helpdesk or routine check-in arrangements would be prioritized. These would be divided into two separate and complementary workstreams: (1) support for implementing the organizational structure of and processes for CRM; and (2) support for enhancing and re-orienting data analytics. For the former, assisting in operationalizing the CISCOP and holding online sessions to enhance regional CRM capabilities would be helpful. For the latter, assessing and synchronizing BIR's ongoing and diverse data analytics initiatives would be a first step. Separate remote short-term expert (STX) missions are planned to address each of these. BIR also needs to dovetail the data analytics work with its ongoing digitalization projects such as the digitalization initiative financed by the ADB and e-invoicing implementation plans.

In the medium term, FAD would conduct two in-person missions to assess progress and integration of the above workstreams. FAD would also help with tax gap analysis to inform BIR's CRM and data analytics work. In the Philippines, this is under the mandate of the DOF's Fiscal Policy and Monitoring Group, which has sent a request to FAF for CD to embark on this activity. A third separate HQ mission is planned to address this.

Program Objectives

The objective is “strengthened revenue administration management and governance arrangements.” The BIR would 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 CRM is envisaged to determine the extent and nature of non-compliance and provide evidence to support compliance management decisions.

Expected Results (outcomes)

The CRM approach provides a structured and systematic framework for identifying compliance risks, assigning priorities, developing responses, and evaluating the impact of measures taken. However, implementing an effective CRM framework and processes requires sustained effort by tax administrations. The key indicators value of the outcome would be: “updated or complete procedures for internal and/or external review of revenue administration management, governance, and operations.” This would comprise:

Identification of major compliance risks: As the initial step in using the CRM process, CD would help BIR put in place a process to identify key compliance risks. This could include using bottom-up (operational perspective) and top-down (strategic perspective) process as an input into the strategic planning in 2026. Conducting a small number of workshops involving key regional staff and headquarters functional areas to identify compliance risks from an operational perspective would be an effective approach.

Establishing a compliance risk identification and monitoring framework: The CD will also help set up a CRM risk register to be used as a key management tool. This would include identified risks and the nature of the threat they pose to the tax system including the impact on tax revenue, government policy goals and reputation of the tax administration.

Compliance Improvement Plans for Improved Voluntary Compliance: CIPs are a valuable tool to address appropriate treatment strategies to counter noncompliance by high risk taxpayers. The purpose of the CIPs is to identify the main causes contributing to non-compliance as well as related corrective measures. With FAD CD, the BIR would develop CIPs for the most significant risks identified through the bottom-up/top-down process.

Project proposals typically cover only one to two years of CD activities, which are expected to contribute to the achievement of the objectives outlined in the sections above. The objectives of this GPFP project may require extended and ongoing support to be fully and sustainably realized. Therefore, progress reports will serve to monitor advancement towards these objectives, and it may be necessary to adjust or broaden project workplans to better facilitate the achievement of these goals.

IV. ORGANIZATIONAL ARRANGEMENTS

A. Country Engagement

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. A firm request for further CD to implement this has been received. A firm request has also been received from DOF for tax gap CD which complement CRM efforts. This has arisen from a coordinated engagement between tax policy and revenue administration with DOF. The proposal seeks to follow up on this reform momentum and the requests for additional CD.

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 ADB and the World Bank. The IMF FAD mission team also engaged online with the BIR Management Committee, which includes the commissioner and deputy commissioners heading the four main function groups: operations, legal, information systems and resource management. This proved instrumental in convincing them to endorse the roadmap for CRM and data analytics reforms and request further CD. Previously during the mission, the team engaged with several BIR staff and further engagements are planned to build broad-based ownership and support for the planned reforms. The previous BIR Commissioner was replaced by a former DOF undersecretary in November 2025. The newly appointed BIR Commissioner in his previous role was very supportive of the CRM and data analytics CD and reforms. Therefore, we are now more assured of management support on these reforms.

B. Delivery Modalities

CD will comprise a mix of remote and in-person activities. Virtual deliveries will be used to provide efficiencies to in-person support, including pre-engagement meetings and post-follow-up meetings. The following CD activities will be delivered as a package:

- **Headquarters-led (HQ) missions and staff visits** to provide strategic recommendations, conduct regular follow-ups, assess progress, ensure STX work is aligned with plans, coordinate with other CD providers, and adjust reform implementation plans.

- **STX** visits to help implement the recommendations delivered by the HQ missions. Three or four STXs will be assigned to provide specialized assistance in specific areas of revenue administration.
- **Workshops** during the HQ missions, staff visits, or STX visits, to share experiences, provide stakeholders with a view of progress achieved and challenges faced, and to discuss with the managers and staff their views on the reforms and particular technical subjects.

C. Coordination / Cooperation

Partner	Coordination Type	Coordination Area	Frequency
APD and IMF Resident Representative	Sharing information, insights, and recommendations	Revenue administration – priorities, recommendations, and status of reforms	Quarterly
ADB	Project and mission timelines and objectives. Insights on reforms and developing synergies.	Coordination between CRM and data analytics CD of IMF and digitalization project of ADB	Bi-annually
World Bank	Sharing information, insights, and recommendations	TADAT and other diagnostics.	Annual

