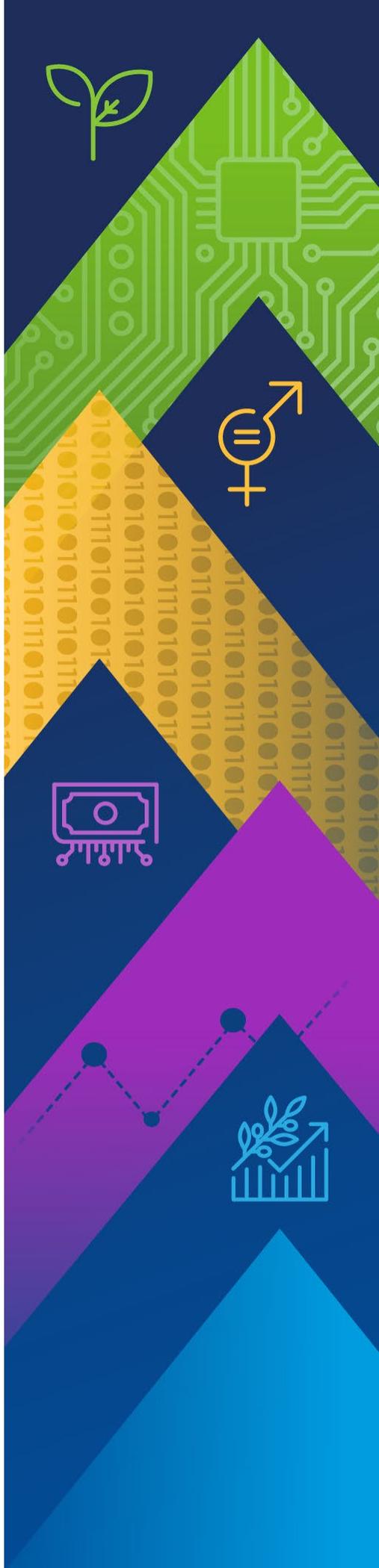


GLOBAL PUBLIC FINANCE PARTNERSHIP



PROGRAM DOCUMENT
December 2023





A Multi-partner Thematic Fund for
IMF Capacity Development in **Public Finance**



PROGRAM DOCUMENT

December 2023

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Acronyms and Glossary

AAA.....	Addis Ababa Action Agenda
ATI	Addis Tax Initiative
CES.....	Country Engagement Strategy
CD	Capacity Development
CDMAP	Capacity Development Management and Administration Program
CIAT	Inter-American Center of Tax Administrations
CPIMA.....	Climate Public Investment Management Assessment
CSN	Country Strategy Note
D&D	Design and Delivery
EME	Emerging Market Economy
EU	European Union
FAD.....	Fiscal Affairs Department of the International Monetary Fund
FCS.....	Fragile and Conflict-Affected States
FITAS.....	Framework for International Tax Administration Strengthening (IMF)
GPPF	Global Public Finance Partnership
HQ.....	Headquarters
ICD.....	Institute for Capacity Development of the International Monetary Fund
ICDGP.....	Global Partnerships Division of the Institute for Capacity Development (IMF)
IMF	International Monetary Fund
IFI.....	International Financial Institution
IOTA.....	Intra-European Organisation of Tax Administrations
ISOCA.....	International Survey on Customs Administration
ISORA.....	International Survey on Revenue Administration
LIDC.....	Low income developing country
LOU.....	Letter of Understanding
LMIC	Lower middle-income country
UMIC.....	Upper middle-income country
MNRW	Managing Natural Resource Wealth (thematic CD fund of the IMF)
MOF	Ministry of Finance
OECD.....	Organisation for Economic Cooperation and Development
PCCA	Programmatic Country-Centered Approach
PCT.....	Platform for Collaboration on Tax
PEFA.....	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFMx.....	Public Finance Management (Online Training Course)

PIM..... Public Investment Management
PIMA Public Investment Management Assessment
POA Performance Outcome Area (TADAT)
RBM Results Based Management
RCDC..... Regional Capacity Development Center (IMF)
RTC..... Regional Training Center (IMF)
RFax Revenue Forecasting and Analysis (Online Training Course)
RMTF Revenue Mobilization Thematic Fund
SC Steering Committee
SDGs Sustainable Development Goals
SFA Selected Fund Activities
TADAT Tax Administration Diagnostic Assessment Tool
T-TAG Technical Advisory Group (TADAT)
T-SEC TADAT Secretariat
TSA Treasury Single Account
VITARA..... Virtual Training to Advance Revenue Administration (Online Training Course)

Foreword



GITA GOPINATH
*First Deputy
Managing Director,
IMF*

The Managing Director's Global Policy Agenda (GPA) presented in October 2023 discusses the challenges related to *building shared prosperity and collective resilience*. In a world at risk of divergence, the IMF is becoming ever more important as a trusted advisor, provider of financial support, and platform for cooperation. Our capacity development (CD) in particular, integrated with our surveillance and lending, is a key pillar for helping our global membership address the challenges on the road to accelerating convergence.

The *Global Public Finance Partnership* (GFPF), that I share with you here, is a cornerstone of our CD agenda. It presents both an invitation and opportunity to you to join forces with the IMF in *building shared prosperity and collective resilience*. The GFPF covers all areas of public finances in which the IMF provides CD support. It focuses on helping our Emerging Market and Developing Country (EMDC) members, and, among these, particularly low-income developing countries (LIDCs) and fragile and conflict-affected states (FCS), to build strong fiscal policy and management institutions that are fit for purpose in addressing the challenges ahead.

The key topics and themes of the GFPF reflect the fiscal institution building needs of our EMDC members and focus on designing and implementing strong revenue mobilization policies, well-functioning revenue administrations, policies that are focused on “spending well”, and sound public financial management. The GFPF's CD delivery also integrates key cross-cutting priority themes—climate change, gender & inclusion, and GovTech—that permeate all areas of public finance. As designed, the GFPF's holistic and integrated approach to delivering the IMF's CD support helps to consolidate the IMF's CD operations in the area of public finance. It strengthens both our CD support to our EMDC member countries and our cooperation with external stakeholders and development partners, including our in-country cooperation.

I hope you will take us up on our offer to partner with us in the GFPF and I look forward to working with you in helping our member countries build the fiscal policy and management institutions needed to achieve *shared prosperity and collective resilience*.

Executive Summary

The International Monetary Fund (IMF) is launching a new strategic and comprehensive capacity development (CD) initiative that covers all areas of public finances in which the IMF provides CD support to its member countries. The new initiative, called *Global Public Finance Partnership* (GFPF), will integrate the IMF’s “fiscal CD” operations, combining under one roof its leading global expertise on domestic revenue mobilization, public spending, and public financial management. The GFPF initiative targets a budget of US\$175–200 million (over five years) and is to be launched officially in mid-2024, with an initial GFPF Steering Committee (SC) meeting planned for January 2024.

The GFPF initiative is motivated by the need to further strengthen the IMF’s CD delivery to its member countries in the context of a rapidly increasing demand for CD support on public finances. The IMF’s global membership has been experiencing massive economic shocks and is facing huge economic development challenges, which have been further complicated by adverse global developments (e.g., climate change, supply chain disruptions). Toward this background, the IMF has been experiencing a significant and across-the-board increase in the demand for CD support on public finance, focused on supporting countries in advancing their post-pandemic recovery and returning to their agenda for sustainable economic growth and inclusive development—including by focusing on the 2030 Sustainable Development Goals (SDGs)—while maintaining robust public finances. To advance their growth and development agendas in challenging economic times, countries need to strengthen their capacities to design sound fiscal policies and manage their public finances, making difficult choices on what public services and investments are to be prioritized, what taxes need to be levied, and how much borrowing should be obtained, while maintaining fiscal and debt sustainability and keeping fiscal risks in check. Good fiscal policies and well-governed and well-managed fiscal institutions are key pillars for countries to succeed, particularly in turbulent times.

As designed, the GFPF brings a comprehensive but well-prioritized and flexible approach to the IMF’s CD delivery on public finances that is fully aligned with country CD support needs. It will help IMF member countries strengthen both their fiscal policy making and their fiscal institutions for policy implementation. The GFPF will reinforce the close linkages, synergies and trade-offs that exist between the various fiscal policy and management areas, and foster prioritization and consistency in supporting government reforms related to public finances. As a comprehensive vehicle, the GFPF also addresses key cross-cutting priorities and challenges in fiscal policy making and management. Specifically, the vehicle fully integrates three thematic priorities (climate change, gender gaps/inclusion, GovTech¹) and a single country group priority (fragile and conflict affected states, FCS) across all GFPF workstreams.

GFPF CD delivery will focus on supporting the IMF’s poorest and most vulnerable member countries while seeking a balance across geographic regions. The GFPF will target developing countries, including low income, lower-middle income and emerging economies, and a small number of upper middle-income countries. Priority consideration will be given to fragile and conflict affected states, in line with the IMF’s FCS Strategy.² Limited activities in advanced economies will be considered where lessons learned can benefit others. The GFPF aims to deliver CD across all regions in balance with the demand from countries, and in consideration of the priority given to FCS and low-income developing countries (LICs).

¹ The term GovTech refers to a whole-of-government approach to public sector modernization through digital transformation.

² See [The IMF Strategy for Fragile and Conflict-Affected States](#), International Monetary Fund, 2022.

The initiative is anchored by both the IMF’s overall CD Strategy and the Fiscal Affairs Department’s (FAD) CD Strategy, including FAD’s medium-term country-centered approach.³ IMF CD focuses on multi-year and comprehensive CD engagements to improve overall CD outcomes, including an ongoing strategic dialogue with beneficiary countries and CD partners (see Box 1). CD engagements also consider broader factors, including political economy issues, absorptive capacity, and the appropriate pace of fiscal reforms.

The GPFPP initiative will foster close cooperation and synergies and provide timely and dynamic responses to government requests for CD support across all public finance workstreams. It will allow for more flexible CD delivery (e.g., “blending” that combines virtual and in-person delivery), expand the IMF’s ongoing multi-year field-based CD support, and envisions a strengthened partnership with all stakeholders and development partners. Various innovative fiscal diagnostic frameworks and analytical tools—these also include issues related to climate, gender, inclusion, and GovTech—will support the country-tailored CD on fiscal issues. The GPFPP’s “under-one-roof” approach will also have important benefits for the integration of IMF CD with surveillance and lending, as well as for coordinating all CD provided by the IMF to a specific country. This comprehensive country-focused CD coordination will facilitate cooperation with stakeholders and development partners and serve as a catalyst for effective in-country and global partnerships (e.g., with other international bodies and initiatives).

As designed, the GPFPP further strengthens the IMF’s focus on the SDGs and its alignment with the international agenda on strengthening revenue mobilization and improving spending outcomes. Bringing together “under one roof” the core goals of public finances (i.e., high-quality domestic revenue mobilization, as well as efficient and effective government spending and public financial management) facilitates decision making on IMF CD support. At the same time, the approach facilitates cooperation across the international development agenda and aligns with other global initiatives, e.g., the Addis Ababa Action Agenda (AAA), the Addis Tax Initiative (ATI), and the European Union’s (EU) *Collect More—Spend Better* initiative.

Leveraging the IMF’s world-leading expertise on public finances, the GPFPP will integrate and build on the IMF’s existing CD delivery vehicles in the area of public finances. These include the *Revenue Mobilization Thematic Fund (RMTF)*, *Managing Natural Resource Wealth Thematic Fund (MNRW)*, and the *Tax Administration Diagnostic Assessment Tool (TADAT)*, as well as several bilateral CD vehicles with different development partners. In addition to these various CD vehicles, the GPFPP will also integrate into its structure the IMF’s CD on public spending.

In summary, the key reasons for the GPFPP initiative lie in the benefits and advantages the vehicle provides for all IMF CD stakeholders: CD recipients, development partners, and the IMF itself. Most immediately, the integration of several existing CD workstreams and vehicles into a single and comprehensive CD delivery vehicle (i.e., the GPFPP with its under-one-roof structure) (i) offers important advantages for catering to the needs of IMF member countries, (ii) fosters synergies across IMF CD workstreams, and in cooperating with development partners, and (iii) increases leveraging and targeting of available financial resources to the benefit of CD recipients. The main benefits to the GPFPP stakeholders are summarized in Box 1 and are elaborated further throughout this document. The chapters that follow provide more detail on the GPFPP, including a broad overview of the initiative, a deep dive into its specific components, and a discussion of the main aspects of its operations.

³ The IMF’s CD Strategy is subject to review every 5 years. The next review is currently ongoing. See [2023 Review Of the Fund’s Capacity Development Strategy—Concept Note](#).

Box 1. The GPF—Main Benefits for Key Stakeholders

CD Recipients

Improves CD delivery in support of inclusive growth and development:

- Provides more impactful CD support that is focused on strategic reforms and medium-term priorities.
- Strengthens the strategic dialogue, comprehensive prioritization, and medium-term orientation of CD support across the full spectrum of public finance issues.
- Brings about a comprehensive focus on strengthening institutional and human capacities related to fiscal policy making and management, in the context of supporting medium-term planning for priority CD needs.
- Helps to integrate key overarching areas (climate, gender/inclusion, GovTech) that feature in the CD support received across all areas of public finances.
- Offers synergies and contributes to stronger overall cooperation and coordination, including with other development partners.
- Boosts overall CD support to recipients, particularly FCSs and Emerging Market Economies (EMEs). FCS benefit from more hands-on CD support in all areas of public finance; EMEs benefit from an increased engagement with the IMF and other development partners, highlighting the crucial global role that EMEs play, including on climate, gender/inclusion and GovTech.

Development Partners

Strengthens the strategic engagement with the IMF on CD in public finance:

- Creates a “one-stop-shop” for IMF CD engagements in the area of public finances that facilitates interactions with the IMF. As GPF Steering Committee Members, development partners contribute to raising the profile of public finance issues, and provide governance, strategic guidance, and direct inputs into the GPF’s comprehensive CD work program.
- Facilitates own engagement with partner countries on key issues of bilateral support in the area of public finances.
- Strengthens the strategic dialogue and cooperation with the IMF on CD on key cross-cutting issues (e.g., climate, gender/inclusion, and GovTech).
- Allows own financial contributions to IMF CD support to go further in an efficient manner, including by leveraging these contributions with the goal of strengthening CD outcomes through greater impact and broader reach.
- Reduces the governance and administrative burdens that currently come from engaging with the IMF in a fragmented manner on CD issues in the area of public finance.
- Increases own visibility by being closely associated with a global CD brand—the GPF.

IMF

Facilitates the use of available CD resources and advances implementation of the IMF's CD Strategy:

- Creates a comprehensive CD vehicle that helps implement the IMF's CD Strategy for public finances, including the strategy's programmatic country-centered approach (PCCA).
- Enhances the efficiency of CD support on public finances through its "under-one-roof" approach that sharpens the focus on links and interdependencies in the fiscal area and helps governments address major cross-cutting issues.
- Strengthens the strategic CD dialogue and cooperation with the IMF's development partners and promotes the engagement with these partners across the full spectrum of public finances.
- Fosters internal synergies across all areas of IMF CD on public finances, as well as synergies between IMF CD and the IMF surveillance and lending operations.
- Reduces the administrative burdens that currently come from having a fragmented CD financing and delivery landscape that includes a relatively large number of CD vehicles that need to be tended to.

I. GPFP: Overview

The GPFP adopts a holistic and integrated approach that focuses on country needs across the whole spectrum of public finances, both in terms of fostering good policies and strong management. It focuses on the core pillars of public finances—revenue mobilization and public spending—and recognizes the intrinsic links between the two. Strong tax capacity is the backbone of public revenue and state building and requires a broad-based and elastic tax system to promote voluntary tax compliance and deliver the right incentives to promote inclusive economic growth. Similarly, effective and efficient spending policies as well as strong public financial management (PFM) are needed to deliver the programs and services that generate results for citizens. Supporting strong domestic revenue mobilization as well as sound spending policies and PFM are the key objectives of the GPFP. The GPFP will help countries build sustainable public finances by assisting them in designing and implementing sound fiscal policies and management practices.

Good fiscal policies are crucial to deliver public services and raise the necessary revenue for them. Tax and spending policies are interdependent and should be viewed together in coherent policymaking and management that facilitates inclusive economic growth, reduces inequality and poverty, and achieves social and development goals. For this, countries need strong institutions and practices to make the right policy choices and implement policies in an equitable, efficient, and effective manner. CD is often essential for countries to build up their institutional strengths and capacities, and to strengthen policy consistency.

Understanding and addressing key linkages strengthens fiscal policy making and fiscal management, enabling governments to collect more and spend well.⁴ To achieve economic and social objectives, governments use a combination of tax and spending policies. These policies need to be in sync with the government's objectives to help address macroeconomic challenges and shocks (e.g., recessions, pandemics). To achieve their objectives (e.g., with respect to the SDGs), governments have a wide array of fiscal tools at their disposal (e.g., tax credits, direct transfers, and incentive schemes). It is important to understand how effective and efficient these tools are and how they interact.

