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STRATEGIC INVESTMENT PLAN FOR DEVELOPMENT (PISD 2020-2023)

ANNUAL PROGRESS REPORT 2021



**Mobilisation des Ressources
Intérieures Publiques**

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ABBREVIATIONS AND ACRONYMS

AFD	Agence française de développement
ATI	Addis Tax Initiative
CEMAC	Economic and Monetary Community of Central Africa
CICID	Comité interministériel de la coopération internationale et du développement
COPIL	Comité de pilotage – Steering Committee
DGDDI	Direction générale des douanes et droits indirects
DGFIP	Direction générale des finances publiques
DGM	Direction générale de la Mondialisation
DGT	Direction générale du Trésor
DGTCP	Direction générale du Trésor et des comptes publics
DLF	Direction la législation fiscale
DMF	Debt Management Facility
EF	Expertise France
FERDI	Fondation pour les études et recherches sur le développement international
FORCE	Facilité pour l’Orientation et la Coordination de l’Expertise Gouvernance Financière
IMF	International Monetary Fund
GRA	The Gambian revenue authority
GTP	Global Tax Program
IDS	Institut for Development Studies
ICTD	International Center for Tax and Development
LOLF	Loi organique relative aux lois de finances - organic law on laws of finance
MEAE	Ministère de l’Europe et des affaires étrangères
DRM	Domestic Resource Mobilization
OECD	Organisation for Cooperation and Economic Development
PCT	Platform for Collaboration on Tax
PEFA	Public expenditure and financial accountability
GDP	Gross Domestic Product
PISD	Strategic Investment Plan for Development - Plan d’investissement stratégique pour le développement
PLF	Projet de loi de finances
RETEX	Retour d’expérience
RMTF	Revenue Mobilization Trust Fund
TADAT	Tax Administration Diagnostic Assessment Tool
WAEMU	West Africa Economic and Monetary Union

1. SUMMARY

Domestic resources are the primary source of public funding for long-term development. In many countries, domestic resource mobilization (DRM) is too low (as a share of gross domestic product) and insufficient to meet development needs. The Covid-19 pandemic has aggravated this situation in many countries, exacerbating already existing vulnerabilities and increasing dependence on debt.

To support domestic resource mobilization in the most fragile countries, France published an inter-ministerial strategy in 2020. This strategy is accompanied by an action plan (PISD) and more than €60 million in grant financing, equally allocated between a bilateral and a multilateral funding window. The bilateral window complements France's existing support to DRM and provides funding for country and regional projects implemented by French aid agencies in 15 priority countries in Sub-Saharan Africa. The multilateral window allows France to participate in donor-funded, multilateral initiatives that support DRM and debt issues on a more global scale.

A dedicated platform for knowledge exchange and reflection on DRM has been created to facilitate the implementation of the PISD; the MRIP platform brings together critical stakeholders from key ministries, French development institutions and academia. The MRIP platform further participates in international debates on taxation through webinars and learning events, and funds innovative research on tax policy-relevant issues. The MRIP platform has helped to enhance the visibility of France's support to domestic revenue mobilization in partner countries.

Since 2020, €24.6 million have been committed under the bilateral envelope of the PISD. This has provided funding for 11 country and regional projects in 18 Sub-Saharan African countries that support tax policy and capacity building for tax administrations. The multilateral component has been fully committed to fund eight multilateral initiatives that support projects, diagnostics and donor coordination on DRM and debt, and that are led by international organizations such as the IMF, World Bank and OECD. It also involved setting up the Local Government Revenue Initiative (LoGRI) in partnership with the Gates Foundation and the International Center for Tax and Development (ICTD). LoGRI aims to be a bridge between applied research, policy debates and direct support for local revenue reform programs.

2. The Strategic Investment Plan for Development (PISD 2020-2023)

Following the Addis Ababa Conference on Financing for Development in 2015, France has committed to supporting domestic revenue mobilization (DRM) in fragile countries, as DRM is considered critical to help finance Agenda 2030¹. The Inter-ministerial **Strategy to Support Better Domestic Resource Mobilization in Developing Economies**, approved by the Inter-ministerial Committee on International Cooperation and Development (CICID) on February 8, 2018, and published in June 2020, made the commitment to support DRM a reality.

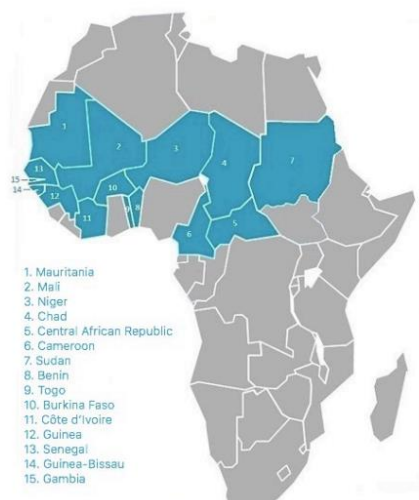
The French DRM strategy has three objectives:

- Develop effective tax policies;
- Modernize tax and customs administrations in partner countries;
- Optimize international cooperation on DRM.

To ensure that objectives are met, the inter-ministerial strategy was made operational through the **Strategic Investment Plan for Development (PISD)** that comes with over Euro 60 million in grant financing. The PISD supports the effective mobilization of domestic tax and non-tax resources in fragile countries in order to increase fiscal space for public development policies and to ensure greater financial resilience. Supporting DRM efforts has become even more critical with the global Covid pandemic which has increased indebtedness and public spending needs while shrinking the tax base.

PISD implementation focuses on **15 countries in sub-Saharan Africa**², where high population growth requires large investments in infrastructure, health, and education. Priority countries are mainly

located in the Sahel, and in West and Central Africa, regions that are vulnerable to crises and security threats, and subject to high commodity dependence.



Map of PISD priority countries. PISD (2020-2023)

To ensure successful implementation and appropriate monitoring and evaluation of the PISD, a **dedicated platform for project coordination and information sharing** has been created. The **MRIP platform** also acts as a steering committee for PISD implementation, with representatives from the Treasury Department (Multilateral Affairs and Development Department - DGT/MULTIFIN), the Ministry of Europe and Foreign Affairs (General Directorate for Globalization - MEAE/DGM), the Directorate General of Public Finances (DGFIP), the Directorate General of Customs and Indirect Taxes (DGDDI), the French Development Agency (AFD), Expertise France (EF), and the Foundation for Studies and Research on International

¹ In September 2015, the 193 member states of the United Nations adopted Agenda 2030 for Sustainable Development.

² Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Côte d'Ivoire, Gambia, Guinea, Guinea Bissau, Mali, Mauritania, Niger, Senegal, Sudan, Togo.

Development (FERDI). DG Treasury tracks project implementation, geographical coverage and progress towards PISD

results indicators via a dashboard that is presented at each steering committee meeting.

Box 1 – FERDI and the MRIP platform



Given its expertise in the field of taxation in developing countries and its wide network in the academic and institutional world, **FERDI is a key partner of the MRIP platform**. FERDI's role is mainly to:

- organize and chair steering committees, webinars and other MRIP platform events
- provide technical expertise on both operational and academic aspects
- develop the platform's networks of external partners (e.g. benefitting administrations, foreign donors, French and international research community, NGOs and civil society), and
- support communication and dissemination to external stakeholders.