V. RISK ASSESSMENT AND MITIGATION

Module	Description	Risk Assessment	Mitigation Measures
EXTERNAL CLIMATE/CONDITIONS			
RM II - Revenue Administration	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 alleged corruption were held by activists. Typhoon Fung-wong left Philippines with 10 dead, 1.4 million displaced.	Very High	Ensure sufficient flexibility in program execution across countries and allow for ability to adjust activities in the case of adverse events. Remote and alternative meeting options.
POLITICAL SUPPORT			
RM II - Revenue Administration	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 such as corruption blamed for substandard, defective or non-existent flood control projects may derail the reform momentum. A broad-based general tax amnesty (GTA) proposed by some legislators for the Philippines. can undermine tax morale and regular voluntary compliance.	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 to enhance traction at higher political levels. FAD has worked with the Area Department to instead suggest implementing Voluntary Disclosure Programs (VDPs), which are more targeted and effective for improving compliance without negative side effects.
MANAGEMENT AND TECHNICAL STAFF SUPPORT AND COMMITMENT			
RM II - Revenue Administration	The former BIR Commissioner was replaced by former DOF Undersecretary as new BIR chief in November 2025. Newly appointed BIR Commissioner suspended audits, describing the move as part of his reform agenda. He has ordered the creation of a technical working group to identify operational and systemic weaknesses. But staff enthusiasm for change may be limited, particularly in satellite offices, as a degree of control will migrate from them to headquarters.	High	Getting BIR ManCom endorsement for the CRM roadmap, which was vital, has been achieved. Enhance virtual and in-person discussions with BIR management and staff to assuage concerns and address questions, particularly those in satellite offices. Coordinate with DOF.
RESOURCE ADEQUACY			
RM II - Revenue Administration	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 CRM and data analytics mission. Further online workshops to enhance capacity are planned.
OTHER RISKS			
RM II - Revenue Administration	Multiple development partners such as ADB and the World Bank are involved in the BIR's reform program leading to possible CD overlaps.	Low	In keeping with the MTRS process, other interested development partners have been kept looped in. Meetings were held with ADB to coordinate CD approaches.

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY26	FY27	Grand Total
RM II – Revenue Administration			
HQ-led CD mission	1	2	3
STX visits	1	1	2
Staff visits	-	-	-
Workshops (inc. during HQ and remote CD)	1 (during mission/visits)	2 (during mission/visits)	3 (during mission/visits)
TOTAL	3	5	8

Note:

- In-person delivery was chosen in some instances because of the sensitivity of the CD messages being conveyed and the need for in-person technical exchanges.
- Remote delivery was chosen in several instances because of the short duration of the activity and the cost of travel.
- Hybrid delivery was chosen in several instances to enable APD colleagues and other development partners to join the opening and closing meetings.
- Collectively, the blend of CD delivery proposed over the duration of this project reflects the optimal balance of in-person, remote, and hybrid activities needed to achieve the project outcomes taking into account the needs of the country and the resources available.

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
RM II - Revenue Administration		
Q4/FY26	Duty station-based Work - DS	STX: CRM Follow up
Q4/FY26	Field-Based work - FB	HQ: CRM Strategy (including workshop)
Q1/FY27	Duty station-based Work - DS	STX: Data Analytics Follow up
Q2/FY27	Field-Based work - FB	HQ: Revenue Administration Tax Gap Analysis Program (RA-GAP) VAT Gap (including workshop)
Q2/FY27	Field-Based work - FB	HQ: CRM Implementation (including workshop)

VII. PROGRAM FINANCIALS

Module	FY26	FY27	TOTAL (USD)
Direct Delivery			
RM II - Revenue Administration	220,000	160,000	380,000
Trust Fund Management Fee (7%)	15,400	11,200	26,600
TOTAL	235,400	171,200	406,600

Note: The estimated budget for this project amendment is \$406,600, and endorsement is requested for the full amount through FY27. Endorsement for future plans will be requested later as funding for the program is secured and reform plans gain traction.

VIII. TARGETED LOGICAL FRAMEWORK

A. RM II – Revenue Administration

Objective: Strengthened revenue administration management and governance arrangements (SDG 17.1) – RAM	
Outcome(s)	Indicator(s)
Authorities have a baseline understanding of the current state of the government's revenue administration, management, and governance arrangements and core revenue administration operations	Procedures for internal and/or external review of revenue administration management, governance, and operations are established to produce baselines and identify opportunities for improvement.
Corporate priorities are better managed through effective risk management	Improved identification, assessment, ranking and quantification of compliance risks (TADAT POA2-3)
	Better mitigation of risks through a compliance improvement program (TADAT POA2-4)



Amendment to
Project Proposal for
TOGO
March 2026

Component: Revenue

Module: RM-I: Tax Policy



PROJECT SUMMARY

COUNTRY:	Togo	
LEAD DEPARTMENT:	FAD	
REGION:	AFR	
PLANNED DATES:	FY26/27	
PROJECT MANAGERS:	Florent Barrois (Tax Policy, FADT1, Lead) Marco Borges de Siqueira (Revenue Administration, FADR2) Mehdi El Herradi (General Macro and Fiscal, ICDMF)	
ESTIMATED BUDGET	\$160,500	
BUDGET FOR ENDORSEMENT:	\$160,500	
PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
INITIAL PROJECT PROPOSAL	Proposal for RM-I: Tax Policy	January 2024
AMENDMENT 1 / 2	Part I: Update of RM-I: Tax Policy module; addition of RM-II: Revenue Administration module (both FAD) Part II: Addition of SM-IV module (ICD)	June 2025
AMENDMENT 2 / 2	Update of RM I: Tax Policy module, to assist the authorities in drafting a medium-term revenue mobilization strategy	March 2026