For example, expenditure planning and forecasting of revenue collection go hand-in-hand, enabling governments to manage their cash effectively and pay their bills on time. Similarly, budget preparation and medium-term budgeting need to take an integrated approach: preparing budgets requires not only an understanding of current and planned expenditures but also requires assessing the accuracy, timeliness and quality of revenue forecasts and the implications of medium-term revenue strategies and spending plans on the government's fiscal balance.

1.1 Topics and Themes

The GPFP will support countries on topics that span the entirety of public finances, including:

- **Strong revenue mobilization policies:** Essential to finance social spending, public services, and investments. Policy makers face trade-offs between revenue, equity, and efficiency objectives that need to be carefully balanced when raising revenue through the design and implementation of the main taxes

⁴ Adapted from the European Union (2016), "[Collect More—Spend Better](#)".

(e.g., income taxes, value-added or other consumption taxes, and taxes on natural resources or fossil fuels), customs duties, and other levies.

- **A well-functioning revenue administration:** Implementing effective tax and customs policies and achieving the various revenue goals (including for taxes, customs duties, social security contributions, etc.) that will support government spending requires having in place a strong revenue administration. Building trust between government and taxpayers is an important aspect in this context.
- **Policies focused on “spending well.”** Setting the right spending priorities requires an assessment of the costs, benefits, and affordability of public infrastructure and public services, such as education, health, and other social spending—including to make progress toward the SDGs. Sound spending policies must be guided by considerations of adequacy, efficiency, and sustainability.
- **Sound public financial management.** Implementing sound fiscal policies requires having sound financial management institutions, including to assess the interplay between fiscal policies, macroeconomic developments, fiscal risks, and debt sustainability. Allocating resources to government priorities and ensuring the efficient, effective, and transparent use of public resources and delivery of public good and services requires a wide range of fiscal and budgetary processes, procedures, rules, and frameworks. Well-prepared and well-executed budgets are crucial to this purpose, as is the proper consideration and management of a broad range of fiscal risks.

The GPFPP will make use of a range of innovative diagnostic frameworks and analytical tools to support the development of good policies and practices. These diagnostics enable benchmarking against good international practices and standards, establishing baselines before engaging in medium-term reforms, development of reform plans and monitoring of reform progress (Annex I).

Cross-Cutting Priorities and Themes

Key IMF-wide cross-cutting priorities—climate change, gender/inclusion, and GovTech—are being further integrated into IMF operations and will also be integrated into the GPFPP (Box 2).⁵ This has many aspects. For example, green budgeting and gender budgeting allows budgets to reflect key government policy priorities. Similarly, policies to address climate change have important fiscal aspects, e.g., relating to green public investments and carbon taxation. Also, good public investment management (PIM) fosters the greater use of renewables and climate-resilient infrastructure. Likewise, tax policies can be used to reduce gender gaps in labor force participation and earnings. Finally, more effective, equitable, and efficient public spending in quality human capital (education, health) and physical infrastructure (electricity, transportation, water, and sanitation) can help reduce inequalities, including those related to gender. In this context, the GPFPP will also further strengthen the coherence and consistency of the CD advice given to countries and help them make progress toward the SDGs in the most effective manner.

⁵ The same also holds for the IMF's CD support in the natural resource area, which has been supported by the Managing Natural Resource Wealth (MNRW) thematic fund. This work will be fully integrated into the relevant GPFPP modules, which will also help to leverage synergies with the IMF's CD support on climate change issues within the GPFPP's comprehensive country-centered framework. Other important cross-cutting areas in which IMF staff advises member governments that are more closely aligned to IMF's surveillance mandate (e.g., diagnostics on governance and anti-corruption) may be pursued outside of the GPFPP and financed separately (from IMF-own resources).

Box 2. Cross-Cutting CD Priorities

Thematic Priorities

Climate: Climate change policies will be a key transformative issue during the coming decades. Given the large societal changes the energy transformation entails, a comprehensive policy response is needed.⁶ In the fiscal area, policy priorities combine climate change mitigation, adaptation, and the energy transition. Also, green PFM helps governments integrate a green perspective into planning and budget processes.

Gender/Inclusion: The IMF's Gender Strategy⁷ stresses that reducing gender disparities goes hand-in-hand with higher economic growth, greater economic stability and resilience, and lower income inequality. At the same time, economic and financial policies can exacerbate or narrow gender disparities. Well-designed fiscal policies can support efficient and inclusive outcomes and equitably benefit women, girls, and the society in general. The design and implementation of governments' tax and budgetary systems influence gender equality, applying a gender lens to these systems, enables governments to better understand how their policies and funding decisions influence gender equality. For example, gender budgeting applies a gender lens to governments planning and budgeting processes in order to foster equality and inclusion. More generally, fiscal policy, through taxes and transfers, can make a difference in tackling inequality. Spending on education, infrastructure, and health also influence inequality by promoting social mobility, including across generations.

GovTech: GovTech is an enabler of effective fiscal reforms. The need for accelerating GovTech solutions in PFM was highlighted during the pandemic: government revenue and spending agencies around the world were tested to maintain operational systems and procedures for tax collection and spending execution—notably during the challenging period of restrictions in mobility and in-person contacts.

Country Priorities

Fragile and conflict-affected states (FCS): The IMF has in place a comprehensive strategy to support FCS, that focuses on helping country authorities in FCS achieve better macroeconomic outcomes. The strategy recognizes the difficulties in advancing reforms and strengthening institutions in FCS. Accordingly, a country engagement strategy (CES) is developed for each of the FCS, which helps identify key drivers of fragility and conflict, and to tailor the IMF's engagement; to support the integration of surveillance, CD, and lending; inform program design and conditionality; and advance the dialogue with country authorities and partners. In this context, the FCS strategy foresees an expanded IMF field presence in the area of CD, so as to intensify IMF support for institution-building, that is tailored to local absorptive capacity and coordinated with other development partners.⁸

⁶ For more details on the IMF's support to member countries on climate change, see the [IMF Strategy to Help Members Address Climate Related Policy Challenges—Priorities, Modes of Delivery, and Budget Implications](#), 2021.

⁷ See [IMF Strategy Toward Mainstreaming Gender](#), 2022.

⁸ See [The IMF Strategy for Fragile and Conflict-Affected States](#), 2022.

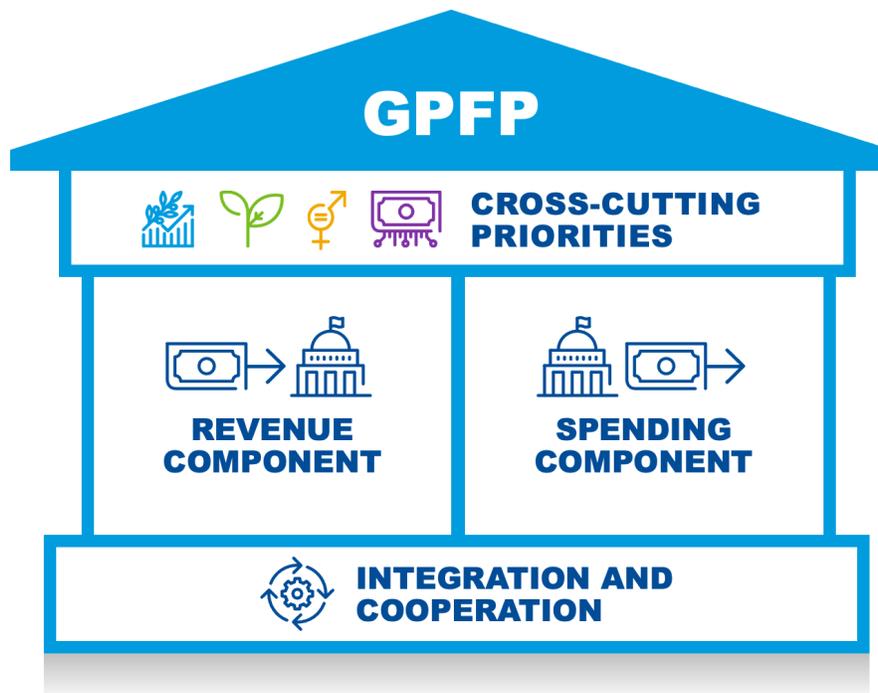
Climate change can be used as an example to show how the GPFP will take up the cross-cutting priorities. Many countries face substantial challenges imposed by climate change and need to design strong fiscal policies and institutions to build resilience. The GPFP will allow FAD to help countries design comprehensive climate mitigation and adaptation strategies and more resilient fiscal policies; incorporate climate issues in policy design and institutional building. Strong packages need to target the main country specific climate change challenges and tackle the key climate mitigation and adaptation issues by addressing policy institutional, legal and data challenges. Many countries need to undertake a comprehensive climate fiscal policy diagnostic to underpin strong and comprehensive reforms. CD supported by the GPFP will help countries design and implement climate mitigation and adaptation strategies, including to support the green transition and build resilience to the impacts of climate change. FAD supports reforms to countries' public investment management systems through the Climate Public Investment Management (CPIMA) assessments and follow up CD to implement recommendations. It also supports reforming budgetary processes through green PFM and climate budgeting.

On mitigation, FAD has already been expanding the Fund's analytical toolkit and providing CD to countries on policies for achieving mitigation pledges, such as carbon pricing and other mitigation policies, including fossil fuels subsidies, including trade-offs between carbon pricing and other policy approaches (e.g., feebates, fuel taxes), and strategies for enhancing the equity and acceptability of these policies. On adaptation, IMF CD will focus on advising countries on policies to promote climate adaptation and resilience, and on integrating climate change issues into their macro-fiscal frameworks. Given the prominence and urgency of climate issues, we expect a large increase in demand for CD. The GPFP will also facilitate the development of climate CD tools to underpin the support provided to member countries.

1.2 Structure

The GPFP will have a comprehensive ("under one roof") structure with two main components—one focused on public revenue and one on public spending (See Figure 1). As a comprehensive initiative, the GPFP will differ significantly from existing IMF CD funds: the two GPFP components will be managed, administered, governed, and reported on as one initiative, while each component will have distinct, yet complementary, expenditures, and financial accounting. As explained above, the IMF's cross-cutting priorities—climate change, gender/inclusion, GovTech, and FCS—will be integral to the work programs of the GPFP, including its two main components.

Figure 1. GPFP Structure



- **The “Revenue” component** will focus on CD to mobilize domestic revenues through appropriate tax policies and revenue administration measures and institutions. It will build on the combined success of 3 current (legacy) thematic funds—particularly the RMTF and TADAT, as well as the revenue components of the MNRW—and is complemented by other current CD work areas (e.g., customs administration). The GPFP will facilitate exploiting, in a comprehensive fashion, the important synergies that exist between these various revenue-related workstreams.
- **The “Spending” component** will bring together all CD work streams related to managing public finances (including spending-related and macro-fiscal policies, and all PFM areas)⁹ to help governments strengthen the value for money from public spending, and to provide transparent and accountable management of public resources.

The envisaged GPFP structure has important benefits. While the GPFP’s comprehensive reach promotes the integration of the IMF’s revenue and expenditure workstreams to the benefit of the IMF’s CD recipients, its modular component structure further leverages the benefits of the IMF’s current thematic funds (RMTF, MNRW, TADAT), including in their close attention to detail in providing CD support.

- *As a comprehensive initiative, the GPFP will help to further integrate the IMF’s CD mandate with its other two core mandates (surveillance and lending) and facilitate cooperation with all stakeholders.* Anchored at the IMF’s Headquarters (HQ), the comprehensive nature of the GPFP supports the close strategic and on-the-ground coordination with the IMF’s regional CD centers (the RCDCs) and facilitates cooperation with all stakeholders and development partners.
- *By consolidating several existing sources of CD financing, the GPFP will offer efficiencies and exploit synergies in the management of CD, including CD planning, coordination, and delivery.* It will retain the advantages of existing CD vehicles in the area of public finance (including a modular component

⁹ Including components from the legacy MNRW.

structure), while further integrating CD management and operations for the benefit of CD recipient countries.

The GPFPP will also consolidate the “IMF brand” in public finance and strengthen cooperation with stakeholders and development partners. The GPFPP will serve as the IMF’s key delivery mechanism for CD support in the fiscal area. By design, the GPFPP initiative is strategic and comprehensive, strengthening the IMF’s brand and recognition as a global leader in providing integrated fiscal CD support and elevating to a new level its collaboration with stakeholders and development partners.

1.3 Eligibility and Prioritization For GPFPP CD Support

The GPFPP will focus on developing countries, particularly low-income developing countries (LIDCs). Priority consideration for CD support will be given to LIDCs and FCS (in line with the IMF’s FCS Strategy).¹⁰ The GPFPP will also pay particular attention to the CD needs of small states with low capacity.¹¹ Apart from LIDCs and FCS, the GPFPP will also benefit lower-middle income countries (LMIC), emerging economies (EMEs), and a small number of upper-middle income countries (UMIC), and, occasionally, activities involving high-income/advanced economies where the activity provides global lessons benefiting developing countries.¹²

The prioritization approach under the GPFPP will seek to balance “bottom-up” and “top-down” priorities. The bottom-up priorities reflect the specific interests and requests of country authorities for different types of IMF CD support. The top-down priorities reflect a variety of considerations, such as IMF institutional priorities (incl. the importance of supporting FCS and LIDCs), the priorities of IMF area departments for offering CD, the preferences of the GPFPP partners, and various resource constraints. In line with demand, and while ensuring that the poorest and most vulnerable countries requesting CD are prioritized and well supported, the GPFPP will seek to balance the provision of CD support across geographical regions. In general, CD interventions will draw on the full range of available CD products and services in the IMF’s toolkit and they will be tailored to the needs of individual countries. While countries with a low demand for CD support may not require much tailoring of CD support, they would still benefit from the IMF’s CD support, for example peer-to-peer learning and knowledge sharing products, that is offered to groups of countries with common characteristics and needs.

The prioritization of GPFPP CD support will also take into account other aspects, including whether:

- A major partner-funded CD program already exists and to what extent can a country benefit from GPFPP support in the context of a partner-funded economic reform program.
- There is an urgent need to mobilize revenue or balance and manage spending.
- There is a well-defined commitment in a given country to advancing public finance reforms, and to what extent this is prioritized and documented in a country’s own development strategies.
- There is sufficient capacity and commitment to implement fiscal reforms with good prospects to complete a given CD program successfully.

¹⁰ Almost half of all FCS are in Sub-Saharan Africa.

¹¹ Small states face unique vulnerabilities, including challenges associated with diseconomies of scale and capacity constraints that leave them with minimal diversification against external shocks, including climate change.

¹² The use of the TADAT framework will continue to be supported across all economies.

The GPFPP's initial approach to CD prioritization will be refined over the duration of the vehicle. This will be helped by data that will become available from several sources, including the IMF's assessment tools (e.g., TADAT, PIMA, ISORA) and the IMF's Results Based Management (RBM) system. Close monitoring of results from the various CD interventions will allow continuous learning and refining of CD products and services for the benefit of each member country.

1.4 Supporting Countries: Integrated Programmatic Country-Centered Approach

The term “programmatic country-centered approach” (PCCA) describes a comprehensive, medium-term, and intensive IMF CD engagement that supports transformational fiscal reforms. PCCAs further intensify the IMF's current CD support operations, while continuing to tailor these to each country's situation and absorption capacity. Accordingly, CD support will be delivered following a bespoke, integrated, and medium-term programmatic approach. Countries' political economy and absorption capacity will be considered, and CD planning and delivery will be aligned with the IMF's surveillance and lending operations. Box 3 provides an overview of the PCCA.

To help country authorities achieve their intended reform outcomes, PCCAs focus on sustaining traction of the CD support provided throughout each reform undertaking. Fiscal reforms are often complex, particularly when they are transformational in nature, and the CD support that accompanies such reforms has to be adjusted and recalibrated frequently. Reforms often suffer setbacks or delays due to a variety of reasons, such as changes in domestic political priorities or various external shocks. For example, the COVID-19 pandemic triggered massive sudden changes in fiscal policy priorities, and the resulting increases in debt levels and inflation required policymakers to implement further fiscal adjustments over a short period of time. Such sudden reversals of policies and priorities also require quick changes in the IMF's CD support operations. Building on this experience gained over the last few years, the GPFPP's CD support will include flexible workplans that can quickly adapt to emerging demands, feature blended modalities of CD delivery (including both in-country and virtual engagements), and also offer flexible learning opportunities (e.g., online and in-person training, as well as peer-to-peer learning).

Strong and sustained government ownership as well as CD support that adjusts flexibly as needed are key elements of successful reform, particularly in low-capacity environments. Accordingly, PCCAs feature close coordination between the country authorities and Fund staff throughout each CD support operation. Accordingly, a PCCA's pre-engagement phase includes initial scoping or re-scoping visits to design a CD workplan with country authorities. The workplan will be agreed with country authorities and documented in project proposals specifying the project timelines, objectives, outcomes, and milestones that will achieve the expected outcomes. The workplan will include resource commitments from the GPFPP and counterpart staffing, facilities, and other project resources to be provided by the country. The workplan will be continually assessed and documented in progress reports and/or project revisions to factor in changing risks that may require adjustments or mitigation measures related to the political economy, management commitment, and/or technical and resource absorption capacity. Changes in government leadership may require a re-commitment from the country authorities to the agreed workplan.