3. Domestic resource mobilization in Sub-Saharan Africa

Hit hard by the economic crisis following the Covid-19 pandemic, Sub-Saharan Africa is currently experiencing a **fragile and uncertain economic recovery**, which is not conducive to domestic resource mobilization. Average inflation is on the rise (around 10%), particularly due to food inflation (11% in October 2021) (Choi³, 2021). The health crisis has caused a 15% **drop in tax revenues** between the first half of 2019 and 2020 (Aslam, 2022)⁴ and an **increase in public debt**. The public debt/GDP ratio rose from 50.4% to 57.3% between 2019 and 2020 (IMF, 2021)⁵, and 18 Sub-Saharan African countries are currently considered in or at high risk of debt distress (IMF, 2022)⁶.

The decline in tax revenues is explained by the **contraction in domestic and global activity**, as well as by measures to mitigate the detrimental effects of the crisis on the private sector. At least 36 countries in the region took over 148 measures to reduce the tax burden on households and firms during the 2020 Covid-19 pandemic (Aslam, 2022), with measures on direct taxes (exemptions, payment delays) among the most frequently used.

The decline in tax revenues, combined with the increase in expenditures, has led to a sharp rise in budget deficits. According to the IMF (2021), the region's **overall budget deficit increased significantly** from -3.9% in 2019 to -6.6% in 2020 on average. Reducing public deficits by increasing domestic resource mobilization remains a major challenge given the fragile macroeconomic context and the recent political instability in several countries.

The normalization⁷ of fiscal policy could be problematic. Even though tax revenues increased in 2021 (IMF, 2021), the return to pre-crisis revenue levels may take time: once granted, removing tax relief measures is often difficult; further, the withdrawal of support mechanisms may weaken certain sectors, and in the event of business failures could lead to even lower tax revenues. The current international context reinforces the need to support domestic resource mobilization in developing countries.

³ <https://blogs.imf.org/2021/12/06/food-inflation-in-sub-saharan-africa/>

⁴ Tax revenue data collected on a monthly or quarterly basis for 34 sub-Saharan African countries through December 2020. Source: Aslam, A. et al. (2022). "Revenue Mobilization in Sub-Saharan Africa during the Pandemic". IMF Special Series on COVID-19.

⁵ IMF. (2021). One Planet, Two Worlds, Three Stories. Regional Economic Outlook: Sub-Saharan Africa.

⁶ This includes Cameroon, Central African Republic, Chad, Congo, Gambia, Guinea-Bissau, Mauritania and Sudan. Source: <https://www.imf.org/external/pubs/ft/dsa/dsalist.pdf>

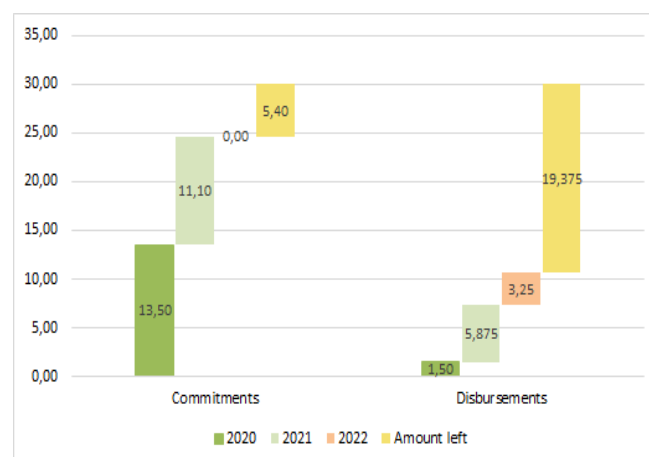
⁷ That is, the withdrawal of the business support mechanisms introduced at the time of the crisis.

4. PISD – financing and disbursements

The PISD has a total budget of **€60.6 million for the period 2020-2023**, which is equally allocated between a bilateral and a multilateral funding window. The PISD budget is co-financed by DG Treasury (€58 million) and MEAE (€2.6 million).

€30 million of the PISD budget are allocated to the financing of bilateral projects by the French development institutions: AFD and Expertise France. The bilateral component of the PISD further mobilizes the expertise of DGFIP and DGDDI, notably through the deployment of international technical experts. As of March 31, 2022, €24.6 million (or 82% of the total) of the €30 million bilateral envelope, has been committed. The remaining €5.4 million are also expected to be committed in 2022. In terms of disbursements, €10.61 million have already been paid out to AFD and Expertise France, i.e., about 35% of total funds committed.

The **multilateral window** enables France to contribute to multi-donor initiatives on



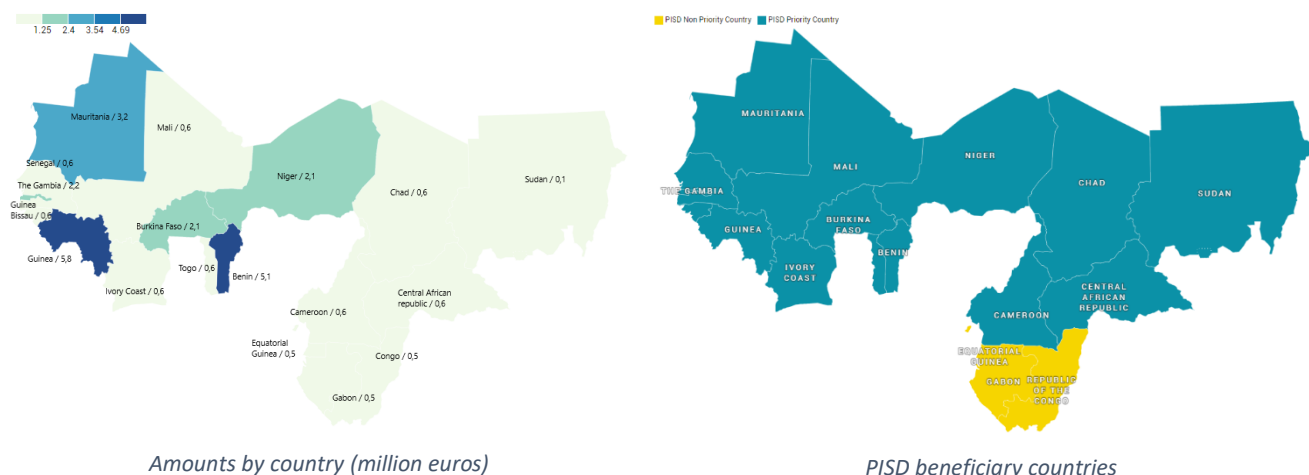
*Status of consumption of the bilateral envelope of the PISD
(in million euros)*

DRM and debt. It has an envelope of €30.6m which is fully committed to eight multilateral initiatives, €17.2m of funds (56%) have been disbursed since 2020.

Section 5 provides an overview of the projects funded in the bilateral PISD envelope, while section 6 describes the PISD's multilateral engagements.

5. Bilateral projects funded by the PISD

Through its bilateral envelope, the PISD currently supports a total of **11 country and regional projects in 18 Sub-Saharan African countries** (i.e., the 15 PISD priority countries plus Equatorial Guinea, the Republic of Congo, and Gabon), for a total amount of **€24.6 million**.