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ACRONYMS

CD	Capacity development
ECF	IMF's Extended Credit Facility
FAD	IMF's Fiscal Affairs Department
MTRS	Medium-term revenue mobilization strategy
STX	Short-term expert
TPU	Tax policy unit

I. PROJECT AMENDMENT PURPOSE

Country request and relevance/importance

The country's authorities have requested assistance from the IMF's Fiscal Affairs Department (FAD) to strengthen their capacity in revenue mobilization. The overall tax-to-GDP ratio is estimated at 14.9 percent in 2024, well below the West African Economic and Monetary Union (WAEMU) convergence criteria of 20 percent. Tax revenue appears to suffer from tax policy challenges such as weak capacity to tax property, the granting of exemptions leading to large tax expenditures, loopholes in the personal income tax, and international tax issues. A general diagnostic of the Togolese tax system was delivered in April 2024, seven years after a similar diagnostic. The diagnostic identified several key tax policy reforms and made several recommendations to modernize the tax policy in Togo, increase tax revenue and improve the tax-to-GDP ratio. The authorities emphasized that some recommendations of this diagnostic have been considered in a revenue mobilization plan for 2025-26. They are now committed to building a medium-term revenue mobilization strategy (MTRS) for the next 3 to 5 years, aimed at increasing tax revenue by 0.5 percent of GDP consistent with commitments made under their Fund supported program.

Description of Modules

The project will assist the Togolese tax authorities in finalizing the drafting of an MTRS covering tax policy and tax and customs administration measures by the middle of 2026. A scoping mission took place in November 2025 to restart the work on drafting an MTRS. The mission presented, to a technical committee set up by the authorities, the characteristics of an MTRS and the principles it should adhere to. Several best practices derived from country experiences, as well as methodological advice, were shared with the committee. Templates, including an example of a matrix of measures to be included in the MTRS and a roadmap, were provided. Discussions took place in sub-groups to discuss tax policy measures and tax and customs administration reforms that could be considered within the framework of the strategy. Subject to this amendment, the project will build on the basis of the scoping mission to assist the Togolese administration in reviewing the draft MTRS to be produced by the authorities following the scoping mission. It will provide all necessary recommendations, both methodological and technical, to the authorities to help them finalize a strategy that complies with best practices and covers the three areas mentioned above: tax policy and tax and customs administration.

The estimated budget for this project amendment is \$160,500, covered within the total budget endorsement request for Togo of \$1,004,319 through FY26.

II. BACKGROUND

Macro-fiscal situation

Togo's growth has been resilient to the shocks of recent years, thanks in part to fiscal support, but development needs remain acute and security threats continue. The fiscal expansion implemented in response to the shocks pushed up deficits and public debt and could, if not reversed, jeopardize debt sustainability. The Policy Note for the third review in September 2025 assessed the risks to program implementation as high, since not only a range of shocks (e.g., substantial public protests) but also weak policy implementation could jeopardize the attainment of program goals. In this context, revenue mobilization is a key concern. Togo has an Extended Credit Facility (ECF) arrangement approved by the IMF in March 2024, and a team visited the country during September 29–October 10.

For now, robust growth is expected to continue; however, the outlook is subject to high risks due to protests that could potentially undermine growth and fiscal consolidation.

The authorities aim to raise tax revenue by 0.5 percent of GDP for 2025 and 2026. In the first five months of 2025, fiscal revenue fell below expectations, though end-of-year projections remain unchanged. Tax revenue improved from 13.9 percent of GDP in 2022 to 14.8 percent in 2023, and 14.9 percent in 2024. The fiscal deficit narrowed from 8.3 percent of GDP in 2022 to 6.7 percent in 2023, and 7.4 percent in 2024. The risk of overall and external debt distress continues to be moderate.

Country engagement and alignment to reform priorities

The authorities have an ongoing ECF program with the IMF, under which they have committed to developing an MTRS by June 2025 for the next 3 to 5 years. Tax policy measures for 2025 include introducing or increasing various excise duties and reducing tax exemptions, for an expected yield of 0.4 percent of GDP. To accelerate revenue mobilization, staff recommends that the authorities also aim to scale back value-added tax exemptions, broaden the base of the personal income tax, align corporate taxation with the Global Minimum Tax, and require companies that receive tax advantages related to special economic regimes to move to a special economic zone over time. These recommendations will be reiterated when assisting the authorities in drafting the MTRS. The scoping mission during November 12–18, 2025 provided the Togolese authorities involved in drafting the MTRS with all the knowledge, methodological advice, and necessary tools to develop a strategy in accordance with best practice. In accordance with the MTRS framework this amendment will cover tax policy recommendations as well as tax administration and custom administration reforms, with further FAD

assistance in these areas requested by the authorities during the November mission. The assistance covered by this amendment will initially take the form of remote meetings with the officials responsible for the work. An in-person MTRS formulation mission is envisaged in the first quarter of 2026 to assist the authorities in finalizing their work.

III. PROJECT AMENDMENT MODULES - DESCRIPTION

This project is an amendment to an existing project. The amendment proposes capacity development (CD) support to Togo in formulating an MTRS covering the areas of tax policy, tax administration and customs administration.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Revenue	RM I / Tax Policy	Improve Tax Policy Design

A. RM I – Tax Policy

Scope

This project is aligned with the authorities' tax revenue mobilization plan for 2025–26 that aims to raise tax revenue by 0.5 percent of GDP per year and is designed to be the continuation of the assistance provided in 2024 by FAD. Technical missions on tax policy topics have been mentioned in a previous amendment. These topics remain highly relevant and, when included in the strategy by the authorities, will form the basis for future technical missions. However, the authorities requested primarily to receive support to design and draft their MTRS. FAD already actively supports the IMF's ECF program implementation, but the authorities need substantial support to define and implement a credible revenue mobilization strategy. Therefore, a mission was organized in November to provide the Togolese authorities with all the necessary support, including methodological advice and tools, to help them develop their MTRS in compliance with the highest standards. The mission also offered an opportunity to share with representatives of the Togolese administration the successful experiences accumulated over recent years in developing MTRS in other West African countries.