Box 3. The Programmatic Country-Centered Approach—Overview

The term PCCA describes a comprehensive, medium-term, and intensive IMF CD engagement that focuses on helping country authorities succeed in the design and delivery of their transformational fiscal policy & management reforms. PCCAs are demand-driven, country-tailored, and country-owned; based on an integrated, well-defined, and well-sequenced CD plan that focuses on achieving the authorities' reform outcomes; delivered in cooperation with key stakeholders; and embedded in overall governance and support structures that maximize the chances of a successful transformational reform.

PCCAs have 3 key defining elements that relate to CD design, delivery, and governance:

- **Comprehensive CD Design:** A PCCA will usually combine inputs from multiple CD support workstreams in the area of public finance and from key stakeholders (internal and external) in order to design an integrated CD support program that is based on a comprehensive fiscal perspective of the recipient country and focused on helping country authorities achieve the medium-term objectives and outcomes of their transformational reform undertakings.
- **Robust, Flexible, and Agile CD Delivery:** Each PCCA is delivered in an integrated, well-defined, and well-sequenced fashion; in cooperation with other stakeholders; using a full range of interventions, modalities, and resources in a flexible and agile way to achieve the agreed CD outcomes.
- **Supportive CD Governance:** Each PCCA is anchored in CD governance and support processes and structures—from both the IMF's and the authorities' sides—that facilitate effective CD delivery and achieving sustainable reform outcomes.

PCCAs are fully anchored in the IMF's "country-centered" CD support model, and further strengthen some key aspects. While PCCAs continue the IMF's approach to providing CD that is demand-driven, country-tailored, and country-owned, they seek to strengthen further the design and delivery (D&D) of CD. Two aspects of PCCA governance that relate to strengthening the coordination with other CD providers and fostering country ownership are particularly important in this regard:

- **Strengthening cooperation with other CD providers:** In many reform undertakings, but particularly in transformational reform and in LIDC contexts, the IMF will not be the sole CD provider on the ground. Aligning the PCCA with the existing support strategies and complementary actions of other CD providers, including by taking these into account in PCCA D&D, is key to providing coherent and readily implementable recommendations. While recognizing that coordination efforts are not costless, they are crucial for the PCCA's success and should be planned and implemented in a proactive way.
- **Fostering country ownership:** The PCCA places country authorities at the center of the CD support program, including through structures that encourage and foster ownership and commitment across the life cycle of the PCCA. This includes the active involvement of country authorities in all PCCA processes (e.g., D&D, validation, monitoring), including through standing structures (e.g., an 'oversight team' to guide the PCCA, and a 'technical team' to advance D&D). Transparent information and accountability across all the phases.

1.5 Cooperation with External Stakeholders

In addition to strengthening the IMF’s CD support to countries, the GPFPP will foster close cooperation with external stakeholders. As the IMF’s key CD delivery mechanism in the area of public finance, the GPFPP will greatly simplify key aspects related to cooperation with external stakeholders, including by streamlining the current multitude of funding and cooperation mechanisms. As designed, the GPFPP will be kept fully aligned with CD beneficiary country priorities; attuned to the operations and preferences of external stakeholders and partners; and integrated with the IMF’s surveillance and lending operations.

Accordingly, the CD supported by the GPFPP will be delivered in cooperation with the key external stakeholders. This has different aspects, including close strategic planning and governance through the GPFPP’s steering committee, and stronger operational cooperation with other development partners. The latter will strengthen complementarities and synergies and help recipient country authorities establish a well-coordinated CD support for their fiscal reform agendas and implementation plans. The direct operational cooperation with other development partners will be primarily focused on the country level and happen “on the ground,” building on the IMF’s experience in coordinating fiscal CD with its development partners, including other CD providers.

The GPFPP will also be a catalyst for strengthening partnerships at the global level, including with other International Financial Institutions (IFIs) and international bodies and initiatives. The IMF cooperates and works closely with IFIs in many forums. Examples include: the [Platform for Collaboration on Tax](#) (PCT)—a joint initiative of the IMF, OECD, United Nations, and the World Bank, providing a platform for the sharing and use of CD products, e.g., a report on progress in the design and implementation of Medium-Term Revenue Strategies (MTRS). The Virtual Training to Advance Revenue Administration (VITARA) project, which has been supported by the legacy RMTF, is coordinated with the OECD, CIAT and IOTA.¹³ Other examples include the IMF’s support of the Public Expenditure and Financial Accountability (PEFA) framework alongside many international partners. In addition, the TADAT Secretariat maintains a technical working group that includes the World Bank and other development partners, sourcing their input and involvement in the methodology. The GPFPP Secretariat will build on these experiences and maintain close working relationships with the World Bank and other partners to continually enhance cooperation and collaboration.

Cooperation with external stakeholders in the context of the GPFPP will also benefit from the IMF’s integration of its three core mandates (surveillance, lending, CD). The IMF’s integrated approach to its three core mandates is anchored in its overall country strategy for each country. The key elements of the strategy are spelled out in Country Strategy Notes (CSN) that define the IMF’s institutional approach and, amongst others, details key fiscal policy reforms and adjustment needs, as assessed by IMF staff in cooperation with country authorities and other stakeholders. Also, for each FCS, IMF staff, again in coordination with country authorities, prepares a detailed Country Engagement Strategy (CES), which amongst other aspects, identifies the key drivers of a country’s fragility and informs the IMF’s operations, including CD. CES documents are published as an annex to Country Staff Reports.¹⁴ The IMF’s comprehensive “whole-of-institution” approach to each country ensures consistency across all IMF operations on the basis of well-defined internal prioritization and coordination mechanisms. This coordination includes the delivery of

¹³ [Virtual Training to Advance Revenue Administration \(VITARA\)](#); Organisation for Economic Cooperation and Development (OECD); Inter-American Center of Tax Administrations (CIAT); Intra-European Organisation of Tax Administrations (IOTA).

¹⁴ A detailed explanation of the CES can be found on page 22 of [The IMF Strategy for Fragile and Conflict-Affected States](#) and on page 10 of the [Staff Guidance Note on The Implementation of The IMF Strategy for Fragile and Conflict-Affected States \(FCS\)](#).

CD by other IMF departments. The GPFPP will leverage expertise in other IMF departments (e.g., legal, information technology, and statistics), and CD supported by other funding vehicles, most notably the RCDCs. The GPFPP will leverage RCDC CD to help country authorities implement strategic advice and workplans through a hands-on approach. RCDC work plans are aligned with IMF headquarters (HQ) CD plans and IMF HQ has direct supervision oversight of the RCDC resident advisors, providing quality assurance of CD delivery.

Finally, cooperation with external stakeholders in the context of the GPFPP will be facilitated by the IMF's Results-Based Management (RBM) framework and other internal quality control mechanisms. The GPFPP will be an integral part of the IMF's overall CD work program that consolidates all CD operations independent of their funding source. This comprehensive approach ensures close coordination across the whole spectrum of IMF CD, including its thematic and regional CD delivery vehicles (particularly the RCDCs). In this context, the IMF's RBM framework provides the common platform for reporting on all CD delivery including standardized objectives, outcomes, and indicators to facilitate internal monitoring and quality control. This is being complemented by the IMF's long-standing commitment to delivering high-quality CD through specific features that ensure both quality and full IMF ownership of the CD advice provided. This includes the IMF's reliance on highly experienced and skilled staff and technical subject-matter experts (LTX and STX) that are hired directly by the IMF (instead of being outsourced to third-party providers), as well as the direct supervision of on-the-ground experts and operations by HQ-based staff to ensure consistency.

1.6 Modalities of CD Delivery

The GPFPP will further strengthen CD operations by applying a blended CD delivery model that uses a variety of CD delivery modalities. The blended CD model will support country reforms using a systematic methodology to decide the optimal delivery approach for individual country-centered projects, delivered through a flexible combination of remote, in-person, and blended CD engagements (i.e., some participants delivering CD in-person and some engaging remotely) and reflects the phase and purpose of the engagement within the resources available. CD modalities include HQ-led missions and shorter staff visits; in-country or regional resident advisors; short-term expert visits; peripatetic expert visits; training; workshops; conferences/seminars/webinars; and peer-to-peer learning. CD will also include analytical and developmental work to further develop CD diagnostic frameworks and tools to support CD delivery. The CD will be supported through strong project management including quality assurance of delivery and monitoring of overall progress against expected results.

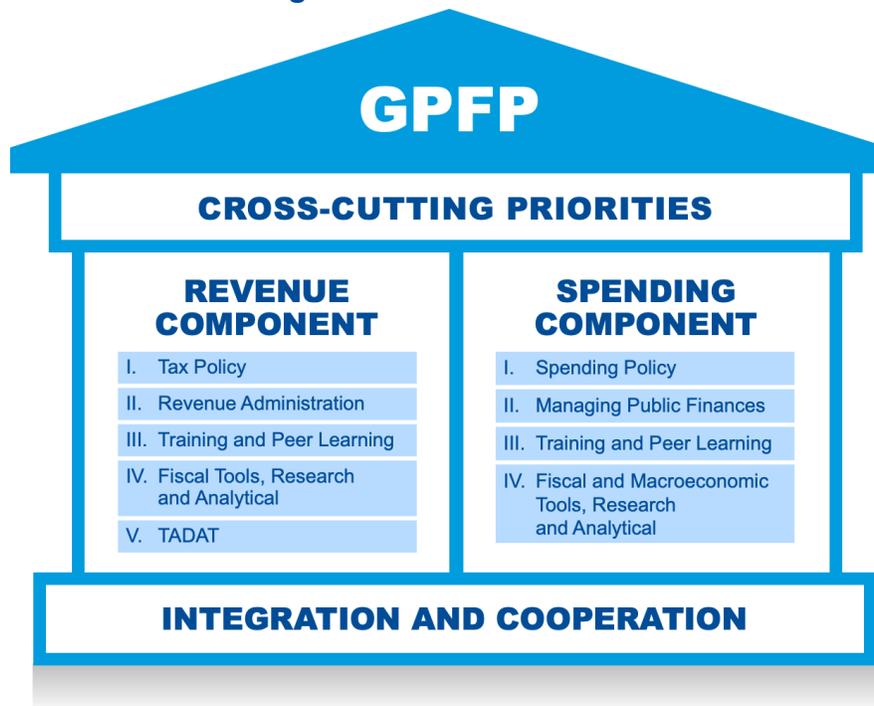
II. Deep Dive into the Components

The GPFPP builds on the IMF’s deep experience, core principles, and high standards for providing CD support on fiscal policy and management issues (see Box 4). The CD support provided through the GPFPP, including technical assistance (TA) and training, helps country authorities in the CD beneficiary countries to formulate sound fiscal policies and build fiscal institutions that implement and manage these policies efficiently and effectively.

The GPFPP’s two-component structure with a modular approach and its overall topical focus align closely with the IMF’s RBM framework (see Figure 2 and Annex II). The modules in both the Revenue Component (focused on revenue mobilization) and Spending Component (focused on spending better) are organized around 3 key building blocks:

- **Country-centered CD**—Modules I-II in both Components: Covering the core revenue mobilization, spending, public financial management and macro-fiscal policy areas.
- **Learning (Human capital development through learning)**—Modules III in both Components and also integrated into Module V in the Revenue Component: Using training, conferences, webinars, and peer-learning events to enhance human capacities, including to support the absorption of CD. A primary intent of this module is to broaden the reach of learning opportunities offered, including developing and employing multi-country training platforms for more expansive learning.
- **Diagnostic tools and analyses:** Module IV in both Components and Module V in the Revenue Component: Enhancing and disseminating assessment tools to enable a better understanding of the strengths and weaknesses of public finance systems and using applied research and analytical work that can benefit CD.

Figure 2. GPFPP Structure



Box 4. 60 Years of IMF CD on Public Finances—A Brief Overview

Fiscal policy and the management of public finances matter for the population's well-being in each country. Among others, they affect a country's macroeconomic stability, growth, prosperity, and income distribution. Citizens expect their governments to provide value-for-money for public spending, a fair and efficient tax system, and transparent and accountable management of public sector resources. Yet, countries around the world face massive fiscal challenges, ranging from legacy issues (e.g., from debt past financial crises), to unresolved current issues (e.g., the fiscal implications of population ageing), and to new challenges (e.g., the impact of climate change, new technologies). To achieve their development goals and objectives under these circumstances, countries must select the right fiscal policies and manage their public finances well.

The IMF has been assisting member countries with addressing their fiscal policy and management challenges since 1964, when it established the Fiscal Affairs Department (FAD). Since its first “technical assistance” mission (on tax administration in Liberia the year FAD was created), the demand for IMF support on fiscal policy and management has grown and continues to be in very high demand. The IMF is considered both a global thought leader and major provider of CD support (i.e., technical assistance and training) on fiscal policy and management worldwide. The CD support the IMF provides to its member countries helps them build effective fiscal policy frameworks and institutions that are “fit for purpose” to address the challenges they face. In delivering its CD support, the IMF follows a country-centered and results-oriented approach, that usually starts with a diagnostic assessment that is carried out in close cooperation with the country's authorities and provides the basis for a multiyear support program that is carefully sequenced, evaluated frequently, and adjusted as needed.

An important aspect of the IMF's CD support, which sets it apart from other “CD providers,” is the close integration and alignment with the other 2 core mandates of the IMF (surveillance and lending), allowing each country to benefit from a comprehensive and consistent overall support strategy. Other hallmarks of the IMF's CD support operations are that they are fully demand driven, tailored to the circumstances of each country, hands-on, and delivered in a timely fashion toward the highest quality standards. Recognizing that capacity building is a long-term endeavor that involves multiple stakeholders, IMF CD support is also “in for the long haul,” and the IMF cooperates closely with other development partners in CD planning and delivery.

The IMF's technical expertise in the fiscal area derives from a highly seasoned and diverse workforce with deep experience in building fiscal institutions across many different countries and circumstances. The bulk of the IMF's fiscal CD is provided in core areas of its expertise which include public financial management (PFM), tax policy, revenue administration, spending policy, and macro-fiscal policies and frameworks. In recent years, major cross-cutting themes (e.g., climate, gender, and GovTech) are being further integrated into CD to address the pressing challenges shaping the future. For example, in PFM, a climate module has been added to the IMF's Public Investment Management Assessment (PIMA) to help governments build green and resilient infrastructures. The IMF's CD advice also benefits from the institution's various analytical output in the fiscal area, including its flagship Fiscal Monitor as well as numerous other contributions that span from more traditional fiscal issues like public debt (e.g., the IMF's Global Debt Database) to emerging issues like climate change. In this context, the IMF has been adapting its CD workforce, keeping the institution at the cutting-edge in providing CD support on fiscal issues to its member countries.

The GPF design benefits from the IMF’s experience in managing and delivering CD through multi-partner initiatives—considering what worked well and what can be improved upon. The design of the GPF and its two Components, and of the modules therein, benefits from the 2018 Review of the IMF’s CD Strategy,¹⁵ the current CD Strategy of FAD (See Annex III), and findings and recommendations from the external evaluations of the legacy thematic funds (i.e., RMTF, MNRW, and TADAT). The most recent external mid-term evaluations of these funds provided insights into what worked well, concluding that the work was highly relevant in assessing the needs of recipient countries; effective in transferring knowledge; coherent in coordinating with IMF lending, surveillance, and other funded CD; and efficient in managing the CD projects. The external evaluations also indicated various opportunities for improvement, which have been integrated into the design of the GPF. Box 5 highlights lessons learned (including from the external mid-term evaluations) that were incorporated into the GPF initiative.

Box 5. Integrating The Lessons Learned from External Evaluations

Some common themes emerged across the external evaluations of the legacy thematic funds that have informed the design and operational approach of the GPF.

Relevance

- The PCCA will be more strongly integrated and documented, including communicating more clearly the connection to the IMF country strategies; country ownership; and a continual assessment of risk factors and mitigations.
- Cross-cutting priorities (climate, gender/inclusion, and GovTech) will continue to be integrated into CD delivery; this also goes for related analytical work and the development and deployment of tools in cross-cutting priorities.

Effectiveness

- The holistic nature of the GPF across all areas of public finance, will help to better connect diagnostic tools (e.g., TADAT and PIMA) to the development of reform plans in core CD areas (e.g., revenue administration and PFM) in beneficiary countries.
- Proactive identification of CD needs (including by strengthening further the close integration of CD with surveillance and lending) and close cooperation with development partners will bolster the geographic footprint of the initiative.
- For more effective regional presence and on-the-ground cooperation, the field-based CD delivery will be expanded.

Impact & Sustainability

- Absorption capacities will be assessed frequently, and modalities deployed to help embed and sustain reforms (e.g., supplementing in-person CD with online learning such as VITARA, Public Financial Management (PFMx), Revenue Forecasting and Analysis (RFAX); and utilizing peer learning, training guidance notes, and train-the-trainer techniques).

¹⁵ See the IMF’s [2018 Review of the Fund’s Capacity Development Strategy](#), International Monetary Fund, 2018.