Of the eight supported country projects, two are already under implementation (PAGEFIP II and PACCAF) and six should be launched in early 2022 (Ouagadougou, P2FP, ETI Niger, GRA The Gambia, MRI Benin, MRI Guinea). As for regional projects, two out of three (DATAFID and PARFID) are underway, and the third (FORCE) is expected to start in 2022.

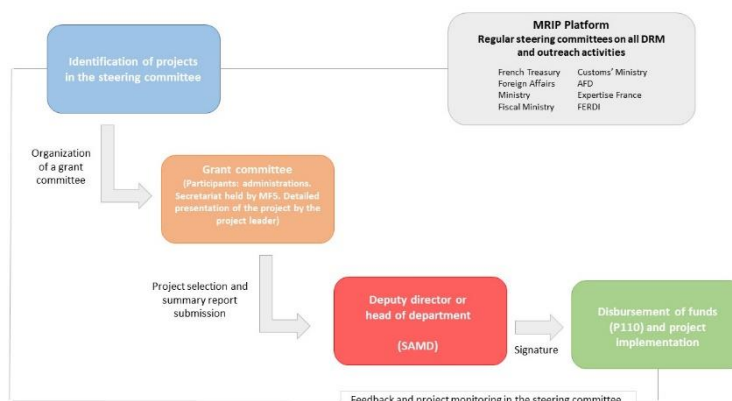
Projects under the bilateral window of the PISD have to meet specific objectives, as set out in the inter-ministerial strategy and the PISD. Projects are also subject to a clearly defined results framework (see Annex 3). The PISD has the following four overarching objectives:

- 1) Supporting the design, implementation and assessment of fiscal policy;
- 2) Supporting tax and customs reforms and strengthening institutional capacities;
- 3) Ensuring data reliability and broadening tax bases;
- 4) Promoting taxpayer compliance.

<i>Bilateral PISD projects:</i>	<i>PISD objective #:</i>
PAGEFIP II	2,3,4
PACCAF	1,2,3,4
DATAFID	2,3
PARFID	2
MRI Ouagadougou	1,2,3
P2FP	2,4
ETI Niger	2,3,4
FORCE	1,2,3,4
MRI Benin	2,3,4
GRA The Gambia	2,3,4
MRI Guinea	<i>to be defined</i>

Box 2 – Selection process for PISD projects under the bilateral envelope

Projects under the bilateral component of the PISD that are financed by budget program 110, are selected by a process that is clearly defined in the MRIP operational manual.⁸ New projects are first presented and discussed by the PISD steering committee (COPIL) which brings together all members of the MRIP platform. If the COPIL pronounces in favor of the project, a funding committee (COSUB), chaired by DGT and with participation by DGFI, DGDDI, MEAE/DGM is organized. Once the COSUB concurs, the project is sent to DGT for final approval.



Since PISD inception, **14 steering committee meetings** and **6 funding committees** have been held; **11 projects** have been approved.

5.1 Projects under implementation and results

Supporting Public Financial Management in Mauritania (PAGEFIP II)

Expertise France - €1.5M – Mauritania

PISD objectives: 2 – 3 – 4

Funded by the French Treasury, the European Union and AFD, and implemented by EF, PAGEFIP II aims to support the Mauritanian authorities in the successful implementation of public finance reform by continuing the support provided during PAGEFIP 1 (2017-2020).

The PAGEFIP 2 project began in July 2020 and aims to support the Mauritanian authorities by accompanying the main budgetary and accounting projects of the LOLF reform; by strengthening the capacities of the Mauritanian administration; by putting in place tools that support the mobilization of domestic resources; and by increasing the effectiveness of internal (IGF, IGE, etc.)

and external (Court of Auditors, Parliament, etc.) control bodies.

The project is expected to end in August 2022. Implementation to date is satisfactory, with **nearly 80% of the activities completed**. Although the project suffered from a delay in one of its components, mainly due to the late deployment of the long-term expert on site, the following have been possible:

i) Modernization of the domestic resource mobilization system (e-declaration, e-payment, etc.) is supported by: securing of the *SI Jibaya*⁹, supporting the DGI - DGD interfacing, the implementation of a digital roadmap, and the realization of specific studies for the development of new online

⁸ Drafted in 2021 by the DGT and DGM.

⁹ Information System of the Mauritanian tax administration.

services (e.g., standardized electronic invoicing).

ii) Launch of TADAT assessment in February 2022, following a major advocacy effort with the DGI (the previous assessment was cancelled due to health conditions). In addition, 80 staff were trained in TADAT methodology by end-2021.

iii) Training support for civil servants, particularly at the DGI (training of the new CGI in the provinces, SQL training, training at the *Direction des Grandes Entreprises*, TADAT training, etc).

iv) Support communication of the Mauritanian DGI in 2021 via a public communication campaign (television spots, radio, etc.).

Strengthening Public Financial Management Controls in Guinea (PACCAF)

Expertise France – €0.6 M – Guinea

PISD objectives: 1 – 2 – 3 – 4

PACCAF supports Guinea in three areas: 1. mobilization of tax revenues; 2. management of the public financial assets; and 3. support to control bodies. The project extends ongoing PACCAF activities since 2018 which have been financed by the European Union and are managed by Expertise France.

In 2021, the project had three specific objectives:

- Increase revenues collected from small and medium-sized enterprises (SMEs);
- Increase the number of supervised audits,
- Reduce physical customs checks at the port of Conakry.

Of these three objectives, the last two have been achieved. Of the 29 underlying activities, 11 have so far made significant progress or achieved their objectives. More

generally, most project indicators have shown progress, although much remains to be done to make the results more concrete and visible.

Specifically, 20% of the targets were achieved by the DGD (in terms of reducing physical controls at the port of Conakry) and 33% by the DGI, with a 27% increase since 2018 in revenue collected by the medium-sized business department despite the impact of the health crisis.

Of the 8 indicators specific to the PISD, three have been completed (publication of the annual report on tax expenditure, annexed to the *Projet de loi de finances* (PLF); number of monthly declarations via the e-Tax online payment platform; number of monthly payments via e-Tax) but four have fallen behind.

Regional Project to Strengthen Statistics of the Digital Economy and to Support the Use of Data Science (DATAFID)

Expertise France – €2.5 M – Regional Project with 6 pilot countries: Cameroon, Côte d'Ivoire, Mauritania, Niger, Senegal, Togo

PISD objectives: 2 – 3

This regional project aims to enhance data collection and statistics on the digital economy in the sub-region, it also supports the usage of data science by tax and customs administrations. Digitalization and data science are becoming more important for tax and customs administrations and both are critical for effective revenue administration and collection.

The project has two main objectives: (i) to improve data collection and analysis on the digital economy to better assess the impact of the digital economy on the national economy, and (ii) to strengthen the capacities of tax and customs administrations to combat fraud with data science. DATAFID contributes to PISD

Objectives 5 ("support for tax and customs reforms and capacity building") and 8 ("making data reliable and broadening the tax base").

The preliminary phase of the project has been concluded and technical work has started. Work conducted under the preliminary phase included: (i) an assessment of data collection needs on the digital economy for each administration; and (ii) a diagnostic of the current legal framework for data usage in each country.