Program Objectives

The objective of the CD project is to assist the authorities in improving the design of their tax policy by helping them to prepare an MTRS. This strategy will contribute to creating a coherent and holistic approach covering tax policy, tax administration, customs administration, and the legal framework. During a mission organized in November, the team shared best practices, experiences and methods with the authorities to ensure the strategy is drafted within the deadline specified in the ECF program (i.e., June 2026). The mission restarted the work that had been initiated at the beginning of 2024, and which led to a revenue mobilization plan limited to only tax revenues. The objective is now for the Togolese authorities, with FAD assistance, to build a genuine revenue mobilization strategy covering all aspects of tax policy and tax and customs administration. This will enable (1) the authorities to get all the benefits of such a strategy in terms of short- and medium-term revenues and clear visibility of the resources they will have to finance their public investment plan; and (2) the society to get a better perception of the importance of financing public expenditures. Subsequent FAD assistance may be requested to support the authorities in implementing aspects of the MTRS.

Expected Results (outcomes)

This amendment will allow the IMF to support the authorities in developing a draft MTRS. This will empower authorities with critical knowledge, methods and tools to draft a robust medium-term strategy, contributing to broadening the tax base, improving tax revenue, and increasing the tax-to-GDP ratio, which is the ultimate goal.

Project proposals typically cover only one to two years of CD activities, which are expected to contribute to the achievement of the objectives outlined in the sections above. The objectives of this GPFP project may require extended and ongoing support to be fully and sustainably realized. Therefore, progress reports will serve to monitor advancement towards these objectives, and it may be necessary to adjust or broaden project workplans to better facilitate the achievement of these goals.

IV. ORGANIZATIONAL ARRANGEMENTS

A. Country Engagement

During the November mission, the Togolese authorities and their representatives demonstrated a strong commitment to producing an MTRS for Togo by June 2026 (structural benchmark under the ECF) and there is a close cooperation between the team and the authorities. The revenues the strategy will help mobilize are indeed crucial for funding increased public spendings. The Tax Policy Unit (TPU) and the “Office Togolais des Recettes” will be the key counterparts. In 2017, the authorities created a TPU that reports directly to the Minister of Economy and Finance and is responsible for all tax policy aspects, including the design of legislative proposals and the assessment of tax expenditures. On the tax administration and customs administration aspects of the strategy, the team members covering these areas will actively engage with representatives of the OBR in charge of these activities.

B. Delivery Modalities

Regarding tax policy, as for the initial diagnostic, the project will be delivered via HQ-led in-person missions.

CD will comprise of a mix of remote and in-person activities. When appropriate, virtual deliveries will be used to provide efficiencies to in-person support, including pre-engagement meetings and post-follow-up meetings. The following CD activities will be delivered as a package:

- **Headquarters-led (HQ) missions and staff visits** to provide strategic recommendations, conduct regular follow-ups, assess progress, ensure STX work is aligned to plans, coordinate with other CD providers, and adjust reform implementation plans.
- **Short-term expert (STX)** visits to help implement the recommendations delivered by the HQ missions; according to the progress of the drafting work led by the Togolese administration, a limited number of STXs could be assigned to provide specialized assistance in specific areas of tax policy and tax and customs administration, three areas covered by the MTRS.
- **Workshops**, during the HQ missions, staff visits, or STX visits, to share experiences and expertise with the Togolese representatives in order to provide directly operational recommendations and discuss with the managers and staff their views on the reforms to be included in the MTRS and any specific technical subjects relevant in this context.

C. Coordination / Cooperation

Partner	Coordination Type	Coordination Area	Frequency
IMF's African Department	Coordination with program (benchmarks, revenue measures, etc.)	Revenue, legal, and other program-related measures	On a continuous basis
World Bank; European Commission; German Agency for International Cooperation (GIZ); United Nations Development Program (UNDP)	Sharing of information and insights	Tax policy workplan, priorities, and recommendations	Regular, during missions

V. RISK ASSESSMENT AND MITIGATION

Module	Description	Risk Assessment	Mitigation Measures
EXTERNAL CLIMATE/CONDITIONS			
RM I - Tax Policy	Public protests.	Medium	Consultation with stakeholders and the design of a communication plan regarding the adopted strategy, as advised by the mission, are relevant measures to ensure that the risk is mitigated.
POLITICAL SUPPORT			
RM I - Tax Policy	Political instability may slow down and even stop implementation of reforms.	Medium	Close relations and regular interactions during the project with the Secretary-General of the Ministry of Finance and Budget, and consultation with relevant internal and external stakeholders help ensure consensus across government.
MANAGEMENT AND TECHNICAL STAFF SUPPORT AND COMMITMENT			
RM I - Tax Policy	Insufficient coordination across senior staff in relevant counterpart agencies (Ministry of Finance, Ministry of Economy, Tax administration) is crucial for delivery.	Low	Organize regular discussions with the Tax Policy Unit and the Secretary-General of the Ministry of Finance to review progress achieved by the working group, and organize consultations across government agencies to ensure close coordination.
RESOURCE ADEQUACY			
RM I - Tax Policy	Staff instability, and limited skills of staff in the working group.	Low	The mission defined precisely, from the preparation stage, the conditions under which the work has to be organized, the profile of the participants, their affiliated departments, and their responsibilities in carrying out the work. The recommendations made were strictly followed during the mission.
OTHER RISKS			
RM I - Tax Policy	Resistance to reforms	Medium	Advocacy for reform plays a big role. This CD program also has strong connections with the IMF's African Department, which supports CD through program benchmarks.