- The alignment of CD with IMF country strategies and the overall macro-fiscal impact of reform measures will be more clearly documented, and the RBM framework will also be used in the CD dialogue to strengthen country accountability and ownership, as needed.

Coherence

- Through a strengthened PCCA, CD that helps countries meet their reform goals while ensuring complementary rather than redundant CD delivered by other partners will be clearly identified and documented.
- The landscape of CD delivery by development partners will be more clearly mapped and documented, and lessons learned from good cooperation will be shared to improve overall collaboration in country-level CD.
- Opportunities to expand partnerships with other IFIs and development partners will be explored further, including in the context of frameworks like PEFA, TADAT and VITARA.

Efficiency

- The modalities of CD delivery will be expanded and tailored for each country, taking into consideration multiple factors including fragility, capacity level, internet connectivity, etc. In this context, blended delivery (in-person and virtual) will be exploited, and other modalities will continue to be tested and expanded (e.g., multi-country topical Long-Term advisers (LTX), peripatetic experts, ongoing communication, etc.).
- The RBM framework is being reviewed, and guidance for project managers will be improved to facilitate more consistent and improved monitoring.
- Reporting to the SC will be strengthened, including through on-demand technology solutions.

2.1 Revenue Component

Context

The GPFPP's component on "Public Revenue"—or revenue mobilization (RM)—will build on the IMF's vast CD experience in this area. The CD in the RM area assists member countries in mobilizing domestic revenue, a key enabler/pre-requisite to effectively weather shocks (internal and external) and advance countries' economic and social development agendas, including towards achieving the SDGs and in support of the ATI. Cross-cutting priority themes (climate change, gender/inclusion, and GovTech)—will be an integral part of the GPFPP and weaved into the fabric of the revenue component modules, where applicable. Other important themes, such as international taxation will be included as well. Using the IMF's country-centered approach, the GPFPP's revenue and spending components will work together to support a holistic approach to building strong fiscal policies and public finance institutions in beneficiary countries, in close collaboration with development partners.

Strengthening their RM strategies and management is urgent for countries to achieve sustainable government revenue levels and to finance their ambitious economic and development agendas. The pandemic-induced global economic shocks that started in 2020 have brought back to the forefront the need for boosting RM as countries' fiscal space shrank due to higher spending needs, lower levels of domestic revenues, and higher levels of debt. As noted in the October 2022 IMF Fiscal Monitor, the larger deficits in LIDCs reflect higher spending levels relative to 2019, whereas in EMEs they are due to stagnating revenues.¹⁶

A. Scope and CD Themes

Building an effective tax system—tax policy, administration, and legal framework working together to secure more resilient and sustainable government revenues—requires a medium-term approach that also considers fairness and inclusiveness. Thus, CD support to countries' tax system reforms will be designed considering each country's spending needs. Where appropriate, medium-term reform planning will also include use of the Medium-Term Revenue Strategy (MTRS) framework to help countries embed a whole-of-government strategy to mobilize resources through the tax system. In helping to reform a country's tax system to finance the country's spending needs, due consideration will be paid to securing macroeconomic sustainability, reflecting distributional considerations, and creating appropriate incentives for economic and social development.

Thus, the revenue component will help countries build effective tax and customs systems by providing technical assistance, targeted training, fiscal tools and research/analysis on the tax and customs system's dimensions:

- *Well-designed tax policy reforms are essential for obtaining needed public revenues.*
 - ◆ Tax policy design needs to carefully balance its objectives that may have multiple impacts. An efficient tax policy seeks to reduce distortions to employment, production and investment decisions that would otherwise be harmful to growth. An equitable tax policy ensures the fair treatment of taxpayers and supports the achievement of distributional goals. Tax policy also needs to be simple to keep compliance and administrative costs low. By being demand-driven, CD support in this dimension will be carefully aligned with specific country needs and priorities. This may entail implementing comprehensive revenue policy reform or more targeted interventions in specific policy areas.
 - ◆ CD support will span all tax policy instruments (from personal and corporate taxation, consumption taxation including VAT, excises, and import tariffs, as well as environmental and property taxation) and focus on both domestic and international tax issues. Policy advice on natural resource taxation will

¹⁶ See [IMF Fiscal Monitor, October 2022](#).

continue albeit with increased attention to its impact on climate change and the energy transition. Institution building in tax policy will also be a priority to respond to the increasing demand from countries to help develop capacity on tax policy analysis including on forecasting revenue, estimation of tax expenditures and tax policy modeling. CD will also continue to support tax policy units and related institutional reforms.

- *Strong tax administrations are essential to mobilize revenues through increased tax compliance.* The administration of the TADAT tool will be part of the GPFM revenue component and continue to help countries identify relative strengths and weaknesses in their tax administrations to support the design and deployment of medium-term reform plans. In addition, the Revenue Administration Gap (RA-Gap) will be deployed to help countries estimate the policy and compliance gap in order to better design and focus reforms to close the tax gaps. In this context, CD on tax system reform will focus on strengthening the administration of both domestic and international taxation. CD support for tax administration reform agendas will include strengthening governance and strategic management as well as the modernization of core operational functions, i.e., taxpayer service, filing and payment, audit and collection enforcement, and dispute resolution. Compliance risk management will be a key CD area to assist countries better identify risks and design and deploy compliance improvement plans across segments of taxpayers and industries, including tax risks in multi-national industries including those in the extractive industries. CD support will also focus on key aspects of tax administration resources, including on strengthening human resource management, improving digitalization strategies (systems and processes), and advancing GovTech solutions (e.g., the management and use of data and data analytics, and of risk management models).¹⁷
- *Customs administration plays an instrumental role in economic management and development through the collection of taxes and duties, and the support of trade security and facilitation.* The recent shocks have shown the importance of efficient international trade to achieve a sustained recovery. Customs administrations play a critical role in streamlining supply chains and facilitating trade. In addition, customs administrations continue to play an important role in revenue collection – 37 percent and 28 percent of tax revenues in low-income countries (LIC) and emerging economies (EMEs), respectively, are collected through customs operations.¹⁸ CD support to customs administration will focus on strengthening operational aspects of customs administration and on fostering collaboration and the exchange of information between a country's customs administration and its tax administration in order to strengthen revenue collections.
- *An appropriate tax legal framework is critical for effective policy and administration; and reforms usually require legal modifications.* Tax policy and administration are delivered through tax laws (both substantive and procedural rules, as well as primary and secondary legislation), and the tax system is implemented through these legal frameworks. The latter may need to be adjusted to support tax systems through changes in society, e.g., how citizens conduct their business, taxpayer behavior e.g., to close gaps and combat aggressive tax planning, evolving technologies, international and other bi-lateral agreements, interpretation of the tax laws by the courts, and political structures. The tax legal framework in countries should be reviewed—ideally benchmarked against international good practices—and modified as needed alongside reform measures in tax policy and revenue administration to achieve the desired outcomes. A

¹⁷ The administration of natural resources will remain a CD priority in supporting countries reforming their tax system, notably to enable a smooth transition that is expected to lead to significant increases in the production of mineral resources critical for the development of renewable energy capacity. The revenue administration of natural resources cuts across both tax and customs operations and the exploitation of data by both administrations will continue with a cooperative approach to support targeted compliance risk management and ensure compliance across income and excise taxation.

¹⁸ [Customs Matters: Strengthening Customs Administration in a Changing World](#). Washington, DC, IMF 2022, A. Pérez Azcárraga, T. Matsudaira, G. Montagnat-Rentier, J. Nagy, and R.J. Clark.

modernized and strengthened tax law framework—supported by training and peer learning to build institutional capacity—will support greater domestic revenue mobilization, ensure international compatibility, minimize tax avoidance and achieve greater tax certainty.

CD support in international taxation will primarily focus on countries that have traditionally received less support in this area—mainly LIDCs and some EMEs. While the current international tax landscape is becoming increasingly complex with recent OECD-G20 initiatives to target aggressive tax planning by multinational enterprises and achieve a fair, sustainable, and modern international tax system. LIDCs are still unable to reap the benefits of past reforms in international tax largely due to capacity constraints.

CD will focus on the implications and implementation of the two-pillar international tax package in LIDCs and on making progress in other areas of international tax reform. In particular it will focus on targeted capacity building and provide support on (i) assessing reform proposals and reform implementation needs (i.e., what rules to adopt and how to implement them), (ii) advising and supporting the legal drafting of international taxation laws, (iii) supporting the implementation of approaches adapted to the capacity of each country, including simplification measures, (iv) helping to bridge the gap in capacity between leading emerging economies and other developing countries in terms of international tax administrative capabilities, and (v) developing LIDC's tax administration capacities in a structured and holistic way, using analytical products such as the IMF Framework for International Tax Administration Strengthening (FITAS).¹⁹

Priority will be given to LIDCs and small states which are at the peripheries of the recent international tax initiatives of OECD-G20, as these jurisdictions may receive less support from other development partners. Tailored CD support may include both international tax policy and revenue administration, embedded in the wider fiscal support using agile modalities, including on-demand CD support, analytical and self-assessment tools, including FITAS, and training/peer learning including a focused workshops on Managing International Tax Administration utilizing a blended approach of online, virtual delivery and in-person CD support.

B. Revenue Component Structure—Modules and Modalities

The Revenue Component of the GPFPP will build on the success of its predecessor thematic funds, the RMTF, MNRW, and TADAT.²⁰ It will also use a modular approach, while broadening the scope in assisting countries to improve RM, as shown in Table 1 below and Annex II (GPFPP Modular Approach). It will integrate and consolidate the common RM-focus of strengthening tax policy and revenue administration (tax and customs) across various dimensions (including natural resources), and the use of relevant diagnostic tools. The core of the country-centered CD will be delivered through three modules (Tax Policy, Revenue Administration, and TADAT), supported by modules for training and peer learning, and the development and enhancement of fiscal tools, as well as related research and analytical work—see description below.

¹⁹ A Technical Note introducing the FITAS, a self-assessment tool for revenue administrations to test their readiness for international tax issues, will be published in late 2023.

²⁰ The tax policy and revenue administration portions of the legacy MNRW will be included in the GPFPP's Revenue Component, while CD modules on PFM, spending policy and macro-fiscal will move to the Spending Component.

Table 1. GPF Revenue Component Modules

Module	Objectives
I. Tax Policy	<ul style="list-style-type: none"> Improve Tax Policy Design Strengthen Policy Monitoring, Evaluation, and Institution Building
II. Revenue Administration	<ul style="list-style-type: none"> Strengthen Management and Governance Arrangements Strengthen Core Tax Administration Improve Customs Administration
III. Training and Peer Learning	<ul style="list-style-type: none"> Training: Develop Capacity for Assessing Fiscal, Macroeconomic, and Structural Policy Issues Peer Learning: Provide Peer Learning Opportunities to Beneficiary Countries
IV. Fiscal Tools, Research and Analytical Work	<ul style="list-style-type: none"> Develop and Apply Fiscal Tools Publish Research and Analytical Work
V. TADAT	<ul style="list-style-type: none"> TADAT Assessments: Deploy TADAT to Diagnose Strengths and Weaknesses of Tax Systems Training and Tools: Develop, Update and Deliver Training of the Use and Application of the TADAT, and Tools Developed and Deployed to Raise Awareness Design, Review and Monitoring: Review and Monitor of the Use and Applicability and Update TADAT as needed

MODULE I: Tax Policy

This module will include support to tax policy design, legal frameworks and implementation, and institution building in tax policy. This also includes helping to strengthen (or establish, when they do not exist) Tax Policy Units that are typically located in Ministries of Finance (MOFs). This module will have two objectives as follows:

- Improve Tax Policy Design:** CD support will provide guidance on tax design (including non-tax revenue instruments), tax laws, including their drafting, covering core taxes (e.g., personal, and corporate income taxes, value added tax, excise taxation, social security contributions, and property taxation), and specialty areas including trade taxes, international tax, investment tax incentives, extractive industry taxation, environmental tax, and revenue decentralization. In addition, more targeted advice may include transfer pricing, VAT refunds, taxation of digital supplies, regional and international harmonization, wealth taxation, health taxes, and carbon taxation and approaches to gender-responsive tax policies.
- Strengthen Policy Monitoring, Evaluation and Institution Building:** CD support will focus on organizational structures and capacity related to tax policy advice and analysis, including advice on the overall tax policy reform planning and management that will support the other modules and objectives in the Revenue Component, increasing transparency of tax policy making process and tax laws, assessing tax expenditures organization and capacity building of tax policy units, and revenue forecasting and analysis.

MODULE II: Revenue Administration

This module will include revenue administration management and governance arrangements, tax administration core and supporting functions, and customs administration core and supporting functions. This module will have three main objectives as follows:

- **Strengthen Management and Governance Arrangements:** CD in this objective will encompass broad areas including:
 - ◆ *Reform Strategy and Management:* including advice on the overall strategic and reform planning and management as well as change management that will drive reform and support the other modules and objectives in the Revenue Component. CD under this module aims at supporting the preparation and approval of a reform strategy to guide the medium-term implementation efforts. This reform plan will be informed by sound diagnostic assessments, in particular the findings of the TADAT assessments covered in Module V. This reform plan may also be in conjunction with Module I, especially in the deployment of the MTRS framework.
 - ◆ *Transparency and Accountability and Operational Arrangements:* including proper overall organizational structures that are conducive to streamlined hierarchical levels; transparent with clear reporting lines; separation between strategic headquarters functions and operational functions; the inclusion of, and articulation across, the core and support business functions; and alignment to key taxpayer (risks) segments. Support will also include advice on strengthening external oversight bodies and investigation processes, internal controls, financial and operational performance and increasing public perceptions of integrity.
 - ◆ *Operational Enablers:* including GovTech strategies to strengthen IT and digitalization transformation that provides integrated, secure, and modern systems and data management that support revenue administration; human resources including strong leadership and ensuring a qualified, stable, and technical staff under transparent recruitment, retention, and training policies; and strengthening policies and operations of other support functions including infrastructure, finance, legal, research and communications.
 - ◆ *Corporate and Compliance Risk Management:* including advising on the implementation of corporate and compliance risk management techniques to support higher levels of voluntary compliance and confidence in the tax and customs administration. CD support will include designing strategies to identify and mitigate institutional risks (such as the failure or intrusions of IT systems, loss of personal identifiable information, loss of credibility due to integrity issues) and compliance risks (including the design of comprehensive compliance improvement programs).
 - ◆ *Tax and Customs Laws and Procedures:* including ensuring tax and customs laws are updated, simplified, and aligned with modern standards and international protocols, and designed in a gender-responsive manner. This includes CD support in the review and drafting of tax and customs procedures codes to ensure administrative provisions are harmonized and consolidated.
- **Strengthen Core Tax Administration Functions:** including strengthening the core areas of registration (registering and maintaining complete and accurate database); filing and payment (ensuring timely filing and payment according to the law); audit (verifying the accuracy of the information reported by taxpayers); dispute resolution (ensuring the existence of a more independent, fair, accessible and effective review mechanism to safeguard taxpayers' rights to challenge an administrative decision); and taxpayer services (providing the necessary information and channels to enable taxpayers to comply voluntarily).
- **Improve Customs Administration:** including ensuring trade facilitation and service initiatives to better support voluntary compliance. CD support will include new and improved initiatives to manage ports and borders and reduce clearance times (implementing single window, coordinated border management, authorized economic operator programs, and risk-based inspections); compliance support to allow foreign trade operators to comply with their reporting and payment obligations (aligning harmonized customs

procedures with other countries, strengthened traceability of goods, and increased use of self-assessment declarations as part of a broader risk management program); combatting smuggling and ensuring enforcement of customs laws (strengthened post-clearance audits, better monitoring to control special regimes and exempted goods, data exchange and cross-matching data with tax administration and with other government agencies and foreign customs).

MODULE III: Training and Peer Learning

This module will focus on developing and delivering tax policy and revenue administration training through different modalities. This will include in-person and online training and fostering peer-to-peer learning. The training and peer learning objectives will help country authorities embed the advice provided across all the modules by strengthening skills to analyze economic developments and formulate and manage effective macroeconomic and financial policies. It will also enhance the IMF's dialogue with authorities on policy issues and facilitate sharing policy experiences of member countries through peer-to-peer learning.

Training and peer learning will be provided across the same areas as covered in modules I and II, namely tax policy and revenue administration (tax and customs), with a focus on low-capacity countries. Training and peer learning will be designed and provided primarily through multi-country learning frameworks through both face-to-face (e.g., classroom, conferences, and seminars) and online learning modalities (e.g., VITARA and RFax,²¹ webinars, podcasts, and other peer learning events). In certain circumstances, online courses may be used as a pre-engagement tool to provide basic understanding of concepts before country specific CD support is delivered. This module will also benefit from the IMF's network of Regional Training Centers (RTCs), which can provide organizational and logistical support, and the [IMF Revenue Portal](#), which serves as a knowledge hub for international good practice in tax policy and revenue administration.