In 2022, DATAFID received a €1 million budget increase to broaden the scope of intervention.

Regional Project for Capacity Building in Tax and Customs Administrations (PARFID)

Expertise France – €5 M – Regional project (14 countries - CEMAC and WAEMU)

PISD objectives: 2

PARFID support capacity building of tax and customs officials in the 14 WAEMU and CEMAC member states. More specifically, the project aims to improve the management and quality of initial and ongoing training of agents in a sustainable manner.

The project aims to:

- Assess the training needs of tax and customs officials in CEMAC countries;
- Modernize and harmonize entry-level training for tax administration staff and managers (e.g., collaborative module design involving experts and beneficiaries to enhance pedagogical impact)
- Strengthen continuous training at the regional level, including the provision

of support to existing training centers and pooling of training modules to create regional continuous training; and support regional training management (e.g., pool of specialized trainers, regional network of trainers, development of training plans and e-learning modules).

The project took longer to launch than expected due to the time required to mobilize key contacts in the fourteen countries. Project implementation has now started, and the training-needs assessment was also approved by CEMAC countries. There has been progress on training module design (e.g. *introduction to VAT, adult education practices, distance*

learning, and training management), and several training courses are underway (training of trainers, training for piloting training). 40 staff have already benefited from training for trainers.

The project responds to the action plan adopted by WAEMU Member States in Abidjan in March 2020; it is being implemented at the regional level to

promote exchange and common action. PARFID proposes the harmonization of training systems, in line with WAEMU's regional convergence strategy.

The level of participation in face-to-face workshops as well as feedback from training participants indicate that expectations for training are being met and are seen as beneficial.

5.2 Projects under preparation

Strengthening Public Financial Management in the City of Ouagadougou

Expertise France – €1.5 M - Burkina Faso

PISD objectives: 1 – 2 – 3

This project aims to improve the management of public finances in the city of Ouagadougou and to promote local governance through better dissemination of information and increased citizen participation. Specific objectives are to:

- Increase revenue to enhance quality and investment in local public services; and
- Optimize available resources through: better budgetary and accounting practices, more efficient service delivery, and strengthened internal and external controls.

The project builds on the 2020/2021 PEFA assessment that was financed by AFD and implemented by Expertise France. The PEFA assessment was followed up with an action plan to improve the public financial management in Ouagadougou.

The project is currently in the start-up phase, awaiting recruitment and deployment of a resident technical expert and project coordinator (expected in June 2022). A remote start of the technical expert's missions is envisaged from March, 2022. Despite the unstable security situation following the coup d'état in January, the project is expected to start in summer 2022.

Supporting Professional Training in Public Finance in Mauritania (P2FP)

Expertise France – €1.5M – Mauritania

PISD objectives: 2 – 4

P2FP aims to support professional training in the Finance Ministry by establishing a system for managing, planning and monitoring professional training. P2FP complements the PAGEFIP Phase 2 project which supports the implementation of public finance reform and the new LOLF (organic law on laws of finance) by improving the DRM; increasing the efficiency of public financial management; and improving budget transparency and

accountability. The P2FP project aims to: (i) provide the Mauritanian authorities with a detailed training plan which clearly identifies training objectives, topics and targets as well as required financing, and human and budgetary resources;; training plan implementation is managed by an operational steering unit; and (ii) ensure performance-based human resources management by promoting the deployment of human resource

management tools (job descriptions, job reference systems, etc.) and their relevance to the training plan. The project

will start in July 2022 and will last 24 months.

Resident Technical Advisors in the Ministry of Finance of Niger (ETI Niger)

AFD – €1.5M - Niger
PISD objectives: 2 – 3 – 4

This project finances three resident technical advisors to the Niger Ministry of Finance for two years, to be placed with (i) the Director General of Taxes (DGI); (ii) the Director General of Customs (DGD); and (iii) the Director General of the Treasury and Public Accounts (DGTCP).

The recruitment process for the three international experts was initiated in the fourth quarter of 2021 and they are expected to be in Niamey in the second quarter of 2022.

Regional Platform for Financial Governance Expertise (FORCE)

AFD - €1M - WAEMU, Guinea, Mauritania, CEMAC
PISD objectives: 1 – 2 – 3 – 4

FORCE will put in place a platform of financial governance expertise located in Abidjan and operated by Expertise France. For a period of two years, FORCE will finance six senior experts that will provide on-demand support to beneficiary countries on budget preparation and

management; public accounting; public procurement; and domestic resource mobilization. The FORCE project started in February 2022 with the deployment of the experts in Abidjan. DRM-specific issues will be supported by the tax expert and the customs management expert.

Supporting DRM in Benin (MRI Benin)

AFD – €4.5M – Benin
PISD objectives: 2 – 3 – 4

The project supports Benin's DGI in the implementation of its new POSAF (*Programme d'Orientation Stratégique de l'Administration Fiscale*) strategy, particularly in the development and modernization of its information system. The project has: (i) a component dedicated to the continuation of dematerialization efforts, interconnection of services and financial departments, development of new applications and reliability of tax data; (ii) a component on capacity building for the information

system, development of risk analysis and control processes, and studies aimed at expanding the tax base.

By request of the General Tax Directorate (DGI), an initial assessment should begin in March 2022 to support the drafting of the new revenue mobilization strategy (including specific requests for an evaluation of the tax potential of land, financial transactions, e-commerce, and the informal sector).

Supporting DRM in The Gambia (MRI – The Gambia)

AFD - €2M - The Gambia

PISD objectives: 2 – 3 – 4

The Gambia DRM project supports the reform plan of the Gambia Revenue Authority (GRA) which is aligned with the government's objective to increase the ratio of domestic revenue to GDP from 12.8 percent in 2020 to 15.7 percent by 2025. While government revenue has steadily increased, important structural challenges remain, such as a continued low share of non-customs resources in total revenue, a low level of digitalization in tax collection, and a narrow tax base in the increasingly important information

economy. The project supports domestic revenue mobilization through: capacity building in customs and tax services; adoption of new technologies in the tax and customs; and promotion of tax compliance.

The financing agreement for the project was signed on 17 February 2022. Project activities will start after the retrocession agreement is signed with the GRA and the project team and the steering committee have been established.

Supporting DRM in Guinea

AFD - €5M - Guinea

PISD objectives:

A DRM project is currently under preparation in Guinea. The project envisages support to: (i) overall DRM reform efforts (piloting of specific initiatives, M&E); (ii) strengthening tax administration transparency and controls; and (iii) supporting local authority tax systems.

This project responded to a strong request from the President of the Republic of

Guinea to better mobilize domestic resources and finance development.