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY26	FY27	Grand Total
RM I – Tax Policy			
HQ led CD mission	1	-	1
STX visits	-	-	-
Staff visits	-	-	-
Workshops (inc. during HQ and remote CD)	-	-	-
TOTAL	1	-	1

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
RM I – Tax Policy		
Q1/FY26	HQ led CD mission	Tax policy and tax and customs administration review of the draft MTRS for Togo.

VII. PROGRAM FINANCIALS

Module	FY26	FY27	TOTAL (USD)
Direct Delivery			
RM I - Tax Policy	150,000	-	150,000
Trust Fund Management Fee (7%)	10,500	-	10,500
TOTAL	160,500	-	160,500

Note: The estimated budget for this project amendment is \$160,500, and endorsement is requested for the full amount through FY26. Endorsement for future plans will be requested at a later date as funding for the program is secured and reform plans gain traction.

VIII. TARGETED LOGICAL FRAMEWORK

A. RM I – Tax Policy

Objective: Improve Tax Policy Design - TPD	
Outcome(s)	Indicator(s)
Improved distributional fairness across taxpayers due to amended tax rates or base	Adopt legislation aimed at greater vertical equity
Increased revenue amount	Adopt legislation aimed at raising revenues



Amendment to
Project Proposal for

Extractive Industries: Resident Advisor in Africa

March 2026

Component: Revenue

Module: RM-II: Revenue Administration



PROJECT SUMMARY

COUNTRY: Multiple countries, Africa

LEAD DEPARTMENT: FAD

REGION: AFR

PLANNED DATES: FY26/27

PROJECT MANAGERS: Pierre Kerjean (Revenue Administration, FADR2, Lead)
Bernard Sanya (Long-term resident advisor)

ESTIMATED BUDGET \$929,260 (*unchanged from previously endorsed budget*)

BUDGET FOR ENDORSEMENT: \$929,260 (*unchanged from previously endorsed budget*)

PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
INITIAL PROJECT PROPOSAL	Proposal for RM I: Revenue Administration LTX to Support Extractive Industries work in African region	January 2025
AMENDMENT 1 / 1	No-cost amendment to broaden the project scope to include additional GPFP countries in African region	March 2026

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ACRONYMS

AFE	IMF's Regional Technical Assistance Center for East Africa
CD	Capacity development
CIP	Compliance improvement plan
EI	Extractive industries
FAD	IMF's Fiscal Affairs Department
GPFP	Global Public Finance Partnership
LTX	Long-term resident advisor
MNRW-TF	Managing Natural Resource Wealth Thematic Fund
STX	Short-term expert

I. PROJECT AMENDMENT PURPOSE ¹

The purpose of this amendment is to broaden the country coverage of the current extractive industries (EI) project supported by the long-term resident advisor (LTX). The current project's purpose is to enhance FAD's capacity to respond to members' requests for capacity development (CD) in EI revenue administration in an agile and cost-effective manner by placing an LTX in the field. As a result of this project, the LTX based in the African region has enabled the IMF's Fiscal Affairs Department (FAD) to respond swiftly to CD requests in the region, minimize travel expenses and reduce FAD's carbon footprint. For example, at the authorities' request, the project coordinated with the IMF's Regional Technical Assistance Center for East Africa (AFE) to provide targeted assistance to Uganda, focusing on improving customs administration in the EI sector. In Tanzania, the presence of the LTX has sustained engagement with the authorities, resulting in the approval of a CD workplan to improve EI revenue administration capacity.

Increasing demand for CD in EI revenue administration across the African region underscores the need to broaden the project beyond its initial country coverage. The existence of the EI LTX in the field has catalyzed growing interest and generated new CD requests. Eritrea, Namibia, Tanzania, and other countries are likely to join as the EI sector grows due to new hydrocarbon and mineral discoveries or the revival of existing projects. However, the current project scope limits its ability to respond promptly to these emerging needs.

Expanding the project scope would introduce the necessary flexibility to reallocate resources from countries whose CD needs are decreasing to those exhibiting high demand. The current scope focuses on beneficiary countries of the historical Managing Natural Resources Wealth Thematic Fund (MNRW-TF) that transitioned to funding under the Global Public Finance Partnership (GPFP) on May 1, 2025. However, CD needs in countries such as Nigeria, Sierra Leone, and Uganda are gradually diminishing as institutional capacity strengthens. For instance, Uganda has made notable progress in advancing reforms to enhance EI customs administration and tax audit capabilities, reducing the need for extensive on-the-ground assistance. This shift calls for adapting CD delivery to more targeted in-country visits focused on addressing specialized areas. Conversely, engagement in some countries such as Mozambique has remained persistently limited. These dynamics present opportunities to optimize

¹ Section I remains largely unchanged from the original proposal.

resource allocation. Broadening the project's scope will provide flexibility to redirect resources toward countries with strong demand, ensuring rapid deployment where CD is most needed. Additionally, expanding geographical coverage will foster peer-to-peer learning across the African region through regional workshops.