MODULE IV: Fiscal Tools, Research and Analytical Work

This module will focus on designing, improving, and implementing fiscal tools, as well as developing and building on existing research and analytical products to provide information and input to support revenue mobilization CD. This module's two major work areas will be:

- **Fiscal Tools:** These tools will enable a more robust identification of gaps in tax policy and revenue administration, help to better prioritize reform and CD efforts, and enhance capacity to measure results. Some of the current tools developed and/or enhanced through the RMTF include ISORA/ISOCA (International Survey on Customs Administration and International Survey on Revenue Administration) and WoRLD (benchmarks tax and customs administrations with peer groups and provides comparative data for analysis and progress including the GPF), and RA-GAP (identifies policy and compliance gaps) (see also Annex I for a listing of select fiscal tools).
- **Research and analysis:** will be supported to assess emerging issues, trends, and practices in tax policy and revenue administration. Through the RMTF, important and impactful analysis has been conducted, such as using ISORA data to analyze trends in tax administration (used by both IMF and other organizations) and recognizing the importance of incorporating gender equality and women's economic empowerment into Revenue Administration. Analysis will continue to be supported with a view to strengthening the advice provided by the GPF and contribute to the broader understanding of priorities and policy options to support revenue mobilization in developing and emerging economies. This module

²¹ [Virtual Training to Advance Revenue Administration \(VITARA\)](#) a joint partnership with IMF, OECD, CIAT and IOTA, and [Revenue Forecasting and Analysis \(RFax\)](#)—developed with funding through the RMTF.

will have a close linkage to both the CD modules (I and II) and the training module III to ensure its use to strengthen CD advice and ensure dissemination through training and peer learning.

MODULE V: Tax Administration Diagnostic Assessment Tool (TADAT)

Overview. TADAT is an assessment tool designed to provide an objective health assessment of a country's tax administration. TADAT is an international tool with “public good” character that is maintained and governed by a consortium of partners²² with the help of a technical advisory group (T-TAG) of various tax administration experts. A total of 170 TADAT assessments had been carried out by September 2023, covering both national and subnational tax administrations in all geographic regions. TADAT assessments evolve around 9 key performance outcome areas (POAs) that cover the most critical tax administration functions, processes, and institutions.

TADAT assessments show the extent and detail of the reform needs in the 9 POAs, indicate relative reform priorities, and are an important input for reforms to strengthen tax administrations. As such, the TADAT framework is closely linked with Module II of the GPFPP relating to Revenue Administration in the sense that the assessment results are a key input into the development of tax administration reform strategies and work plans for assessed countries. TADAT is extremely useful in informing the design of multiyear reform programs in combination with other assessments tools (e.g., RA-Gap, tax policy assessment), including (but not only) in countries with an MTRS. Its overall objective is to contribute to strengthened tax administration systems and domestic revenue mobilization efforts globally.

This module will focus on the administration and use of TADAT, including TADAT training and its continuous improvements. The TADAT Secretariat (T-SEC) will remain in place to manage and administer all TADAT operations, supported by its T-TAG that will advise on technical aspects of the tool's development, design, implementation, and maintenance. While TADAT operations will be managed by the T-SEC, the GPFPP SC will provide regular oversight functions, including reviewing and endorsing the annual TADAT workplan and its implementation, as reported as part of the overall GPFPP reporting framework. The TADAT operations will be subject to the following considerations:

- **TADAT Assessments:** These will be conducted by certified assessors applying the TADAT framework per the Field Guide.²³ TADAT assessments will remain demand-driven (based on a formal request by country authorities). TADAT tool is kept up to date with good practices that are tested, proven, and applied by the majority of the leading tax administrations. Hence, assessments should encompass countries from different geographic regions and at different stages of economic development. They should also be applied to different legal and organizational structures. The T-SEC and stakeholders in tax administrations who oversee the application of diagnostic assessment tools will continue to collaborate with a view to leveraging synergies and complementarities and minimizing duplication of effort.
- **Training and Outreach:** These will enhance the understanding of key stakeholders of international good practices in tax administration through training (assessors and non-assessors). This will be facilitated through the continued development and maintenance of a large pool of trained TADAT assessors and team leaders; the development of TADAT awareness courses for non-assessors; and significant and impactful TADAT dissemination and outreach at international, regional, and country levels. The training provides an essential base (or deep) understanding of the interworking of tax administration and how it

²² The partners currently include two international financial institutions (the IMF and the World Bank), the European Union, and representatives of country authorities from the following countries: Germany, France, the Netherlands, Norway, Japan, Switzerland, and the United Kingdom.

²³ See [TADAT Field Guide](#), 2019.

interlinks with the tax system - and how the diagnostic tool can form the basis of a reform plan (but not a reform unto itself).

- **Design, Review, and Monitoring:** To ensure that TADAT remains the “go-to” tax administration diagnostic and performance assessment tool globally, standards and controls have been put in place for its delivery, quality assurance, and periodic review. Accordingly, the TADAT framework will be reviewed and revised at least every 5 years, unless extenuating circumstances warrant earlier revisions or refinement. The TS will continue to provide oversight that promotes and monitors the delivery of high-quality assessments, including, for example, through the implementation of an assessor accreditation process and establishing quality assurance controls.

TADAT Operations. The TADAT will continue to maintain its own secretariat structure (the T-SEC) that will be guided by the GPFPP SC. Accordingly, the T-SEC will plan, implement, and oversee the day-to-day work of the GPFPP’s TADAT module. Its key responsibilities are to (i) provide secretariat support to the GPFPP SC; (ii) propose, for GPFPP SC review and endorsement, an annual TADAT work plan and budget, as well as related operational strategies and procedures; (iii) undertake the custodial role of the TADAT brand, including managing a website; (iv) set up and implement processes and procedures to help ensure the delivery of high quality assessments, including through assessor training and other quality controls; (v) consult and coordinate with TADAT partners and other stakeholders as needed; (vi) report to the SC; and (vii) represent TADAT externally.

The T-SEC will maintain its current approved structure comprising a Head, up to 3 technical experts, a project coordinator, and an administrative coordinator. This may be supplemented by short-term experts as needed to execute the TADAT work program. The T-SEC is supported by the infrastructure of the IMF, including oversight by a Deputy Director in FAD. The composition of the T-SEC can be revised, as needed, by the Director of FAD, and in consultation with the GPFPP SC.

The T-SEC is supplemented by a T-TAG to advise on technical aspects of the development, design, implementation, and maintenance of the tool. The T-TAG comprises the Head of the T-SEC (chair); a technical representative from each TADAT partner; a representative from regional tax administration organizations and agencies and up to 3 (GPFPP SC endorsed) members from academia. The modalities of the T-TAG functioning and selection of some of its members are set forth in a guidance note. The T-TAG’s composition may be adjusted in consultation with the GPFPP SC. The Head of the T-SEC will provide updates on T-TAG activities to the GPFPP SC.

2.2 Spending Component

Context

Government spending is critical for the well-being of the population. Citizens expect governments to improve a country’s overall level of development (in line with the SDGs), ensure value for money from public spending, and provide transparent and accountable management of public resources. That is, they want their government to spend well to achieve results. Achieving economic and social objectives requires sustainable fiscal and spending policies, enabled by robust institutions and rules, and processes. Spending well is particularly critical given the many immediate and longer-term macroeconomic challenges that countries are faced with. Also, as a result of recent shocks and the policy responses to them, several governments have seen their debt levels increase and their fiscal space shrink, often dramatically. In a situation where

resources are scarce and challenges are many, it is vital for governments to spend public resources well, that is, to make the right spending allocation choices and to maximize value-for-money.

To spend well, governments need sound public finance policies and modern fiscal and budgetary institutions and frameworks to implement these policies.²⁴ Spending policies are an essential tool in helping households and businesses withstand crises, and in progressing toward the SDGs. Governments should ensure that their fiscal strategy aligns with their economic and development objectives, while maintaining debt sustainability and paying attention to the many risks weighing on the outlook.

The government budget is the key strategic document to guide this alignment and to help achieve results for citizens. It provides the funding to implement the government's policies and priorities and deliver results to citizens. Having in place an efficient, effective, and transparent budget process is therefore key to achieving results.

A. Scope and CD Themes

The GPF's Spending Component will help countries develop and strengthen their spending and macro fiscal policies, as well as the institutions, frameworks, rules, and processes, for managing public finances. Working in tandem with the GPF's Revenue Component, the Spending Component will enable countries to make progress on their economic and development objectives, while addressing multiple challenges and fiscal risks.

Making progress on these objectives requires a medium-term approach, effective and sustainable fiscal and spending policies, and strong fiscal and budgetary institutions to implement these policies. The GPF's Spending Component will comprise a country-centered and medium-term approach to supporting country authorities in shaping their public finances to help meet economic and social objectives and to promote fiscal sustainability, equity and effective allocation of resources, and efficient delivery of public goods and services. To ensure fiscal policy choices are sustainable over the medium and longer term, the GPF will promote a medium-term approach in designing spending policies and in developing the fiscal and budgetary strategies, and the frameworks, rules, and processes to implement policies. This will have the following key features:

- *Strengthening government capacities to effectively design, implement, assess, and prioritize public spending policies is essential to achieving social and economic objectives including the SDGs in a fiscal sustainable manner.*
 - ◆ *Prioritizing spending policies and programs is increasingly critical as governments operate within tighter budgets.* The level and composition of public spending have implications for macroeconomic stability, the allocation of resources towards societal priorities, and the distribution of economic resources. Well-designed spending policies are key to improving people's lives. In many countries, spending more and well is needed to make progress on the SDGs. The GPF will support governments in strengthening the assessment, design, and implementation of public spending policies that are crucial for achieving economic and social objectives. Within governments, questions typically arise on equitable options to create space for productive spending in human and physical capital, manage public employment and compensation to ensure quality service delivery and curtail costly and poorly targeted subsidies, and long-term spending pressures from pensions and health programs.

²⁴ "Institutions" are defined as the laws, procedures, rules, and conventions—including the bodies and entities created—that influence fiscal policy decision-making and management. For more details see [Public Financial Management and its Emerging Architecture](#), Cangiano, Curristine and Lazare, (2013).

- ◆ *Many economies face challenges in expanding the adequacy and quality of social protection systems, education programs, and health care schemes in a socially and fiscally responsible manner, aiming to protect vulnerable groups and deliver value for money.* The GPFPP will provide CD support in all major areas of public expenditure, including on estimating the adequacy of spending to make progress along the SDGs, as well as carefully assessing the sustainability, effectiveness and efficiency of price subsidies, the wage bill, education, health, and social protection systems. GPFPP CD support will also be provided to assess the expenditure to enhance digitalization, for example to enable quicker and more targeted social payments and consider the impact of expenditure on gender outcomes.
- *Strong budgetary frameworks and processes are essential to effectively allocate resources to government priorities, to efficiently implement spending policies and programs, and to achieve results and economic, social, and gender equality objectives.*
 - ◆ *The Spending Component will include CD support for all stages of the budget process- fiscal policies and frameworks, budget formulation, approval, executive and monitoring, and fiscal reporting.* A key focus will be building the capacity of countries to prepare effective medium-term fiscal strategies and risk analysis that will guide annual budgets and lead to better and more sustainable policies. Governments also need the tools to assess and review fiscal and spending policy options and to ensure resources are being allocated to key priorities. This will also include support to help natural resource rich countries develop budgetary frameworks to support fiscal sustainability.
 - ◆ *Once fiscal policies have been adopted by Parliament, systems are needed to monitor and control their implementation.* Governments need to track budget execution and the money trail to avoid leakages, and to communicate transparently to the public on their fiscal operations and performance. This enables citizens to measure results against initial promises and announcements. CD support will be provided to help governments develop these capacities. CD support will be tailored to country needs and diagnostic tools will be used to help governments to understand their areas of strengths and weaknesses. Also, CD support will be provided to help countries develop gender and climate budgeting.
- *Strengthening the management of public investment is essential for improving public investment efficiency which is crucial to deriving growth benefits from additional infrastructure investment and supporting economic growth and fiscal sustainability.*
 - ◆ *IMF analytical work has shown that, on average, countries lose about a third of the value of their investments to inefficiencies in public investment management processes.*²⁵ There is substantial scope for improving public investment efficiency across income groups, especially LICs. Addressing this gap would improve the quality of infrastructure investment which supports sustainable and equitable economic growth. CD is provided to support improving public investment management (PIM) through the public investment management assessment (PIMA) diagnostic tool. Follow up support is provided to implement action plans in priority reform areas in collaboration with the World Bank and other IFIs.
 - ◆ *The PIMA evaluates strengths and weaknesses of a country's infrastructure governance at each stage of public investment cycle—the planning, allocation, and implementation—and helps identify reform priorities; and devises practical action plans for reform implementation.* Over 80 PIMAs have been conducted to date, across all regions and income levels, thereby contributing to improving quality of infrastructure around the world. Recently a climate module (known as CPIMA) has been added to help

²⁵ [Making Public Investment More Efficient](#), IMF (2015).

governments identify potential improvements in public investment institutions and processes to build low-carbon and climate-resilient infrastructure.

B. Spending Component Structure—Modules and Modalities

The Spending Component will build on the extensive CD the IMF has been providing to member countries. Much of this experience has been systematized in the multiplicity of IMF’s innovative diagnostic tools, which help assess gaps in spending policies and fiscal and budgetary frameworks, processes, and systems for managing public finances (see Annex I). The core of the CD provided under the Spending Component will be delivered through two modules: Spending Policy, and Managing Public Finances to spend well, supported by modules for training and peer learning, and for research and analytical products and the development of new fiscal tools – see description below and Table 2 below and Annex II (GFPF Modular Approach). Also, the GFPF’s Spending Component will support countries to ensure that climate, gender/inclusion, and GovTech goals can be pursued efficiently and effectively through sound spending policies and effective PFM.

Table 2. GFPF Spending Component Modules

Module	Objectives
I. Spending Policy	<ul style="list-style-type: none"> ■ Strengthen Expenditure Policy Formulation and Design ■ Strengthen Policy Evaluation and Institution Building
II. Managing Public Finances	<ul style="list-style-type: none"> ■ Build Fiscal Institutions and Frameworks ■ Strengthen Budget Credibility ■ Improve Fiscal Transparency and Reporting
III. Training and Peer Learning	<ul style="list-style-type: none"> ■ Training: Develop Capacity for Assessing Fiscal, Macroeconomic, and Structural Policy Issues ■ Peer Learning: Provide Peer Learning Opportunities to Beneficiary Countries
IV. Fiscal and Macroeconomic Tools, Research and Analytical Work	<ul style="list-style-type: none"> ■ Develop and Apply Fiscal Tools and Macroeconomic Projection Tools ■ Carry out and Publish Relevant Research and Analytical Work

MODULE I: Spending Policy to Deliver Value for Money

This module will include support for setting spending priorities; assessing expenditure initiatives and the costs of advancing the SDGs; designing inclusive policies to protect the vulnerable and boost human capital; ensuring the sustainability, adequacy, and efficiency of [pensions](#); managing well [public wages and employment](#); and reviewing food and energy subsidies to ensure value for money. This module has two objectives:

- *Strengthen Spending Policy Formulation and Design*: CD support will provide guidance to governments, using FAD’s tools to assess if spending is adequate for achieving economic and social objectives, efficiently allocated and sustainably financed. This will include CD support on assessing if government’s medium-term expenditures are in line with the required spending needs in the areas of health, education, and selected infrastructure to support advancing the relevant SDGs. It will also include CD to help governments have a baseline understanding of the current state of their expenditure and examine equitable opportunities for more sustainable, efficient, and effective public spending.
- *Strengthen Spending Evaluation and Institution Building*: This CD support will focus on promoting commitment to spending reforms as well as raising the capacity of MoFs to engage with the various

spending ministries. CD will also support governments in enhancing the efficiency of public education and health spending and assessing if spending levels are adequate for achieving the government’s objectives. Support will also cover the adequacy of a country’s social protection system to protect households from income shocks and poverty. CD on energy subsidy reforms will focus on reducing, in a sustainable fashion, the fiscal cost of subsidies and identifying mitigating social measures to protect the poor. CD support will be provided on reforming management of the wage bill, including compensation and employment measures consistent with efficient service delivery and fiscal sustainability. CD support will also include assessing the long-term sustainability of public pension systems and reforms to increase coverage and enhance sustainability. In all of these areas, CD support will emphasize the importance of boosting capacity for engagement between the MOF and spending ministries, including on education, health, and labor.

MODULE II: Managing Public Finances to Spend Well

This module will help countries to develop a more effective, efficient, and transparent budget process enabling them to better manage their public finances. It will include fiscal policies, rules and analysis, strategic planning and medium-term fiscal frameworks, medium-term budgets, budget formulation and allocation, budget execution and accountability, fiscal risk management and analysis, fiscal reporting and control, fiscal transparency, PIM, and gender budgeting and climate budgeting. Figure 3 is an illustration of the budget cycle and the topics covered by this module.