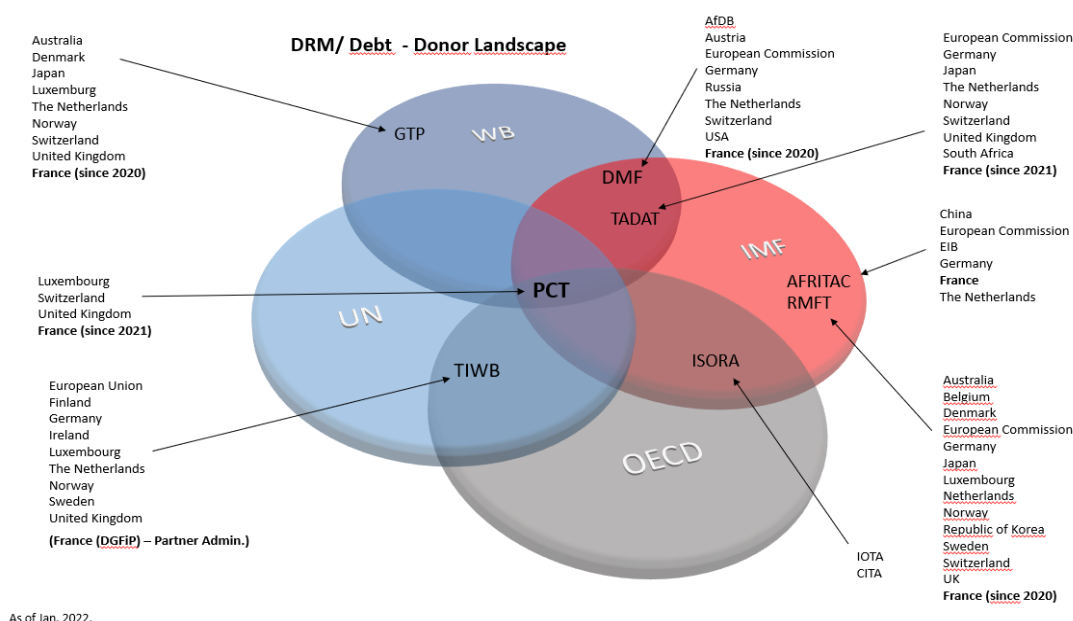
The coup d'état in September 2021 has been followed by a period of instability and uncertainty that required a temporary suspension of project appraisal. An AFD mission is in the process of confirming reform priorities of the new authorities in order to finalize project appraisal. The project could start in 2023.

6. Multilateral engagements of the PSD

The PISD also includes a €30.6m allocation for multilateral initiatives (see Annex 1). The multilateral funding envelope has already been fully committed to eight multilateral initiatives on DRM and debt, of which €17.2m (or 56%) have been disbursed since 2020. The PISD allows France to participate in the following eight initiatives (see also Annex 2):

- DG Treasury: €12 million support to IMF's regional technical assistance centers (Africap West and Central); €5.5 million contribution to the IMF's Revenue Mobilization Thematic Fund (RMTF); €5.5 million contribution to the World Bank's Global Tax Program (GTP); €3 million contribution to the World Bank's Debt Management Facility Fund (DMF). In 2021, DG Treasury participated in the creation of a multi-donor fund in partnership with the International Center for Tax and Development (ICTD) and the Gates Foundation. The Local Government Revenue Initiative (LoGRI) supports property tax reform in developing countries. France contributes €2 million to LoGRI.
- MEAE: €0.3 million contribution to the Platform for Collaboration on Tax (PCT); €1.5 million support for the OECD Global Forum Africa initiative and €0.5 million contribution to the Tax Administration Diagnostic Assessment Tool (TADAT) initiative. Since January 2022, the MEAE has been a member of the steering committee of the Addis Tax Initiative (ATI), an international forum that aims to strengthen domestic resource mobilization (DRM) in developing countries, although MEAE does not contribute financially.

The PISD has allowed France to strategically increase its presence in the multilateral donor landscape on DRM and debt:



3. Main multilateral initiatives on DRM and debt, and donor support

DMF : Debt Management Facility (World Bank, FMI)
GTP : Global Tax Platform, (World Bank)
PCT: Platform for Collaboration on Tax (OCDE, BM, FMI, ONU)
ISORA : International Survey on Revenue Administration (OCDE, FMI, IQTA, CIAT)

RMTF: Revenue Mobilization Thematic Fund (FMI)
 TADAT: Tax Administration Diagnostic Assessment Tool (FMI)
 AFRITAC: Regional Technical Assistance Centers (FMI)
 TIWB: Tax Inspectors Without Borders (OCDE/ ONU)

As a steering committee member of these multilateral trust funds, DG Treasury has been able to advocate in favor of projects and activities that support France's geographic priorities for interventions on DRM and debt. As an example, since joining the RMTF, the GTP and the DMF in 2021, the following projects have been launched in PISD priority countries:

- Strengthening of revenue administration in Chad (RMTF)
- Technical assistance on DRM in the Central African Republic (GTP)
- A GTP project to support tax and customs administrations in Chad (GTP)
- Strengthening public finance management harmonization in CEMAC member states (Afrítac Central)
- Support for the development of a medium-term debt management strategy in Burkina Faso (Afrítac West)
- 36 DMF virtual trainings in all PISD priority countries (except CAR)
- 9 DMF technical assistance missions to Benin, Cameroon, Guinea Bissau, Mali, Niger, Sudan, Togo and the CEMAC region.



7. Valorisation of the PISD through the MRIP platform

The MRIP platform organizes several events every year to enhance visibility and to promote French DRM efforts among its partners, particularly in Africa (tax authorities of beneficiary countries, donors, French and international research centers, etc.).

The platform organizes a series of webinars that are intended for a broad audience and aim to deepen knowledge and foster dialogue and debate on DRM issues. The webinars bring together academics, development practitioners, (from bilateral and multilateral development agencies) and officials from tax administrations in developing countries. Six webinars have been organized since 2020, with a total of 784 participants or 130 participants per webinar on average (see Annex 6).

The platform also organizes learning events (*retour d'expérience* - RETEX) in an

effort to share experiences and best practices of French cooperation in DRM and to draw lessons for future operations. In 2021, a RETEX webinar on Franco-Mauritanian cooperation in DRM took place in the presence of the Mauritanian Director General of Taxes. The seminar was attended by 48 participants.

Once a year, the platform also launches a call for contributions to promote research on innovative and/or under-researched aspects of tax policy for developing countries in an effort to advance knowledge and support the identification of new operations. In 2021, the topic of the call for contributions was *Taxation of Fisheries' Resources* (see box below). *Taxation and the Environment* was selected for 2022.

Box 3 – Call for research on the taxation of fisheries resources

The call for research contributions on Taxation of Fisheries Resources is a good example of collaboration between the MRIP platform and academia.

As taxation of fisheries' resources has received little attention in the literature, a call for research contributions was initiated: (i) to better understand actual and potential revenue of the fisheries sector in sub-Saharan Africa (Guinea, Mauritania, Senegal, Sierra Leone and Uganda) and (ii) to provide lessons for its sustainable management.

The commissioned report highlights important information gaps on the biological, social and economic contributions of the fisheries' sector which impede efforts to improve the sector's management. It argues that the introduction of fisheries-specific taxes can only be beneficial if sufficient resource rents exist, which is generally not the case on the African continent. The priority is therefore to improve the management of fisheries, including artisanal fisheries, in order to limit unregulated fishing and to promote the formal development of fisheries; in the long term, this could contribute to increasing national revenues.

The study was conducted by Giovanni Occhiali, a researcher affiliated with the International Center for Tax and Development (ICTD) and the Institute of Development Studies (IDS). The results were presented in a webinar on December 14, 2021 (130 participants) and published in a paper entitled "Budgetary Policies for the Fisheries Sector in Selected African Countries."