This amendment seeks GPFP endorsement for a no-cost adjustment to expand the scope to address CD requests from GPFP-approved countries in the African region through FY27. Future funding needs resulting from the expanded scope will be addressed within the respective country GPFP project.

II. BACKGROUND ²

Macro-fiscal situation

Climate change and the energy transition have taken center stage in the global landscape, influencing long-term investors' and governments' decisions regarding fossil fuel resources.

However, fossil fuels are expected to continue playing a significant role in the global energy mix for the foreseeable future largely due to rising energy demand driven by economic growth and rapid population expansion, particularly in Africa and emerging markets. High commodity prices have renewed investor interest and created short- to medium-term investment opportunities, especially in natural gas which is viewed as a potential transition fuel. In the minerals sector, there is a projected increase in investment in exploration and development of minerals considered critical to the energy transition (niche minerals), including in countries that have not historically been involved in significant mining activities. The IMF remains committed to its efforts in assisting countries to improve their management of natural resources, recognizing their relevance and necessity in generating essential revenues for resource-rich low and lower-middle-income countries to increase fiscal space and enhance the ability to alleviate the effects of climate change.

Country engagement and alignment to reform priorities

There is strong support and commitment to CD from historical MNRW-TF member countries except for a few countries where CD priorities changed due to a significant decline in investment in their upstream sector. Since the deployment of the EI LTX in January 2024, there has been an improvement in the uptake of CD in some countries. For example, Nigeria has demonstrated increased CD engagement,

² Section II remains largely unchanged from original proposal.

expanding into new areas such as international taxation where there was previously no CD demand. New CD requests have been received from Eritrea, Namibia and Tanzania with scoping missions completed in Tanzania and Namibia. In Tanzania, the authorities have approved a proposal and workplan for CD to improve capacity in EI revenue administration. Additional CD requests are expected from other countries such as Kenya and South Sudan.

III. PROJECT AMENDMENT MODULES - DESCRIPTION³

This proposal amends the existing EI LTX project to broaden its scope, extending coverage from the original MNRW-approved countries to include GPFP-approved countries in Africa. The amendment will allow the LTX the flexibility to respond to emerging CD needs across a wider range of African countries. The project's primary aim is to support African countries in strengthening their capabilities in EI revenue administration. Central to the assistance is the improvement of compliance risk management and risk assessment processes for the EI sector, while addressing EI industry knowledge and expertise within the revenue authorities.

FAD CD will support improvements within the strategic objectives presented in Table 1.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Revenue	RM II / Revenue Administration	- Improved EI customs administration - Strengthened core tax administration functions - Strengthened revenue administration management and governance arrangements for the EI.

A. RM II – EI Revenue Administration

Scope

The project focuses on addressing revenue (tax and customs) administration capacity in EI sector.

³ Section III remains largely unchanged from original proposal.

Program Objectives

The project will focus on two strategic objectives:

- Strengthen the revenue authorities' Compliance Risk Management CRM strategies and risk assessment processes for the EI. The project will assist the authorities in implementing EI compliance improvement plans (CIP) and coordinate with the respective country CD delivery leads at HQ to align and integrate EI compliance strategies in the overall compliance strategies for all economic sectors to enable the effective implementation of the EI CIP. Interagency cooperation and sharing of information and expertise is essential to enable revenue authorities' access to timely and reliable data necessary for continuous risk assessment and mitigation. The project will support a whole-of-Government approach in managing the sector and promote interagency cooperation and sharing of information and expertise.
- Address the skills and specialization required to administer the EI sector. To ensure the sustainability of the project's support, it is essential to train and develop critical skills gaps in tax and Customs administration and engage with the authorities to develop and implement innovative strategies to attract, train and retain industry skills and expertise.

Expected Results (outcomes)

Robust EI compliance strategies are in place and implemented and staff capacity addressed.

Project proposals typically cover only one to two years of CD activities, which are expected to contribute to the achievement of the objectives outlined in the sections above. The objectives of this GPFP project may require extended and ongoing support to be fully and sustainably realized. Therefore, progress reports will serve to monitor advancement towards these objectives, and it may be necessary to adjust or broaden project workplans to better facilitate the achievement of these goals.

IV. ORGANIZATIONAL ARRANGEMENTS⁴

A. Country Engagement

The project will coordinate with HQ and other module leads to align CD delivery, including integrating EI compliance strategies in the overall compliance strategies for all economic sectors to enable the effective implementation of the EI CIPs.

B. Delivery Modalities

The project will be primarily delivered through the LTX responsible for participating and coordinating CD delivery in EI revenue administration across multiple countries in Africa. The following CD activities will be delivered in person:

- **LTX support.** A resident advisor will guide reform implementation across GPFP-approved countries in the African region, coordinate technical assistance support, and respond to authorities' needs in real time.
- The LTX will support and participate in **HQ missions and staff visits** to provide strategic recommendations, conduct regular follow-ups, assess progress, ensure LTX work is aligned to plans, coordinate with other CD providers, and adjust reform implementation plans.
- The LTX will coordinate **STX support** to provide specialized assistance in specific areas of revenue administration.

C. Coordination / Cooperation on EI Revenue Administration

To promote synergies and avoid possible duplication, activities will be coordinated and sometimes carried out jointly with other partners involved in the implementation of reforms in EI revenue administration in the respective countries. Key partners include the World Bank, United Kingdom Foreign Commonwealth and Development Office (FCDO), Norwegian Oil for Development (NORAD) and OECD's Tax Inspectors Without Borders (TIWB).