Figure 3. The Budget Cycle



CD support will be tailored and aligned with country-needs and priorities. It will help countries develop and strengthen their budget processes and procedures. As discussed below, this module will have three overarching objectives:

- **Building and strengthening fiscal institutions and frameworks:** CD under this objective will encompass broad outcome areas including the following:

- ◆ *Strengthening fiscal policies and frameworks*: This includes supporting governments to have a baseline understanding of the current state of the government's fiscal policies and frameworks and opportunities. Developing and enhancing strategic fiscal planning and macro fiscal frameworks at the start of the budget process helps to ensure the fiscal policy choices are sustainable over the medium and longer term, appropriate for the cyclical position of the economy, and are resilient to potential shocks. Based on the latest analysis and tools, CD would support fiscal sustainability assessments; the adoption or improvement of fiscal rules (including for subnational governments); the strengthening of fiscal institutions (including fiscal councils, fiscal frameworks); and the estimation of fiscal multipliers as well as the projection of expenditure and revenue baselines. Support will also be delivered on designing special fiscal regimes for natural resource rich countries.
- ◆ *Enhancing the capacity of the MOF to plan, implement and sustain PFM reforms*: This would entail conducting diagnostics of countries' PFM systems and developing PFM action plans to help implement priority reforms. This could include providing guidance on improving PFM information systems and digital solutions. CD would also incorporate reforming organizational structures and developing, and enacting comprehensive legal framework, covering all stages of the public financial management cycle. It could also include helping countries develop an effective legal and institutional framework for managing PPP operations.
- ◆ *Improving the capacity to plan, implement and sustain infrastructure governance reforms*: The PIMA diagnostic tool will be used to assess countries public investment management system focusing on strengthened planning of public investments to ensure sustainability, allocating public investments to the right sectors and projects, and improving the implementation of public investment projects to deliver productive and durable public assets. In addition, this would include support for CPIMAs, as well as follow up CD on reform priorities highlighted in PIMAs and CPIMAs.
- **Strengthening budget credibility**: CD support under this objective will encompass broad outcome areas, including in budget formulation and approval, execution, and control, as well as asset management.
 - ◆ *Integrating a credible medium-term budget framework with the budget process*: The focus of budget formulation is tailoring policy plans to funding needs within the available resource envelope, ensuring the allocation of resources to government's highest policy, and managing the political decision-making process. To help achieve these goals, CD will focus on comprehensive, credible, and policy-based budget preparation and annual and medium-term budgeting frameworks. CD delivery will include promoting the integration of a credible medium-term budget and fiscal frameworks with the annual budget process and supporting its use in budget preparation. It will also focus on developing a budget process to support ministerial and departmental decision making, policy costing approaches for new initiatives, spending reviews, credible planning and budgeting for public investments, and effective budget approval. Support will also be provided on using budgets as an effective tool for the strategic allocation of resources towards policies that meet SDG objectives, and promote gender equality and climate change, including through gender budgeting and green PFM.
 - ◆ *Publishing a comprehensive and unified annual budget*. CD and advice will focus on having a more comprehensive and unified budget. This will include improving budget classification systems and program and performance-based budgeting to promote the inclusion of program performance information in budget documentation. This will also include support on ensuring transfers from central government to subnational governments are timely and governed by a rules-based system and included in budget documentation.

- ◆ *Strengthening budget execution processes, monitoring, and controls.* Good budget execution and accounting are important to ensure that policies and programs are implemented as planned and quality services are delivered to citizens. CD will focus on making funding available in a timely manner during budget execution, having more central government revenues and expenditures deposited and disbursed through a Treasury Single Account (TSA), enhancing expenditure controls, making cash forecasts for governments accurate and timely, strengthening cash and debt management and improving their integration. Support will also be provided on improving arrears recording and management, as well as accounting rules, and implementing the necessary processes and systems to support these improvements. CD will also focus on improving timeliness of in-year budget execution reports, the disclosure and management of state assets and enhance understanding, management, and reporting of the public sector balance sheet.
- **Improving fiscal transparency and reporting:** CD under this objective will encompass outcome areas including:
 - ◆ *Enhancing the comprehensiveness, frequency, and quality of fiscal reports:* Improving fiscal reporting to ensure transparency on the use of public resources is essential for holding governments accountable for results. Sound fiscal reporting is required to know where the public finances stand, and to enable scrutiny by auditors, statisticians, Parliament, and the public. Support in this area will include diagnostic tools to highlight a country's strengths and weaknesses in fiscal transparency and develop country specific reform plans. CD in this area focuses on improving transparency including the quality of fiscal, financial, and statistical reporting, internal and external audit, having accounts and budget classifications aligned with international standards (in coordinate with the IMF's Statistics Department) having the audited annual financial statements published, in a timely manner and scrutinized by parliament, and enhancing legislative oversight.
 - ◆ *Strengthening the identification, monitoring, and management of fiscal risks:* Based on the latest analysis and the FAD's new fiscal risk tool kit, tailored CD on projections and analysis of fiscal risks will be provided. This includes helping governments strengthening institutional capacities and frameworks for to managing fiscal risks and to build capacity to analyze the risks to fiscal forecasts and overall fiscal sustainability, and to analyze, disclose and manage specific fiscal risks including from public corporations and Public Private Partnerships (PPPs) in a more comprehensive manner. It also includes CD to improve fiscal coordination and central oversight of sub-national government risks.

MODULE III: Training and Peer Learning

This module will focus on developing and delivering training in public finances through different modalities including in-person, online and peer-to-peer learning. This will include fiscal and public spending policy, PFM, macroeconomic frameworks, including macro-fiscal modeling, to build capacity for forecasting and policy analysis in support of fiscal policy and debt sustainability, management of natural resources' wealth, and fiscal policies for inclusive growth. The training and peer learning objectives will help country officials embed the advice provided across all the modules by strengthening skills to analyze economic developments and formulate and manage effective macroeconomic and financial policies. It will also enhance the IMF's dialogue with authorities on policy issues and facilitate sharing policy experiences of member countries through peer-to-peer learning.

Training and peer learning will be designed and provided primarily through multi-country learning frameworks through both face-to-face (e.g., classroom, conferences, and seminars) and online (e.g., the IMF's developed and administered curriculum like the [PFMx](#), webinars, podcasts, and other peer learning events) learning

modalities. In certain circumstances, online courses may be used as a pre-engagement tool to provide basic understanding of concepts before country specific CD is delivered to accelerate implementation of CD advice. This module will also benefit from the IMF's network of Regional Training Centers (RTCs), which can provide organizational and logistical support.

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

This module will be used for designing, improving, and implementing fiscal and macro-economic tools, and developing and building on existing research and analytical products to provide information and input to support CD in public spending, public financial management and macro-economic frameworks. This will include developing and delivering technical assistance on macroeconomic frameworks to build capacity for forecasting and policy analysis in support of fiscal policy and debt sustainability. This module's two objectives include:

- **Fiscal and Macroeconomic Tools:** Fiscal tools will enable a more robust identification of gaps in spending and fiscal policies, and public financial management to help better prioritize reform and CD efforts and enhance capacity to measure results. Macroeconomic projection tools will help countries enacting more effective macro-fiscal policies by enhancing forecast and policy analysis informing decision-making. It includes development of appropriate tools and models; hands-on training and support to make sure that officials understand, adapt, and use the tools for policymaking (see select tools in Annex I).
- **Research and analysis:** will be supported to assess emerging issues, trends, and practices in the areas covered in the spending component. Analysis will continue to be supported with a view to strengthen the advice provided by the GPF and contribute to the broader understanding of priorities and policy options to support revenue mobilization in developing and emerging economies. This module will have close links to both the CD modules (I and II) and the training module III to strengthen CD advice and ensure dissemination through training and peer learning.

III. Governance Arrangements

As a multi-partner initiative across all areas of public finance, the GPFPP provides ample scope for synergies and efficiencies. It delivers a more effective and agile administration of CD funding, a more holistic view of CD impact, facilitates partner cooperation, fosters a more uniform global reach, and provides greater visibility through global branding. The governance and operational arrangements of the GPFPP aim to reap these benefits through the combined strategic guidance of its partners coupled with the IMF's experience in macro-critical CD delivery that helps countries reach their fiscal and economic goals. More details are provided in the following sections.

3.1 Governance Structure

The GPFPP will be overseen by a single Steering Committee (SC). The SC will provide strategic guidance in setting the policies and priorities of the GPFPP and oversee the execution of the CD support delivered through this initiative. The SC consists of representatives from the GPFPPs contributing partners and IMF staff. The SC will provide strategic guidance in setting the policies and priorities of the GPFPP. The GPFPP SC will operate under similar governance arrangements that are currently in place for the legacy thematic funds. Accordingly, it will meet twice a year (with additional meetings as necessary) and be tasked, among others, with reviewing and endorsing forward-looking workplans and backward-looking reports. All SC decisions will be taken on a consensus basis. The SC will be chaired by a partner representative and will rotate each year. Meetings can take place in person or virtually; it is intended to meet in-person once a year, as conditions allow. Other stakeholders will be invited to participate as observers.

The GPFPP's unified governance structure, together with its global reach and central role in the IMF's CD architecture in the area of public finances, offer a powerful set up for delivering CD support. By joining decision making and oversight into a single governance structure that commands a single pool of resources for delivering CD support on "all things public finance," the GPFPP's SC will be put in a strong position to direct IMF CD support on public finances to where it is most needed and in the way it can be most useful and effective. As an integrated global public finance CD initiative, the GPFPP will offer great flexibility in allocating CD funds between modules, regions, countries, and projects; and it will simplify governance, administration, reporting, and financial operations. The "single governance body" approach will allow SC members to take a holistic view in overseeing IMF CD support on public finances globally based that is, however, fully informed by the detailed data offered through the GPFPP's modular structure.

3.2 Workplan

The GPFPP's multi-year workplans will be proposed to the SC on an annual basis for its review and endorsement. Project selection and delivery will be demand driven, based on identified needs and country requests. There will be a single workplan for a given country that will integrate all applicable components and modules, and will be designed through consultations between IMF HQ, country authorities, and other development partners when applicable, so as to identify complementary needs that support the countries' reform agendas. It is anticipated that the demand for assistance under the GPFPP will be based on new requests as well as some initial follow-up and continued work from legacy RMTF and MNRW beneficiary countries. Projects will be prioritized based on country need and the authorities' commitment to reform as

well as considering the overall CD workplan for the country that is being planned or delivered through other IMF funding sources e.g., RCDCs; the prioritization will also strive to balance the distribution of CD across regions and modules within the two GPFPP components. The TADAT workplan and budget will also be reviewed and endorsed by the GPFPP SC.

3.3 Accountability Framework

Results-Based Management

The GPFPP's CD planning, management, and resource use will be fully aligned with the IMF's RBM framework, which fosters accountability, impact, and sustainability of CD delivery. The CD delivered through the GPFPP will mostly consist of country-level interventions that span both revenue and spending components. Taken together, those interventions will help deliver the strategic indicators defined at the overall GPFPP program level. Reporting, through both project logical frameworks and the program-level results framework, will be a major part of the updates provided to the GPFPP SC.

- *Program Level:* The GPFPP program will be monitored through a strategic results framework (set out in Annex IV) with set program objectives, outcomes, and indicators to monitor progress across the portfolio of projects. Strategic indicators will provide an overarching view of GPFPP as a whole (top-down), and modular indicators will measure results of the portfolio of projects within the respective modules (bottom-up). Strategic indicators are defined for each of the two component funds (Revenue and Spending) that measure progress made in revenue mobilization and spending efficiency respectively. In addition, strategic indicators across the entire work program will measure progress in the countries working toward improving their policies, institutional frameworks, and systems in the cross-cutting priority areas (climate change, gender/inclusion, and GovTech). Modular level indicators will be informed by the aggregation of results of the projects.
- *Project Level:* For each individual project a comprehensive logical framework (log frame) will be established that is in line with the GPFPP strategic results framework, relevant module outcomes, and on the basis of the IMF's framework of CD management and administration (CDMAP). The GPFPP modules are aligned with IMF's CD RBM log frames for the work streams deployed in the program. The log frames will define the inputs needed to deliver specific country-level objectives and outcomes, measured through indicators. Attainment of these outcomes to achieve the overall objectives will be assessed using a set of verifiable indicators measured from a baseline state to a target state, through intermediate milestones.

Management by IMF Staff

IMF staff will supervise, execute, and manage the CD delivery and administration under the GPFPP.

- *CD Departments:* The IMF's CD Departments (mostly FAD) will supervise, execute, and backstop the CD delivery under the GPFPP. This reflects the principal roles CD departments have in maintaining the overall quality and consistency of IMF CD and the related policy recommendations in their respective areas of expertise. Operationally, quality control will be provided through (i) ongoing supervision and backstopping support from IMF HQ through seasoned experts in the respective workstreams; (ii) the careful screening and selection of experts to be hired; and (iii) regular self-assessments, assessing progress achieved to date against the predefined project objectives and outcomes.
- *Area Departments:* The IMF's Area Departments will, in the context of IMF-supported country programs and surveillance activities, monitor and assess the progress of beneficiary countries in implementing the reforms that are supported by CD provided through the GPFPP.

- *Global Partnerships Division:* Technical Assistance Officers and Budget staff in the IMF’s Institute for Capacity Development’s (ICD) Global Partnerships Division (ICDGP) will provide support to the CD Departments in the governance and administration of the GPFPP, not least in coordinating all relations with external partners, ensuring the consistency of externally funded activities with the purposes of the Fund and the GPFPP, and the production of liquidity projections and financial reports.

Reporting

IMF staff will provide annual reports and interim mid-year reporting to the SC, to monitor progress of the program. The reporting will include both narrative and financial updates at both the overall GPFPP and Component Fund levels. Both the annual and mid-year meetings of the SC will highlight particular topics or workstreams within the workplan, as well as decision making matters. Leveraging on the IMF’s secure portal Partners Connect—a central repository of information on partners’ contributions, signed agreements, and project documents—the SC will be provided with information to enable partners to monitor and assess activities at both the country and module level. In addition to financial information, the portal will provide more granular and regular reporting at the project level for the SC. Dissemination policies for the GPFPP will be guided by the IMF’s standard dissemination policy.²⁶

Independent Evaluation

The GPFPP will undergo an external evaluation, preferably no later than 40 months after the commencement of activities and subject to discussion with the GPFPP partners. The evaluation will assess, amongst others, the effectiveness and sustainability of the work and will offer lessons learned and recommendations for improvement. The findings of the evaluation will inform discussions on CD design and delivery, including operations, for the remainder of the 5 five-year phase and beyond. The evaluation is expected to take place in IMF FY2028, subject to a satisfactory rate of execution of the CD activities (corresponding costs will be budgeted accordingly).

3.4 Program Management

Secretariat functions for the GPFPP SC are allocated to IMF personnel. The GPFPP secretariat will be guided by the SC to plan, implement, and oversee the management and execution of the CD program. Its key responsibilities are to (i) provide secretariat support to the SC; (ii) propose and circulate for SC review and endorsement, the annual workplan and budget, as well as related operational strategies and procedures for the GPFPP;²⁷ (iii) undertake the custodial role for the GPFPP brand, including communications and visibility through multiple outlets (see Section 3.5); (iv) consult, coordinate and cooperate with the SC members and with other partners including other IFIs as needed; (v) report to the SC progress achieved under the work program; and (vi) represent GPFPP externally. The Secretariat will comprise up to 5 IMF personnel which includes a head of secretariat and staff to support various program management functions, including for data analysis, communications, budget, and administrative coordination.

²⁶ [IMF Staff Operational Guidance on The Dissemination of Capacity Development Information, April 2022.](#)

²⁷ All TADAT-related reporting and proposals for GPFPP SC endorsement will also be managed by the GPFPP Secretariat.

3.5 Communications, Visibility, and Outreach

Spreading awareness, acknowledging partners, and providing visibility to the GPFP will be the main goals of the proposed communications strategy. This will broaden the GPFP's reach and influence and provide a roadmap for effective communications and knowledge-sharing activities under the initiative. The messaging will be designed to bring the GPFP into the spotlight as a world leading public finance CD vehicle, recognize the contributing partners, and showcase the results achieved.

A communication strategy will be developed for the GPFP which will include outreach, visibility, and dissemination measures. These will include: (i) featuring the GPFP on the IMF institutional website on CD,²⁸ stressing the GPFP's purpose; (ii) launching a dedicated webpage as a hub for publicly available information on the GPFP, including its mandate, work program, supporting partners, recent activities and events, CD reports, and country stories;²⁹ (iii) strategically using IMF CD digital media channels to boost the GPFP's and the contributing partners' reach and visibility, including through social media posts, newsletters, and videos;³⁰ (iv) featuring case studies as applicable in assessments and annual reports where possible; (v) developing a brochure and other materials (both digital and hard-copy) to distribute to mission teams and potential beneficiaries; (vi) spotlighting periodically selected GPFP activities in public IMF CD events, such as CD Talks in the context of IMF-World Bank Meetings and through other high-visibility events; and (vii) supporting partners, providing access to regular reporting on the IMF's partner-engagement platform (Partners Connect).³¹

Given the GPFP's new consolidated approach, attention will also be given to familiarize external audiences with the new initiative and the transition arrangements. The communication strategy will be developed in the first year of the GPFP.

²⁸ See <https://www.imf.org/en/Capacity-Development/>.

²⁹ Adhering to the [IMF Staff Operational Guidance on The Dissemination of Capacity Development Information, April 2022](#).