8. Conclusion and recommendations

Since its launch in 2020, PISD implementation has progressed well. As of end-March 2022, the multilateral component of the PISD has been fully committed and over 80 percent of the bilateral envelope have been allocated. France has significantly stepped up its multilateral engagements on DRM and debt; and through the PISD, it now contributes to 8 donor-financed, multilateral initiatives that support reform, diagnostics and donor coordination, including PCT, RMTF, GTP and DMF. The MRIP platform, which is in charge of implementing the bilateral PISD envelope, has supported the approval of 11 country and regional projects in 15 PISD priority countries; it has also proven a useful forum for dialogue and reflection between supervising ministries, implementing agencies and academia. The implementation of country and regional projects has further made it possible to mobilize and leverage French expertise from DGFIP and DGDDI and to complement projects financed by multilateral donors (EU, African Development Bank). The regional projects have further helped to promote peer exchanges and South-South cooperation. An example is the exchange between the tax administrations of Mauritania and Niger, within the framework of the PAGEFIP project, which allowed a Niger delegation to learn from Mauritania's reform experience, and good practice on modernizing audit and internal control systems.

The global health crisis and increased political uncertainty have required some adjustments to PISD implementation. External factors have impacted PISD implementation, most notably the global health crisis that started in early 2020. This required adjustments in work modalities: project meetings and training sessions in the field needed to take place remotely. Several missions also needed to be postponed. The MRIP platform also moved to a virtual format, conducting all meeting

and seminars online. 2021 was further marked by political instability in several PISD countries, with coups d'état in Guinea (September 2021) and in Burkina Faso (January 2022) which added uncertainty about the sustainability of certain projects and caused delays in launching others. Despite these challenges, project teams have been able to adapt and to limit the impact on PISD implementation; the majority of delayed projects are expected to start by end-2022.

In terms of the geographical targeting, the PISD has overall met its overall objective.

While limited resources restrict the number of projects that can be implemented, the PISD also supports regional and multi-country projects to extend its reach. To date, all PISD priority countries have benefited from at least one in-country project and/or multi-country project. Benin, Guinea and Mauritania currently account for almost half of bilateral credits (€14.1 million), which is partly a reflection of country demand and strategic opportunities to deepen existing reform efforts.

PISD implementation is also broadly on track in terms of its strategic objectives, even though there is scope to strengthen support under the fiscal policy objective.

All 11 projects approved to date contribute to the second objective of the strategy that targets support to fiscal administrations; most projects have a strong focus on capacity-building in tax and customs.

30 percent of projects contribute to the first objective of the strategy on support to fiscal policy. Going forward there will be an opportunity to strengthen the "fiscal policy" component in current and future projects. This could be achieved through existing projects (PARFID, FORCE) where it is feasible for a country to request support in implementing the international taxation agenda related to BEPS implementation.

More direct participation of the Tax Legislation Directorate (DLF) in the MRIP platform could be envisaged to enhance expertise on tax policy.

10 percent of projects are contributing to the third objective of cooperation, which is to be expected, as most cooperation is taking place under the multilateral component of the PISD as well as at the level of the MRIP platform and is not directly reflected in project results indicators.

The multilateral component of the PISD has allowed France to strategically increase its presence in the multilateral donor landscape on DRM and debt. As steering committee member of thematic multilateral trust funds, France has supported a wide range of country and regional projects that were implemented by the IMF, World Bank and OECD, it has helped shape international discussions on

domestic revenue mobilization and supported the development of relevant diagnostic tools, such as TADAT. France's presence in multilateral trust funds has promoted a greater focus on francophone Africa and strengthened links with French development agencies, both at the research and project level. For example, experts from the Platform for Collaboration on Tax presented in the MRIP webinar on *Taxing Aid*, while EF has discussed its project on local property taxation in Ouagadougou with LoGRI.

The **remainder of the PISD period** until end-2023 will focus on supporting project implementation, strengthening partnerships with other donors and trust funds, and further leveraging the MRIP platform for dialogue and reflection on DRM and debt issues; this will also be the time to consider a continuation of support to DRM beyond the current PISD period.

ANNEX 1: BILATERAL AND MULTILATERAL WINDOW OF THE PISD

	Nature of contribution	PISD	Committed (AE, €M)	Disbursed (CP, €M)
Bilateral Window	Agence française de développement (AFD) – grants	15	12	1.375
	Expertise France (EF) – grants	15	12.6	9.25
	Total bilateral	30	24.6 (82 %)	10.625 (35 %)
Multilateral Engagements	DG Trésor (budget program 110)	28	28 (100 %)	16 (57 %)
	FMI : Regional Technical Assistance Centers (RTACs) – AFRITAC West and Central	12	12	5
	IMF: Revenue Mobilization Thematic Fund (RMTF)	5.5	5.5	5.5
	World Bank: Global Tax Program (GTP)	5.5	5.5	3.5
	IMF / World Bank: Debt Management Facility	3	3	1.5
	ICTD : Local Government Revenue Initiative (LoGRI)	2	2	0.5
	MEAE (budget program 209)	2.6	1.8 (69%)	1.2 (46%)
	OECD / UN / World Bank / IMF: Platform for Collaboration on Tax (PCT)	0.3	0.3	0.2
	IMF: TADAT	0.5	0.4	0.3
	OECD : International Taxation (Global Forum)	1.5	0.8	0.5
	MRIP Platform : Animation of the interministerial platform on the mobilisation of internal resources (MRIP), calls for academic contributions.	0.3	0.3	0.2
	Total multilateral	30.6	29.8 (97 %)	17.2 (56 %)
TOTAL MEAE		2.6	1.8	1.2
TOTAL DG Trésor (programme 110)		58	52.6	26.625
TOTAL		60.6	54.4 (90 %)	27.825 (46 %)

* In the process of being committed/disbursed.

ANNEX 2: BRIEF DESCRIPTION OF FRENCH CONTRIBUTIONS TO MULTILATERAL DRM INITIATIVES

DG Trésor (P110) :

- **AFRITAC West¹⁰ and AFRITAC Central¹¹**. IMF regional technical assistance centers in Sub-Saharan Africa that provide technical assistance and support capacity building on the ground, including on tax and customs administration – France's contribution: €12 million over 3 years.
afritacouest.org; afritaccentre.org.
- The **Revenue Mobilization Thematic Fund (RMTF)** of the IMF provides technical assistance on domestic revenue mobilization in low and lower-middle income countries to help increase tax capacity. France currently contributes €5.5M over 3 years.
[Revenue Mobilization Thematic Fund \(imf.org\)](http://Revenue Mobilization Thematic Fund (imf.org)).
- The **Global Tax Program (GTP)** of the World Bank supports advisory services and technical assistance focused on strengthening tax institutions and mobilizing revenues fairly and efficiently in developing countries. France currently contributes €5.5M over 3 years.
[The Global Tax Program \(worldbank.org\)](http://The Global Tax Program (worldbank.org)).
- The **Debt Management Facility (DMF)** of the IMF and the World Bank offers advisory services, training and peer-to-peer learning to strengthen debt management capacity, processes, and institutions in developing countries in an effort to reduce debt-related vulnerabilities and improve debt transparency. French contribution to DMF: €3M over 3 years. dmfacility.org
- The **Local Government Revenue Initiative (LoGRI)** develops policy-relevant research and tools to help local governments in sub-Saharan Africa and South Asia to collect more local revenue, more equitably and fairly, and in ways that promote trust, transparency and accountability. LoGRI is an initiative of ICTD, in partnership with the Gates Foundation, French Treasury, NORAD and GIZ. France contributes **€2M over 3 years** to LoGRI.
munkschool.utoronto.ca/logri/