Coordination		
Partner	Type of Coordination	Frequency
IMF country team, resident representative, FAD, IMF's Regional Technical Assistance Centers for East Africa (AFE), West Africa 2 (AW2) and Southern Africa (AFS).	Coordination to ensure that CD is aligned to the countries' reform priorities. Support country team on Article IV consultation	Quarterly or as needed
World Bank, FCDO, NORAD, TIWB.	Coordination to ensure complimentary and incremental CD	As needed

⁴ Section IV remains largely unchanged from original proposal.

V. RISK ASSESSMENT AND MITIGATION

Please refer to Country-level Risk Assessments.

VI. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY26	FY27	Grand Total
RM II – Revenue Administration			
Field-based	2	3	5
Remote	-	-	-
Workshops (inc. during HQ and remote CD)	-	1	1
TOTAL	2	4	6

Note: In-person delivery was chosen in all instances because of the availability of the LTX on the ground in Tanzania where the LTX is based. Although the proposed workplan is primarily centered on Tanzania, a GPFP-approved country, the LTX will maintain the flexibility to address emerging CD demand in other GPFP-approved countries in the African region.

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
RM II - Revenue Administration		
Q4/FY26	Field-Based work - FB	Tax: EI Skills Gap assessment and Training Plan
Q4/FY26	Field-Based work - FB	Tax: EI Accounting Standards and Practices

VII. PROGRAM FINANCIALS

(Unchanged from previously endorsed)

Module	FY26	FY27	TOTAL (USD)
Direct Delivery			
RM II - Revenue Administration	423,598	444,869	868,467
Subtotal			
Trust Fund Management Fee (7%)	29,652	31,141	60,793
TOTAL	453,250	476,010	929,260

Note: This project requires no additional funding beyond what was endorsed during the January 2025 Steering Committee Meeting. The above table outlines the previously endorsed budget.

VIII. TARGETED LOGICAL FRAMEWORK

(Unchanged from previously endorsed)

A. RM II – Revenue Administration

Objective: Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM	
Outcome(s)	Indicator(s)
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	Reform management capacity strengthened or in place for reform implementation, including dedicated resources
Corporate priorities are better managed through effective risk management	Better identification, assessment and mitigation of institutional risks (TADAT POA2-6)
	Improved identification, assessment, ranking and quantification of compliance risks (TADAT POA2-3)
	Better mitigation of risks through a compliance improvement program TADAT POA2-4)
Support functions enable more effective delivery of strategy and reforms	Improved human resources strategies and practices to support the tax administration (TADAT 2019 POA2-7)
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	Substantive provisions of the tax and customs laws are better aligned with modern standards and/or protocols, and are widely communicated, and applied
Digital technologies are better aligned with strategic objectives	Capacity to work with data and analytics is strengthened
	Core systems and process automation are consistent with good practices

Objective: Strengthened core tax administration functions (SDG 17.1) - TAD	
Outcome(s)	Indicator(s)
A larger proportion of taxpayers meet their filing obligations as required by law	Management of filing compliance improved (TADAT 2019 POA4-13)
A larger proportion of taxpayers meet their payment obligations as required by law	Management of tax arrears improved (TADAT 2015 POA5-15/TADAT 2019 POA5-18) Management of refunds improved (TADAT 2015 POA8-24/TADAT 2019 POA8-28)
Audit and other verification programs more effectively ensure accuracy of reporting	Automated cross-checking used to verify return information (TADAT 2015 POA6-16/TADAT 2019 POA6-20)
	Appropriate range of tax audits and other initiatives used to detect and deter inaccurate reporting and fraud (TADAT 2015 POA6-16/TADAT 2019 POA6-19)

Objective: Improved customs administration functions (SDG 17.1) - CAD	
Outcome(s)	Indicator(s)
Foreign trade operators better comply with their reporting and payment obligations	Traceability of goods and customs actions in the customs systems strengthened
	Self-assessment used to declare goods at customs and strengthened
	Alignment of customs procedures (including transit) with international standards and regional integration objective improved



Project Proposal for
Resident Advisor Support
on Public Financial Management
for Central African Republic and Republic of Congo

March 2026

Component: Spending

Module: SM-II: Managing Public Finances



PROJECT SUMMARY

COUNTRY: Central African Republic, Republic of Congo

LEAD DEPARTMENT: FAD

REGION: AFR

PLANNED DATES: FY27-FY28

PROJECT MANAGERS: Clement Ncuti (Public Financial Management, FADM2, Lead)
Severin Kamgna (Public Financial Management, FADM2)

ESTIMATED BUDGET \$ 878,328

BUDGET FOR ENDORSEMENT: \$ 878,328

PROJECT AMENDMENTS:	PURPOSE	SC APPROVAL
INITIAL PROJECT PROPOSAL	Seek inclusion of LTX work on module SM II: Managing Public Finances (previously funded under a bilateral arrangement with a current donor of the GPFP for fragile and conflict affected states in sub-Saharan Africa)	March 2026

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ACRONYMS

CD	Capacity development
FAD	IMF's Fiscal Affairs Department
FCS	Fragile and conflict affected states
GPFP	Global Public Finance Partnership
LTX	Long-term resident advisor
PFM	Public financial management