³⁰ As of April 2023: Facebook (52K followers); LinkedIn (17K followers); and Twitter (24K followers). Other IMF corporate accounts that can be leveraged also have upwards of 2M followers.

³¹ [IMF Partners Connect](#) provides information and data related to IMF CD delivery.

IV. Resource Needs, Transition Plan, and Financial Management

4.1 Resource Needs

The IMF intends to raise new funding of USD 175-200 million for the GPF initiative to implement a work program that meets the increased demand for CD support in the public finance area for an initial 5-year period. The GPF builds on the work programs of the 3 legacy funds (MNRW, RMTF, and TADAT) and of various other CD vehicles that will be phased out. The estimated amount of funding needed for the GPF workplan reflects the historical spending of the legacy funds (mostly on the revenue side); will initially consider a larger share for the revenue component (approximately 2/3) and a smaller share for the spending component (approximately 1/3); and includes the management fee and program management costs.³² The initial lower share allocated to the spending component takes into account that bilateral spending CD vehicles and projects will take time to transition into the GPF.³³

To provide for both continuity of CD delivery and security for CD planning, GPF financing is sought in advance for the entire 5-year period. Table 3 provides an illustrative make-up of the budget for the GPF's initial 5 years of operation. It includes estimated spending projections by component modules (revenue and spending) and gives a breakdown of the estimated cost of the highest-priority CD projects; covers the estimated cost of training and peer learning (and of developing and applying fiscal and macroeconomic tools and carrying out priority analytical work); and takes into account management costs for the overall governance, program management, and accountability of the GPF by the Secretariat, including independent evaluations and SC costs (up to 5 percent; see Section 3.5); and the IMF trust fund management fee (7 percent).

Table 3. Illustrative Budget for GPF (USD '000)

	FY24	FY25	FY26	FY27	FY28	FY29	Total
Revenue Modules I and II	3,427	17,105	17,794	18,511	19,256	20,029	96,122
Revenue Modules III and IV	950	1,600	1,950	1,950	1,950	1,950	10,350
Revenue Modules V	0	2,500	2,500	2,500	2,500	2,500	12,500
Spending Modules I and II	650	5,000	9,000	11,600	11,648	11,650	49,548
Spending Modules III and IV	0	750	2,000	2,100	2,100	2,100	9,050
Sub-total of Modules	5,027	26,955	33,244	36,661	37,454	38,229	177,570
Program Management	226	1,425	1,750	1,935	1,980	2,030	9,346
Sub-Total	5,253	28,380	34,994	38,596	39,434	40,259	186,916
Trust Fund Management Fee	368	1,987	2,450	2,702	2,760	2,818	13,084
TOTAL	5,621	30,367	37,444	41,298	42,194	43,077	200,000

Source: IMF Staff

³² The *Revenue Component* estimate amounts to USD 119 million. It is based on the relevant historical annual spending of the 3 legacy funds (about USD 110 million over 5 years) and adds an additional USD 8–9 million to accommodate the expansion into customs and EMEs. The *Spending Component* estimate amounts to USD 59 million. It considers the growing demand for CD support on spending; the transition of projects from some bilaterally funded CD programs that will be phased out; and relevant spending components of the legacy MNRW. The IMF's fund management fee and program management costs are then added.

³³ It also considers the transition funding that will be needed in the last quarter of FY24. Primarily, this includes the transitioning of projects supported under the legacy RMTF that are expected to continue into the GPF and setting up the program management structure.

The budget estimates in Table 3 assume current CD costing and charging practices for the Fund's CD delivery, and they take into account the CD delivery experience including under the legacy funds. The assumptions are as follows:

- The IMF charges all project-related costs under the GPF on an actual cost basis. IMF staff time will continue to be charged on a standard cost basis, in accordance with the simplified allocation method used for reimbursement of IMF costs under the Selected Fund Activities (SFA) framework.
- Country CD programs may include the placement of long-term resident advisors (LTX), diagnostic assessments including TADAT and PIMA, blended delivery modalities (in-country and virtual) delivered by IMF staff and experts (short and long-term), peer learning, and limited training.
- Scoping missions will be front-loaded before country CD projects are proposed.
- A limited number of (up to 8 per year) will be carried out in select areas such as international taxation.
- The training module will include developing and implementing online learning, in collaboration with the IMF's ICD, around key aspects of the revenue and/or spending components, to help build capacity and enhance the effectiveness of field CD delivery.
- The costs of developing and applying some fiscal tools may be shared with IMF own resources (e.g., ISORA/ISOCA).
- The GPF will continue supporting the production of technical notes, manuals, and working papers on issues relevant to CD in the Revenue and/or Spending Components.
- The T-SEC costs are embedded in the estimated budget under Revenue Module V in Table 3.
- The GPF Secretariat costs are based on IMF standard salaries and estimated operating expenses including communication and publicity materials, an independent external evaluation of the program, and SC expenses.
- Note that the GPF is expected to include a large number of CD projects that cut across revenue and spending modules. Hence, the numbers in Table 3, and the indicated splits across modules are indicative at present; actual work plans will be informed fully by CD demand.
- Component funds will have separate financial reporting and will include the modules set forth in Annex II.

4.2 Transition

The IMF plans to launch the GPF officially in mid-2024. At that time, IMF staff will host a SC meeting and launch event. At the SC meeting IMF staff will present a full suite of GPF activities for endorsement. The public launch event is to generate broad visibility for the GPF and provide recognition to the GPF partners.

An initial (inaugural) SC Meeting for the GPF is envisaged already for late January 2024. The purpose of the meeting will be to ensure a smooth transition between the legacy thematic funds (RMTF, MNRW, TADAT) and the GPF, and to start a limited number of new projects. More specifically, it is envisaged that, at its January meeting, the SC will be asked to endorse a limited workplan that includes a small number of legacy projects that require continued financing; some urgent new requests for CD support; and startup costs (e.g., for the GPF secretariat). The meeting will also take stock of GPF finances, including the resources secured at that point.

To ensure the continuity of CD delivery through the legacy thematic funds—mainly the RMTF, where finances are most tight—a transition plan will be put in place. The transition plan is to guide the transition in a transparent manner and define the proposed timeframe and approach for phasing out the legacy thematic funds (RMTF, MNRW, TADAT) once the GPFPP is in place. See Annex V for details.

Broadly speaking, there are three main aspects to the transition plan:

- Where sufficient funds are still available for already endorsed projects (i.e., in the MNRW and TADAT), the CD support will be delivered in parallel to the GPFPP, with reporting for all activities subsumed into the GPFPP reports. The MNRW and TADAT SCs will continue be consulted for any significant revisions to ongoing work, as is currently the case. This implies that, during the transition, these 2 legacy thematic funds will continue to exist in parallel to the GPFPP until their respective funds are exhausted.
- For the RMTF, current CD projects that will continue under the GPFPP or require financing to continue without interruption will be proposed to the SC in January 2024. This also goes for a small number of urgent new CD alongside (or incorporating) new spending elements or projects.³⁴ The agreed interim workplan (of existing and new projects) would start to be executed once approved by the SC rather than waiting until the official GPFPP launch in mid-2024.
- The workplan of the GPFPP will be calibrated to take into account fiscal CD including support that is financed by other development partners. Several ongoing CD projects are financed by development partners through bilateral subaccounts. These projects will continue without change until they conclude and will be reported upon as agreed under their respective bilateral arrangements. While the GPFPP is the preferred vehicle for delivering CD in the fiscal area, it is currently not expected that *all* fiscal CD can be incorporated into the GPFPP at the outset. Still, it is expected that, over time, an increasing amount of fiscal CD will be delivered through the GPFPP rather than bilateral structures. The GPFPP will need to calibrate its plans and operations accordingly, taking into account various CD projects that are financed from bilateral sources, including their geographical/topical priorities.

All legacy thematic funds will circulate a Final Report to their respective SCs no later than 12 months after their activities conclude. The SCs of the legacy funds will not meet after January 2024 but they will be approached if and as needed, with decisions to be made on a lapse-of-time basis.

4.3 Financial Management

All partner contributions to the GPFPP will be deposited into a dedicated GPFPP multi-partner subaccount for the Initiative under the IMF's Framework Administered Account for Selected Fund Activities (the "SFA Instrument").³⁵ Three financial operating units will be established under the GPFPP, to track any partner contribution that may be earmarked to one of the component funds of the GPFPP. The GPFPP's revenue and spending components will each have their own financial operating unit; a third financial operating unit, at the initiative-level, will be established for the GPFPP itself to cover all related costs (e.g., for evaluations). Partners who do not earmark their funds to a particular component will have their contributions held in the Initiative-

³⁴ Overall, it is planned to include into the GPFPP some RMTF projects that need additional funding to complete their objectives (at approximately USD 3-4 million), a limited number of new projects, and the operations of the GPFPP Secretariat.

³⁵ The IMF will establish the GPFPP subaccount in October 2023. Like all IMF subaccounts for CD, it will be established under and governed by the IMF's Framework Administered Account for Selected Fund Activities (the "SFA Instrument").

level financial operating unit until such time as they are programmed within an endorsed workplan within the one or both components.

All contributions to the GPF subaccount will be based on a *Letter of Understanding (LOU)* between the IMF and the contributing partner. The LOU will be subject to the terms and conditions of the subaccount as well as those of the overall SFA Instrument. The IMF will administer and account for all partner contributions in accordance with its financial regulations and other applicable IMF practices and procedures. If the IMF recruits outside consultants and experts, it will do so in accordance with its established hiring procedures. For any procurement of goods and services beyond a certain threshold (currently US\$50,000), IMF regulations require that a competitive bidding process, with at least 3 competitive bids, take place. The IMF will charge all project-related costs under the GPF on an actual cost basis. IMF staff time will be charged based on a standard cost basis, in accordance with the simplified allocation method used for donor reimbursement of IMF costs under the SFA framework. In addition, in line with established practice, the IMF will charge a trust fund management fee of 7 percent. The fee is applied to actual expenses only (and not taken as a levy on contributions as they are received).

The IMF will provide the GPF partners with reports on the GPF subaccount's expenditures and commitments, including details for each of the two component funds. The operations and transactions conducted through the subaccount will be subject to annual audits. Separate reporting on GPF budget execution will also be provided at each SC meeting and be available on an ongoing basis via the IMF's partner portal (see "Partners Connect" at www.imfconnect.org).

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ANNEXES

Annex I. Select Fiscal Diagnostic Tools Supporting CD

Public Spending Policy, Public Financial Management (PFM), Macroeconomic

- [Cash Forecasting and Analysis Tool \(CFAT\)](#)—enables practitioners to construct cash forecasts for the budget year, as well as adjust the forecasts throughout the year as outturn data become available.
- [Expenditure Assessment Tool \(EAT\)](#)—evaluates the level and allocation of government spending and helps identify potential areas to increase spending efficiency or rationalize spending.
- [Fiscal Council Dataset](#)—describes key features of 51 institutions in 49 countries that are identified as fiscal councils, including the official name; the date of creation or major reforms; their specific tasks as well as instruments to influence the conduct of fiscal policy; and key institutional features and characteristics.
- [Fiscal and Macroeconomic Projection Tools \(MPT\)](#)—supports countries to develop capacity in macroeconomic forecasting to support policy analysis and implementation.
- [Fiscal Policy Responses to COVID-19](#)—summarizes key fiscal measures governments have announced or taken in selected economies in response to the COVID-19 pandemic.
- [Fiscal Risk Toolkit](#)—offers a suite of tools and templates available to governments to better identify, analyze, quantify, and manage the fiscal risks weighing on their finances.
- [Fiscal Rules Dataset](#)—provides systematic information on the use and design of fiscal rules covering national and supranational fiscal rules in 106 economies from 1985 to 2021.
- [Fiscal Transparency Evaluation](#)—assesses government actual transparency practices against the IMF Fiscal Transparency Code and identifies reform priorities to ensure sounder fiscal reporting, enhanced budget transparency and better communication on fiscal risk. Fiscal transparency evaluations (FTEs) have been carried out since 1998, when the IMF introduced its “Code of Good Practices on Fiscal Transparency,” which has since been updated several times, most recently in 2019. Since its earlier revision in 2015, FTEs have been carried out in over 40 countries.
- [Global Debt Database](#)—comprises total gross debt of the (private and public) nonfinancial sector for an unbalanced panel of 190 economies, dating back to 1950.
- [Green Public Finance](#)—consists of online training on the concept and application of the Green PFM Framework.
- [Investment and Capital Stock Dataset](#)—provides comprehensive data on investment and capital stocks (public, private, and public-private partnerships).
- [Public Debt Dynamics Tool](#)—projects public debt in percent of GDP for baseline and alternative scenarios, and it computes possible fiscal adjustment paths to achieve a user-defined debt target. The tool presents key results in standardized tables and figures.
- [Public Finances in Modern History Database](#)—documents over 200 years of the history of budget deficits and government debts, including primary balance data.
- [Public Investment Management Assessment \(PIMA\)](#) and [Climate PIMA](#)—help countries identify reform priorities to make public investment more efficient. PIMA evaluations have been delivered in more than 80 countries and often kick start comprehensive public investment management (PIM) reform efforts that are carried out with the support of the development partner community in low-capacity environments.

A climate change module was added to the framework in 2021, focusing on how to integrate climate considerations into public investment choices.

- [Public Sector Balance Sheet Assessment](#)—estimates full public sector balance sheets (assets and liabilities) and identifies opportunities for improving asset and liability management as well as managing fiscal risks.
- [Social Protection and Labor Assessment Tool \(SPL-AT\)](#)— helps examine and identify deficiencies in SPL systems, providing information that offers a broad understanding of the country context (e.g., poverty, inequality, labor market), social assistance expenditure, and performance.
- [Spending reform analysis](#)—provides a deep dive in areas such as food and energy subsidies, social safety nets, pension systems, and public wage bill management to identify options to ensure public spending is adequate, efficient, and fiscally sustainable while considering the distributional implications of policies.
- [Sustainable Development Goals \(SDG\) costing](#)—estimates the public and private additional spending needed to deliver the SDG agenda in 5 key sectors (education, health, roads, electricity, as well as water and sanitation).

Tax Policy and Revenue Administration

- [Fiscal Analysis of Resource Industries \(FARI\)](#)—covers the analysis and design of fiscal regimes for the extractive sector and for the forecasting of their revenues.
- [International Survey on Customs Administration \(ISOCA\)](#)—is an international survey covering various aspects of customs administration for comparative analysis and research.¹
- [International Survey on Revenue Administration \(ISORA\)](#)—is a collection of national-level information and data on tax administration, allowing comparative analysis.²
- [Medium-Term Revenue Strategy \(MTRS\) framework](#)—helps countries embed a whole-of-government strategy to mobilize resources through the tax system.
- [Revenue Administration Tax Gap Analysis Program \(RA-GAP\)](#)—assists countries in estimating and understanding the causes of their tax gaps, dissecting the gaps into policy and compliance gaps. The RA-GAP VAT gap estimation model training is available online.
- [Revenue Forecasting and Analysis \(RFax\)](#)—consists of online training on the theory and practice of revenue forecasting and tax policy analysis.
- [Tax Administration Diagnostic Assessment Tool \(TADAT\)](#)—helps countries identify the relative strengths and weaknesses in their tax administration and serves as a diagnostic platform for identifying reform priorities and strategies; has been applied in over 170 assessments.
- [Tax Expenditure Assessment \(TEA\)](#)—assists countries estimate the cost of VAT and income tax measures and assess individual tax expenditures.
- [Virtual Training to Advance Revenue Administration \(VITARA\)](#)—provides online training on demand, to strengthen tax administrations' knowledge in various institutional and technical areas.³
- [World Revenue Longitudinal Database \(WoRLD\)](#)—is a compilation of annual government tax and non-tax revenues.

¹ ISOCA is the product of a collaboration of the IMF and World Customs Organization.

² ISORA is the product of a collaboration of the IMF, OECD, CIAT and IOTA—supported by the RMTF.

³ VITARA is a joint project by IMF, OECD, CIAT and IOTA—supported by the RMTF.