MEAE (P209):

- The **Platform for Collaboration on Tax (PCT)** is a joint initiative of the IMF, OECD, United Nations, and the World Bank Group to strengthen collaboration on DRM. France contributes to the PCT €2M over 3 years; Platform for Collaboration on Tax (tax-platform.org)
- The **Africa Initiative** of the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes aims to promote transparency and to combat tax evasion in an effort to tax to stem illicit financial flows and increase domestic resource mobilisation. France contributes **€1.5M over 4 years**. [Initiative Afrique - OCDE \(oecd.org\)](http://Initiative Afrique - OCDE (oecd.org))
- The **Tax Administration Diagnostic Assessment Tool (TADAT)** carries out diagnostics to evaluate the performance of tax administrations and proposes reform strategies. France contributes **€0.5M over 4 years**. TADAT

¹⁰ Bénin, Burkina Faso, Côte d'Ivoire, Guinée, Guinée-Bissau, Mali, Mauritanie, Niger, Sénégal, Togo.

¹¹ Burundi, Cameroun, Congo, Gabon, Guinée équatoriale, République centrafricaine, République démocratique du Congo, Sao Tomé-et-Principe, Tchad.

ANNEX 3: RESULTS FRAMEWORK OF THE PISD

The results framework of the *Interministerial Strategy 2020* has three overarching objectives and 10 priorities:

- 1) **Objective 1: Define and support the creation of fairer, more efficient and economically attractive tax policies in developing countries, especially the most fragile.**
 - a. Priority 1: Support the rationalization and monitoring of tax policies in partner countries;
 - b. Priority 2: Support fiscal transitions towards domestic taxation;
 - c. Priority 3: Support the improved taxation of resource rent sectors;
 - d. Priority 4: Develop underexploited methods of broadening the tax base.
- 2) **Objective 2: Support the modernization of tax administrations and ensure effective tax collection.**
 - a. Priority 5: Promote transparency and fight tax avoidance, abusive practices and tax-related illicit financial flows of tax origin;
 - b. Priority 6: Support improved performance and transparency of tax administrations and fight corruption;
 - c. Priority 7: Improve the efficiency of French support for tax administrations, especially by promoting new technologies;
 - d. Priority 8: Support access to reliable, comprehensible and comparable data.
- 3) **Objective 3: Optimize France's cooperation instruments and those of its partners.**
 - a. Priority 9: Include better public DRM principles in French aid policy;
 - b. Priority 10: Support multilateral partners and the French-speaking community as liaisons for expertise and advocacy efforts.

The *PISD* is the implementation of the *Interministerial Strategy 2020*. It has four main objectives:

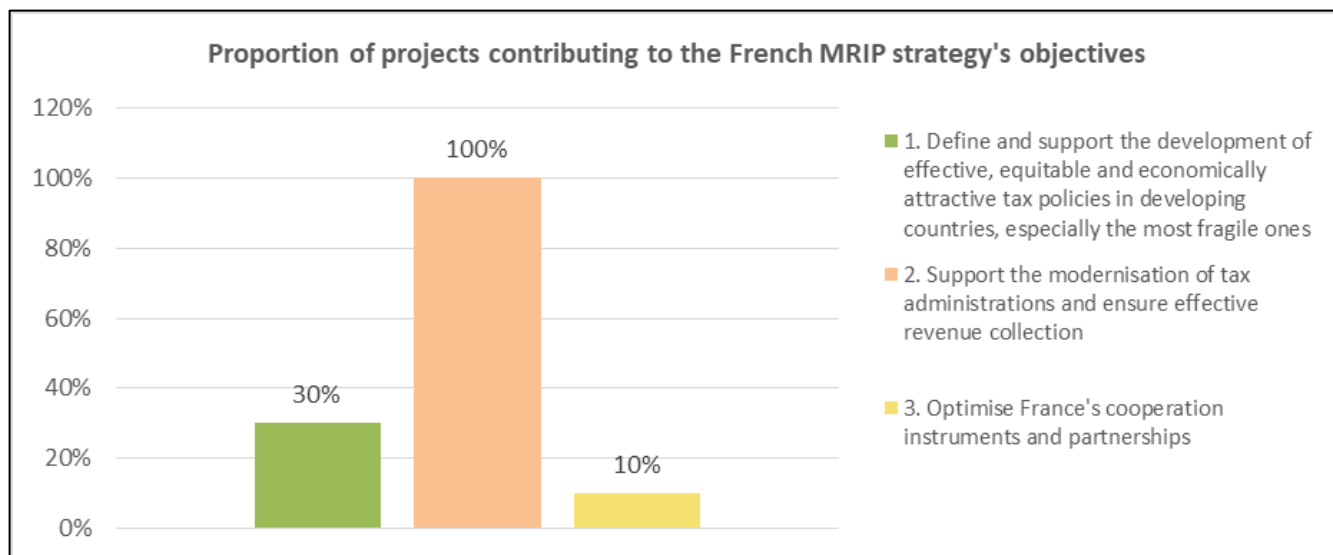
- 5) **Objective 1** : Supporting the design, implementation and assessment of fiscal policy;
- 6) **Objective 2** : Supporting tax and customs reforms and strengthening institutional capacities;
- 7) **Objective 3** : Ensuring data reliability and broadening tax bases;
- 8) **Objective 4** : Promoting taxpayer compliance.

Each objective is translated via an action plan into specific projects with specific result indicators:

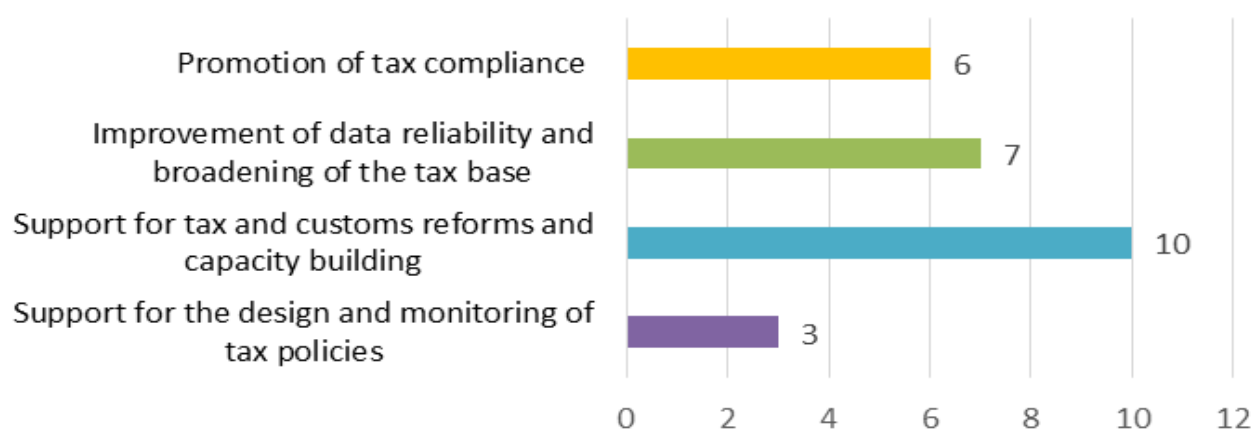
Objective	Projects	Results indicators
1) Supporting the design, implementation and assessment of fiscal policy	Support for the Evaluation and Publication of Tax Expenditures	Preparation and publication of an annual tax expenditure evaluation report to accompany the Finance Act
	Support for the creation of FPU and the evaluation of the economic and social impact of tax expenditure	Creation of a FPU within the Ministry of Finance. Preparation by the FPU of a plan for rationalizing tax expenditure based on the results of the impact analysis.
2) Supporting tax and customs reforms and strengthening institutional capacities	Support for better control of VAT operating mechanisms	Change in lead times and number of VAT credit repayments. Adoption and effective implementation of the mechanism for deferred payment of VAT (accounting VAT)
	Implementation of action plans based on tax authority performance diagnoses	Evolution of the TADAT score following diagnosis
	Rollout of in-service and initial training in beneficiary country, sub-region and France	Number of civil servants who received training in beneficiary country, sub-region and France
3) Ensuring data reliability and broadening tax bases	Support for paperless filing procedures	Increase in the number of returns filed using new information technologies (filing online or by mobile telephone, etc.)
	Support for paperless payments	Increase in the number of payments made using new information technologies (transfer, direct debit, payment online or by mobile telephone, etc.)
	Support for making files reliable and reducing filing and payment default	Change in the number of registered and active taxpayers
4) Promoting taxpayer compliance	Support for improving services to users	Existence of a functional and operational system
	Support for bolstering legal certainty and services to users	Improvement in the standard of relations between tax authorities and major businesses by introducing satisfaction questionnaires

ANNEX 4: MONITORING OF OBJECTIVES AND RESULTS INDICATORS

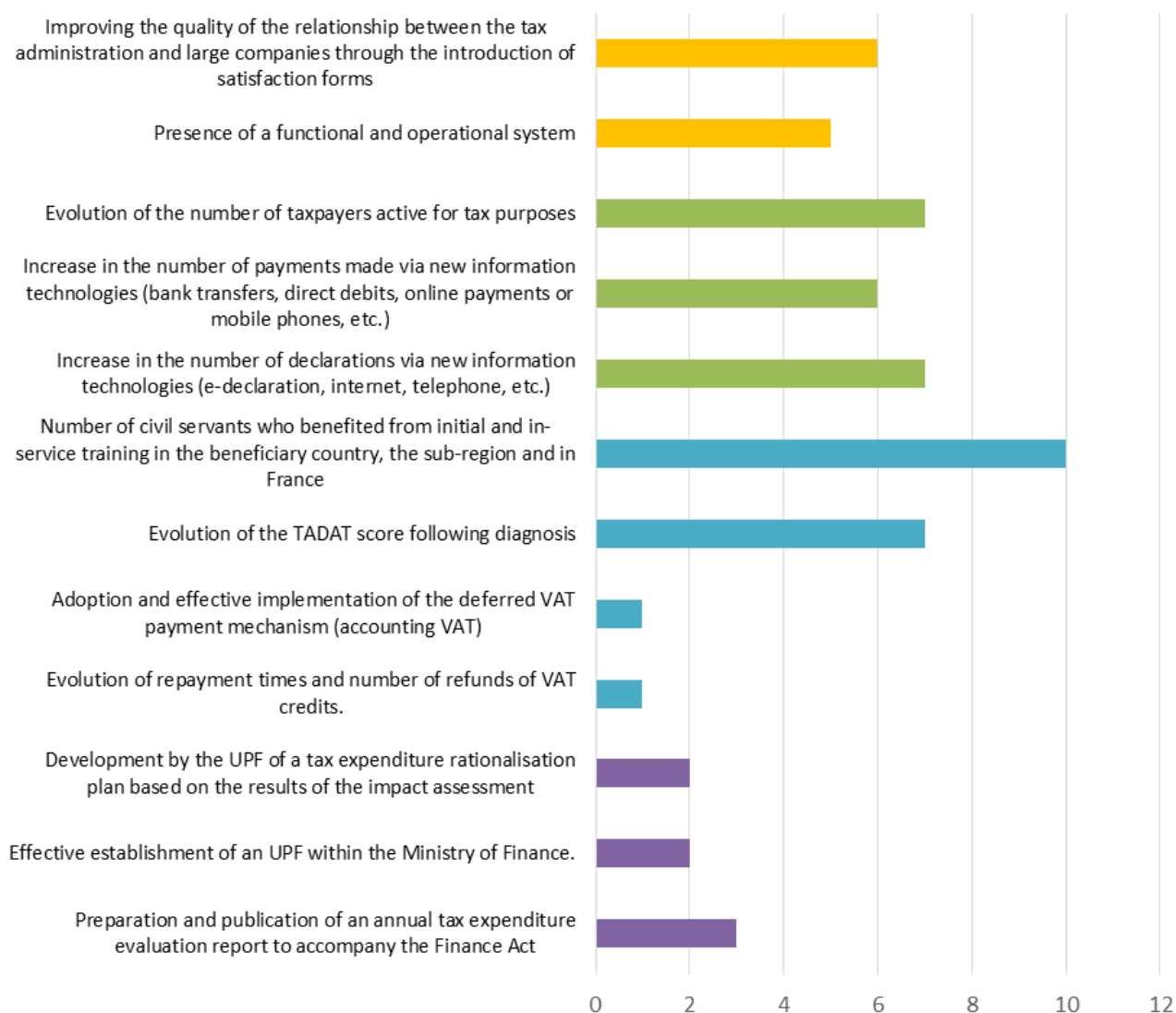
The country and regional projects financed by the PISD are monitored according to the results framework presented in Annex 4. The 10 projects that are currently under implementation contribute to the strategy and action plan objectives as follows:



Number of projects contributing to the PISD's objectives



Number of projects contributing to the PISD's outcome indicators



ANNEX 5: WEBINARS OF THE MRIP PLATFORM

- « La politique de mobilisation des ressources intérieures en situation post-crise dans les pays en développement – Points de vue d’experts : Burkina Faso, France, Niger, République de Guinée » June 11, 2020 (213 participants) ;
- « Les dépenses fiscales : de leur évaluation à leur rationalisation » September 30, 2020 (183 participants);
- « La fiscalisation de l’aide : quel avenir pour un consensus fragile ? » December 2020 (186 participants) ;
- « Agences de recettes versus administrations des impôts et douanes » April 15, 2021 (247 participants) ;
- « Rébellions, friponneries et recettes : folies et sagesse fiscales à travers les âges » A presentation by Michael Keen, Mai 26, 2021 (91 participants) ;
- « Politiques budgétaires pour le secteur de la pêche dans certains pays africains ». December 14, 2021 (130 participants).