I. PROJECT PURPOSE

Country request and relevance/importance

This project seeks funding from the Global Public Finance Partnership (GPFP) to expand long-term resident advisor (LTX) support to the Central African Republic and the Republic of Congo. Financing was previously provided by an earlier capacity development (CD) program with a current donor of the GPFP. This program targeted fragile and conflict-affected states (FCS) in selected countries in sub-Saharan Africa (SSA) to help restore and strengthen core public financial management (PFM) functions. Continuation of support to the Central African Republic and the Republic of Congo is crucial, to keep the momentum of reforms that have been implemented under the previous CD program, including in the context of support with implementation of reforms under Fund financed arrangements. This reflects both the IMF's prioritization of FCS and the increased demand for CD from FCS in the Africa region. The current LTX position will be retained to facilitate the advancement of reforms in public accounting, cash management, and the implementation of the Treasury Single Account. The LTX will divide his time equally between the Central African Republic and the Republic of Congo, continuing to reside in Bangui, Central African Republic. Additionally, the LTX will conduct regular visits to Brazzaville, Republic of Congo, to provide targeted support and ensure effective progress in both countries.

Description of Modules

This proposal provides an overview of the general deliverables and responsibilities assigned to the LTX. For comprehensive and strategic details—including specific objectives, anticipated outcomes, and logical frameworks—please refer to the individual project proposals for the Central African Republic and the Republic of Congo.

The estimated budget for this two-year project is \$878,328, and endorsement is requested for the full amount through FY28.

II. PROJECT DESCRIPTION

This project aims to continue LTX CD support in public accounting and cash management for both the Central African Republic and the Republic of Congo. The CD program will focus on further advancing the strategic objectives outlined in Table 1, with targeted efforts to strengthen fiscal transparency, enhance budget management, and provide hands-on support for the implementation of these reforms in both countries. For detailed information regarding the scope and objectives of the managing public finances module, please consult the respective project proposals for the Central African Republic and the Republic of Congo.

Table 1. Summary of Objectives covered by the Proposal

Component	Module	Objective
Spending	SM II / Managing Public Finances	- Improve fiscal transparency and reporting - Strengthen budget management

III. ORGANIZATIONAL ARRANGEMENTS

A. Delivery Modalities

The LTX will be based the Central African Republic and will split his time equally between Central African Republic and Republic of Congo. CD support in the two countries will comprise of a mix of remote and in-person activities, which the LTX will support. Virtual deliveries will be used to provide efficiencies to in-person support, including pre-engagement meetings and post-follow-up meetings. Government officials will receive hands-on CD support and if necessary and requested by the authorities, the project could at a later stage also allow for peer-to-peer learning events where countries can share experience and build synergies. The following CD activities will be delivered as a package:

- **Short-term expert (STX)** visits coordinated by the resident advisor could be considered at a later stage, to provide specialized assistance in specific areas of public financial management. This will be covered under the individual country programs.
- **Long-term expert (LTX) support.** the resident advisor will provide hands-on support through virtual and in-person sessions to the authorities in the Republic of Congo, and mostly in person for the authorities in the Central African Republic, where he will be based.

- **Peer-to-peer (P2P):** the resident advisor may support P2P engagements at a later stage, if they are needed, for project beneficiaries to exchange their views and experiences undertaking specific reforms, providing opportunities for the Central African Republic and the Republic of Congo officers to observe practices adopted by other institutions that have robust arrangements in place in specific areas. This will be covered under the individual country programs.

B. Coordination / Cooperation: Public Financial Management

The LTX will ensure that other development partners active in the Central African Republic and Republic of Congo are informed of IMF's work. For detailed information regarding coordination and cooperation, please consult the respective project proposals for the Central African Republic and the Republic of Congo.

IV. RISK ASSESSMENT AND MITIGATION

Project risks are assessed at the country-level proposals that will be supported through this proposal. For detailed information regarding risk assessment and mitigation, please consult the respective project proposals for the Central African Republic and the Republic of Congo.

V. CD DELIVERY PLAN

Table 2. Summary of Indicative CD Delivery

CD Modalities (Remote or Field-based CD)	FY27	FY28	Grand Total
SM II – Managing Public Finances			
LTX duty-station desk work	2	2	4
LTX visits	3	3	6
TOTAL	5	5	10

Note: The LTX will deliver his activity in-person in the Central African Republic as his duty station, and also in person for visits to the Republic of Congo. The rest of his time will be allocated to duty-station desk work in support of both countries.

Table 3. First year workplan

Timing	CD Modality	Proposed Topics of CD
SM II – Managing Public Finances		
Q1/FY27	Field-Based work - FB	Support to public accounting and cash management in the Republic of Congo
Q2/FY27	Field-Based work - FB	Support to public accounting and cash management in the Republic of Congo
Q4/FY27	Field-Based work - FB	Support to public accounting and cash management in the Republic of Congo
Q1-4/FY27	Duty-Station work - DS	Support to public accounting and cash management in the Central African Republic and the Republic of Congo

VI. PROGRAM FINANCIALS

The cost included in the proposal will cover the salary and benefit cost of the LTX plus travel expenses related to in-person CD delivery, independent of the type of activity (HQ-led, joint STX and LTX, or LTX only).

Regional LTX	FY27	FY28	TOTAL (USD)
Direct Delivery			
Salary & benefits	381,021	391,963	772,984
Travel	23,600	24,283	47,883
Subtotal	404,621	416,247	820,867
Trust Fund Management Fee (7%)	28,323	29,137	57,461
TOTAL	432,944	445,384	878,328

Note: The estimated budget for this two-year project is \$878,328, but endorsement is requested for the full amount through FY28. Endorsement for future plans will be requested at a later date as funding for the program is secured and reform plans gain traction.