



IMF Revenue Mobilization Trust Fund (RM-TF)

Strengthening tax policies and revenue administrations in developing countries

Rationale

Achieving the UN Sustainable Development Goals (SDGs) requires the mobilization of additional domestic revenues in developing countries. An increase in domestically generated resources provides countries with more flexibility to formulate and implement policies that address their economic and developmental challenges. However, many low and lower middle-income countries have chronically low tax revenues due to poor policies and weak administration capacity.

Objectives and activities

The overall objective of the RM-TF is to promote long-term development and sustainable growth based on more predictable domestic revenues. The Program aims at providing technical assistance to formulate and implement comprehensive tax policy and administration reforms. It addresses revenue mobilization weaknesses that are at the heart of low revenue collection: (1) weak and fragmented structures, (2) unclear accountability lines, (3) lack of transparent processes, (4) inadequate information technology, (5) poorly trained staff and low skilled managers, and (6) inadequate resources.

Governance Structure

The IMF Revenue Mobilization Trust Fund is a multi-donor initiative for financing technical assistance related to tax policy and administration in low and lower middle income countries. The main decision body of the RM-TF is the Steering Committee (SC) composed of donor representatives and IMF staff. Its main role is to provide strategic guidance, contribute to the setting of policies and priorities and review progress under the annual work plan. The IMF, as implementing partner, serves as Secretariat to the SC.

Country/region

Global

Executing agency

International
Monetary Fund (IMF)

Partners

Australia, Belgium,
Denmark, EC,
Germany, Japan,
Luxembourg,
Netherlands, Norway,
Republic of Korea,
Sweden and UK

Project duration

2016-2022 (Phase 2)

Total budget

USD 63.8 million over
6 years

SECO contribution

CHF 7 million



Results so far

The RMTF achieved solid performance. Demand for capacity development has been strong and diverse, including nine intensive country projects, 24 targeted country projects and nine projects that are regional or address other building blocks of the trust fund. In terms of financial performance, execution rate stands at 50 percent as total expenditure amount to US\$ 32.2 million against an approved budget of US\$ 63.8 million. In terms of outcomes, the majority of projects are progressing well, with more projects now concentrated in the higher ranges of partially and largely achieving their outcomes under the Results Based Management scores.

The support through RMTF focused on a number of topical issues:

- Four countries (Benin, Ethiopia, Rwanda and Senegal) are receiving ongoing assistance with formulating formal medium-term revenue strategies (MTRS).
- Tax policy advice also remains important with many countries receiving support with reviewing their income tax and VAT laws (e.g., Myanmar and Angola), including drafting tax regulations (Mongolia) and estimating or reviewing existing tax expenditures (Rwanda). Enactment of VAT laws in Angola and São Tomé and Príncipe (ST&P) and a new simplified income tax regime for smaller taxpayers in Mongolia are key developments in this regard.
- Demand for capacity development on compliance risk management and reform of core tax administration procedures and processes is equally strong. Many countries are taking critical steps to cleanse and update the taxpayer register (e.g., Bolivia), upgrade filing and payment procedures (including via adopting new digital solutions) (e.g., Benin and the Central Africa Republic (CAR)), improve audit procedures and processes (e.g., Cote d'Ivoire and Georgia), and draft single tax procedures codes (TPC) (e.g., Mauritania and Myanmar).
- Capacity development on tax administration support functions such as human resources (with HR strategies prepared in Cote d'Ivoire and Mali) and Information Technology (new IT strategies/tool developed in Cote d'Ivoire, Ethiopia, Georgia, and Senegal) is also growing and a key area for sustainability of the reforms.

How to get involved

The RM-TF ensures strong country ownership by following a demand-driven approach. Technical assistance is provided upon request by countries' authorities. Low- and lower-middle income countries that have the biggest revenue shortages, and have expressed strong interest in comprehensive reform, will be the preferred target group.

Further information and contact details

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