Annex II. GPFP Modular Approach

Revenue Component	
Module	Objectives
I. Tax Policy	<ul style="list-style-type: none"> Improve Tax Policy Design Strengthen Policy Monitoring, Evaluation and Institution Building
II. Revenue Administration	<ul style="list-style-type: none"> Strengthen Management and Governance Arrangements Strengthen Core Tax Administration Improve Customs Administration
III. Training and Peer Learning	<ul style="list-style-type: none"> Training: Develop Capacity for Assessing Fiscal, Macroeconomic, and Structural Policy Issues Peer Learning: Provide Peer Learning Opportunities to Beneficiary Countries
IV. Fiscal Tools, Research and Analytical Work	<ul style="list-style-type: none"> Develop and Apply Fiscal Tools Publish Research and Analytical Work
V. TADAT	<ul style="list-style-type: none"> TADAT Assessments: Deploy TADAT to Diagnose Strengths and Weaknesses of Tax Systems Training and Tools: Develop, Update and Deliver Training of the Use and Application of the TADAT, and Tools Developed and Deployed to Raise Awareness Design, Review and Monitoring: Review and Monitor of the Use and Applicability and Update TADAT as needed

Spending Component	
Module	Objectives
I. Spending Policy	<ul style="list-style-type: none"> Strengthen Expenditure Policy Formulation and Design Strengthen Policy Evaluation and Institution Building
II. Managing Public Finances	<ul style="list-style-type: none"> Build Fiscal Institutions and Frameworks Strengthen Budget Credibility Improve Fiscal Transparency and Reporting
III. Training and Peer Learning	<ul style="list-style-type: none"> Training: Develop Capacity for Assessing Fiscal, Macroeconomic, and Structural Policy Issues Peer Learning: Provide Peer Learning Opportunities to Beneficiary Countries
IV. Fiscal and Macroeconomic Tools, Research and Analytical Work	<ul style="list-style-type: none"> Develop and Apply Fiscal Tools and Macroeconomic Projection Tools Publish Research and Analytical Work



Annex III. FAD CD Strategy FY23-27—An Overview

FAD's CD Strategy for FY23-27 focuses on FAD's mission to help IMF member countries achieve sustainable public finances through good fiscal policies and strong fiscal institutions. The strategy is fully aligned with the Fund's overall CD Strategy and is rooted in the department's vision to provide high-quality fiscal CD and leading-edge fiscal policy advice with a highly skilled and diverse workforce in collaboration with stakeholders (Figure 1).

FAD's CD strategy ("Supporting Countries to Rebuild Fiscal Sustainability") aims to carry out a bold transformation of FAD's CD operations and services. New demands on fiscal policies and institutions have been driving changes in FAD's CD support across all CD workstreams, including revenue, expenditure, macro-fiscal policies, and public financial management. Accordingly, FAD has faced a large increase in the demand for CD support, from a growing number of IMF member countries, and for a broader range of topics and delivery modes. During 2021 (operating in a virtual environment due to the COVID-19 pandemic) FAD engaged in a highly participatory CD strategy review, which benefited from surveys and consultations with IMF area department teams, country authorities, and development partners, and an FAD-wide process involving internal surveys, diverse working groups, and a structure for managing the process. Starting from an analysis of the current situation, FAD staff first defined a desired state of FAD CD five years down the road, and then determined priorities and activities needed to get there. This inclusive approach helped crystallize the key strategic issues and directions to be pursued by FAD in providing effective and efficient CD support to the Fund's membership in the years ahead.

The CD Strategy incorporates key lessons from the pandemic, and its implementation started in the beginning of FY23 (May 2022). FAD's CD strategy aims to support IMF member countries to address fiscal challenges, and places special emphasis on LIDCs and FCS. FAD has been implementing the strategy to adapt its CD to global trends and increase its effectiveness. In this context, the strategy is helping FAD to deepen synergies across CD, surveillance, and lending; strengthen further the country-centered focus of CD; enhance the field-based CD delivery (with pilot projects being implemented in FY24); increase consistency and effectiveness of CD advice; define a blended CD delivery model; and enhance the CD financing architecture, with the aim of remaining the global leader on fiscal CD. The FAD CD Strategy also provides inputs to the Fund's IT Roadmap and the OIA Evaluation of CDMAP. Moreover, it contributes broader reflections and provides input toward the IEO Review of the Fund's CD as well as to the ongoing Fund-wide 2023 CD Strategy Review led by ICD.

Figure 1. FAD CD Strategy FY23-27 at a Glance



Source: Fiscal Affairs Department.

FAD Mission—help member countries achieve sustainable public finances through good fiscal policies and institutions.

Annex IV. GPFPP Strategic Results Framework

Strategic Indicators

	Component	Desired Outcome	Indicator ⁴	Source
Program Level	Revenue Component	PL1 Domestic tax revenue performance improves in GPFPP beneficiary countries	Average tax-to-GDP ratio trends up	WEO/WoRLD
			Percentage of countries with increased tax-to-GDP ratio	WEO/WoRLD
		PL2 Tax effort ratio improves in GPFPP beneficiary countries ⁵	Average tax effort ratio improves	WoRLD
			Countries improve the tax effort ratio	WoRLD
	Spending Component	PL3 Government spending is adequate for achieving economic and social objectives, efficiently allocated, and sustainably financed	Average additional spending needs to make progress along the SDGs decline	SDG costing tools
			Percentage of countries with declining gap between spending and spending needs to make progress along SDGs	SDG costing tools
PL4 Government improves budget credibility		The average gap between total expenditure outturn and planned expenditure narrows (percent of GDP)	Project management information	
		Countries reduce the gap between total expenditure outturn and planned expenditure (%)	Project management information	

	Cross-Cutting Priority	Desired Outcome	Indicator	Source
Outcome Level (Cross-cutting)	Climate	CP1 Improved fiscal policies and institutional frameworks to combat climate change	Percentage of countries integrating climate change considerations into revenue or spending strategies/total countries	Project management information
	Gender/Inclusion	CP2 Improved institutional framework and policies for gender equality	Percentage of countries integrating gender equality considerations into revenue or spending strategies /total countries	Project management information
	GovTech	CP3 Information systems and digital solutions are improved	Percentage of countries with strategic and/or operational action plans for information systems and digital solutions	Project management information

⁴ Beneficiary countries will be included in the calculations of indicators on the date they enter the project, which will constitute the baseline for measuring the indicators.

⁵ Reporting on this objective is expected to start in the mid-term of program when the WoRLD data set is complete.

Operational/Project Level Indicators⁶

	Module	Objective	Desired outcome	Indicator ⁷	Source
Outcome Level (Core Focus Area)	Tax policy	Improve tax policy design	RM1.1 Tax reforms lead to increased revenue collections and improve distributional fairness and economic efficiency	Countries enact new laws (%)	Project management information
		Strengthen policy monitoring, evaluation, and institution building	RM1.2 Organizational structure and capacity related to tax policy analysis improve	Countries establish or improve tax policy units (%)	Project management information
			RM1.3 Transparency of tax regime improves	Countries estimate and report tax expenditures (%)	Project management information
	Revenue Administration	Strengthen management and governance arrangements	RM2.1 Organizational arrangements enable more effective delivery of strategy and reforms	Countries with modernized arrangements (e.g., clear organizational structure along functional lines and taxpayer segmentation or risk levels and separation of roles between HQ and local branches) (%)	Project management information
			RM2.2 Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	Countries' strategic and operational plans prepared and adopted (%)	Project management information and ISORA / ISOCA
		Strengthen core tax administration	RM2.3 Taxpayer services initiatives to support voluntary compliance are strengthened	Countries increase taxpayer availability to electronic taxpayer services and information (%)	ISORA
			RM2.4 A larger proportion of taxpayers meet their filing and payment obligations, as required by law	On-time filing, and on-time payment increase (%)	ISORA
		Improve customs administration	RM2.5 Customs control during the clearance process more effectively ensures accuracy of declarations	Rate of physical inspections decreased (%)	Project management information / ISOCA
			RM2.6 Audit and anti-smuggling programs more effectively ensure enforcement of customs laws	Data is exchanged with the tax department and other government agencies (%)	Project management information / ISOCA

⁶ Operational Indicators are a subset of Project Indicators for program reporting purposes.

⁷ Calculations % based on GPF beneficiary countries' outcomes (Numerator) / the number of countries receiving CD through the initiative in the specific area (denominator).

Module	Objective	Desired outcome	Indicator	Source	
Spending Policy	Strengthen spending policy formulation and design	SM1.1	Government spending policy improves in GPF beneficiary countries	Gap between spending to GDP relative to peers narrows (%)	Expenditure Assessment Tool
				Countries develop expenditure reform strategy (%)	Project management information
	Promote spending policy ownership and capacity	SM1.2	Promoting commitment to spending reforms, as well as raising capacity of MOFs to engage spending line ministries	Countries enact new laws (%)	Project management information
Managing Public Finances	Build and strengthen fiscal institutions and frameworks	SM2.1	Strengthened fiscal policies and legal and institutional frameworks	Average score of countries for fiscal institutions supporting fiscal sustainability improves	PIMA Database, Institution 1
		SM2.2	The capacity of ministry of finance to plan, implement and sustain PFM reforms is enhanced	Countries have strategic and/or operational PFM action plans (%)	Project management information
		SM2.3	The capacity to plan, implement and sustain infrastructure governance reforms is enhanced	Average score of countries for national and sectoral planning institutions improves	PIMA Database, Institution 2
	Strengthen budget credibility	SM2.4	A more credible medium-term budget framework is integrated with the budget process	The average gap between medium-term expenditure forecast and outturn declines (percent of GDP)	Project management information
		SM2.5	A more comprehensive and unified annual budget is published	Average score of countries on budget comprehensiveness and unity improves	PIMA Database, Institution 7
		SM2.6	Budget execution processes and Treasury Management are strengthened	The average gap between current expenditure outturn and forecast declines (percent of GDP)	Project management information
	Improve fiscal transparency and reporting	SM2.7	Comprehensiveness, frequency, and quality of fiscal reports is enhanced	Average score of countries on annual financial statements completeness and timeliness improves	PEFA, indicator 29
		SM2.8	Strengthened identification, monitoring, and management of fiscal risks	Countries with budget documentation presenting information on fiscal risks (%)	Open Budget Survey, Question 42

Outcome Level (Complementary Area)						
Module	Objective	Desired outcome	Indicator	Source		
Outcome Level (Complementary Area)	Training and peer learning	Develop capacity for fiscal, macroeconomic, and structural policy issues through training and peer learning	R/S3.1	Participants effectively acquire knowledge and skills in fiscal, macroeconomic, and structural policy issues and use them subsequently on the job and/or in their interaction with the Fund	Participants demonstrate that they have effectively acquired knowledge and skills at the Absolute Learning level as measured by pre- and post-course test (%)	Project management information
					Number and percentage of women participating in training and peer-learning events	Project management information
Outcome Level (Complementary Area)	Fiscal and Macroeconomic Tools, Research and Analytical Work	Develop and apply fiscal tools and macroeconomic projection tools	R/S4.1	Analytical tools/models are developed and/or applied in policy analysis and implementation	Countries apply fiscal and/or macroeconomic tools (%)	Project management Information
					Publish research and analytical work	R/S4.2

Outcome Level (TADAT)									
Module	Objective	Desired outcome	Indicator	Source					
Outcome Level (TADAT)	TADAT	TADAT Assessments	RM5.1	TADAT geographical footprint is increased	Number of first and repeat TADAT assessments in regions with historically less coverage	Project management information			
					Training and Tools	RM5.2	Training and assessment are of high quality	Results of training and assessment surveys are positive	Project management information
					Design, Review and Monitoring	RM5.3	TADAT tool is relevant	Tool and training materials are reviewed and updated	Project management information

Strategic Results Framework Risk and Mitigation Matrix

Outcome Level	Indicator	Risk	Mitigation Measures
	PL1	External shocks (social, political, economic, etc.) impact government revenue.	Work with the IMF country teams and other IMF departments to analyze emerging fiscal risks and propose potential fiscal policies to minimize fiscal risks.
	PL2	Government revenue measures adversely impact the tax ratio.	Work with IMF country teams and authorities in monitoring revenue measures and their impact on the tax ratio and propose reforms to boost the tax ratio.
	PL3	Macroeconomic shocks affect the level and allocation of government expenditures, potentially posing risks to key public service delivery.	Monitor macroeconomic developments in coordination with IMF country teams and discuss with authorities their contingency plans to manage risks to public service provision
	PL4	Exogenous shocks destabilize the fiscal position and the fiscal reform program.	Review CD delivery under the program and react flexibly to take account of changes in exogenous conditions

Outcome Level (Cross-cutting)	Indicator	Risk	Mitigation Measures
	All indicators	Potential delay in demand for CD despite IMF outreach efforts, largely due to low commitment of MoF staff to adopt and implement practices which may be seen as not being part of the MoF's core mandate.	Assist authorities in recognizing the integration of these CD activities within their broader reform agenda (particularly for PFM).
		Lack of political support or prioritization of cross-cutting reforms	Take advantage of momentum obtained through international fora (e.g., COP on climate) and link with IMF surveillance work to highlight importance of themes to political authorities.

Outcome Level (Core Focus Area)	Indicator	Risk	Mitigation Measures
	All indicators	Implementation of reforms is impeded by lack of political commitment and management ownership, frequent rotation of management and staff, weak management and staff capacity, or external shocks such as war, political instability, health crisis, etc.	<ul style="list-style-type: none"> ■ Use FAD fiscal tools to assess and propose robust strategies, considering critical risks. ■ Work with other development partners to assess political economy issues and propose ways to address them. ■ Invest in leadership and managerial training. ■ Monitor milestone implementation regularly and carefully and discuss the status implementation with the authorities.

Outcome Level (Complementary Area)	Indicator	Risk	Mitigation Measures
	All indicators	Overlap of reforms with other development partners stretches limited country capacity and reduces effectiveness of CD delivery program	Coordinate reforms with major development partners on a country-by-country basis

Outcome Level (TADAT)	Indicator	Risk	Mitigation Measures
	All indicators	The TADAT Findings are not used to inform strategic management processes or reform formulation.	The T-Sec liaises with the authorities and supporting partners to ensure full understanding of TADAT findings and how they can be embedded in the reform planning processes. This may include follow through CD as part Module II in the Revenue Component.

Annex V. Transition Plan: Legacy Funding Programs to the GPF

Introduction

The purpose of the transition plan is to deliver continuity for ongoing CD projects that meet country needs, while ensuring transparency and the support of the GPF partners. This plan focuses on the transition of ongoing relevant CD in the current 3 thematic Funds (RMF, MNRW and TADAT), which will be phased out with the onset of the GPF. The plan also addresses bilateral financing for fiscal CD that is received in addition to contributions to the GPF.

TADAT is anticipated to have sufficient funding available through April 2024 (i.e., the end of FY24), and the MNRW is anticipated to have remaining funds to complete its planned activities under approved projects that can be extended (with SC approval) into FY25. However, the RMF is expected to expend all funds before its stated end date of April 2024. Many of the current country CD projects funded by the RMF and MNRW are anticipated to have continued demand for CD. The workplans of these projects will be rescoped and recalculated as applicable, with a view to continuing CD support through the GPF. In addition, the TADAT has secretariat functions that need funding to be endorsed prior to the start of FY25.

This plan will also ensure continuity of current long-term expert (LTX) contracts within the CD projects that are anticipated to continue under the GPF. The SC endorsement of workplans with LTX delivery is needed before the internal administrative process of contracting them can begin, which takes a minimum of eight weeks. This path will avoid a financing gap that could adversely impact CD support to countries.

The GPF will hold its first (inaugural) SC meeting in January 2024, providing an opportunity to roll into the GPF some existing CD projects. The availability of the funding commitments and funds received for the GPF by early January 2024 will inform the size of the portfolio that will be presented in the January meeting.

Approach to development of GPF workplan

A transition team will carry out a review of existing projects and requests from authorities to identify the priority projects to be financed under the GPF and specify which ones will be a part of the inaugural GPF workplan. Priority projects will be identified using the following criteria (not cumulative):

- Traction and ownership by the authorities is a precondition for all existing projects to be transitioned.
- Existing projects with externally financed LTX and HQBC contracts where contract renewal is expected in Q4 FY24 or Q1 FY25 but only possible with financing from GPF (this includes the TADAT secretariat).
- New CD requests with strong reform momentum requiring multi-year support.

All projects will be ranked based on the urgency of their need. Project budgets would be presented for a maximum of 12 months. Additional financing can be sought through a simple project amendment proposal once the GPF has sufficient funds to cover a full-scale workplan.

Based on the review, FAD staff will prepare a list of projects for endorsement by the GPF steering committee. Projects not presented at the January SC meeting may be prioritized and presented at the SC meeting for the official mid-year launch of the GPF.

Phasing out legacy thematic funds

It is expected that the MNRW legacy fund will still have funding available at the end of FY24 (albeit committed to approved projects under execution), a parallel (safeguard) track is proposed to ensure that the MNRW work plan can be fully implemented fully using available funding. This will require the endorsement of the SCs formally to extend the MNRW until end FY25 (April 30, 2025), or until all funds are exhausted (whichever comes first). While the RMTF is expected to exhaust all funds prior to the start of FY25, and the TADAT by end-FY24, a similar parallel (safeguard) track may also be proposed for endorsement by the respective SCs as needed.

While no separate SC meetings of the legacy Funds will be held, all decisions requiring SC endorsement (e.g., amendments of existing projects) are proposed to be handled on a Lapse-of-time (LOT) basis. Legacy fund project progress reports, together with the financial reports for the legacy funds, will be integrated into the GPF reporting. All documents will be circulated to the legacy SCs for their consideration.

Bilateral Funded Projects

The intent is, eventually, to fund most fiscal CD through the GPF. However, for the first two years, bilateral funding may continue in parallel. There are several ongoing public finance CD projects that are financed through bilateral subaccounts. All ongoing work under these projects will continue without change—financed by the bilateral resources and reported upon as agreed—until they conclude. Going forward, the Fund will assess the need for bilateral CD vehicles in the fiscal area based on the same criteria used for selecting GPF projects, the existing GPF workplans, and the geographical/topical priorities of the potential bilateral development partners.

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