

Domestic Revenue Mobilization: Mapping Existing Research, Initiatives, and People

A CGD Research Note

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Introduction

Recently few issues have garnered more attention than domestic revenue mobilization (DRM). Greater revenue generation and improved tax administration have become increasingly central to the development agenda for low income countries. Moreover, DRM has been recognized as having application beyond the worlds of finance and public administration.

Health experts have advanced ambitious proposals to tax excise goods, and development economists have produced models demonstrating that substantial revenue generation through excise taxation is possible. Yet in surveying the existing DRM initiatives, organizations, meetings, important documents, and major players involved on the issue, it is clear that while there are substantial tax initiatives and collaborative activities taking place, the connections between the finance community and the health community are far from fully developed, the question of excises is not fully on the global tax agenda, and it is unclear how the health community is best positioned to insert itself into the conversation.

This note presents an overview of work taking place around the topic of DRM for developing countries which will hopefully be of use for navigating the complex and rapidly growing landscape, and in gaining a better understanding of how excise taxation fits into the bigger picture.

Initiatives

The International Monetary Fund (IMF) has been at the forefront of this issue for nearly a decade, having established several initiatives, diagnostics, and platforms to support DRM efforts. In 2010 it launched the [Topical Trust Fund](#), which provided [technical assistance](#) in the form of US\$30 million over five years to 15-20 lower- and lower middle-income countries, including a set of modules focused on tax administration, policy design, and accountability. That five-year initiative was succeeded in 2016 by the [Revenue Mobilization Thematic Fund](#) (R-MTF). Through R-MTF, the IMF doubled funding to meet increased demand for technical assistance, scaled up its modular approach, and added an analytical workstream linked to the initiative. It has also built accompanying tools and platforms such as its [Tax Administration Diagnostic Assessment Tool](#) (TADAT) and the [Revenue Administration Fiscal Information Tool](#) (RA-FIT) to collect data and assess the capacity of low income countries' revenue administrations.

Complementing the TADAT, in 2015 the IMF and the World Bank launched a [joint initiative](#) to support developing countries in strengthening their tax systems. The initiative has two pillars: deepening the dialogue with developing countries on international tax issues; and developing improved diagnostic tools to help member countries evaluate and strengthen their tax policies. In 2018 the IMF and the World Bank released the first of several planned modules of the [Tax Policy](#)

[Assessment Framework](#) (TPAF) for discussion and comment. TPAF is intended to provide a framework for systematic and consistent assessments of all major taxes, in order to provide solid analytical basis and practical guidance for the design of tax policy.

While the IMF has the most prominent role in shaping the DRM and tax administration agendas, much discussion has increasingly been taking place outside Washington. The [Addis Tax Initiative](#) in 2015 shaped the emerging consensus on DRM between donors and their partners, and proved to be a launching pad for collective action. Donors committed to doubling their technical assistance in DRM by 2020, and partner countries committed to stepping up DRM efforts and holding each other accountable.

Post-Addis, multilateral organizations have sought to increase collaboration on DRM through the [Platform for Collaboration on Tax](#), and development partners in the field have shared best practices through the [International Tax Compact](#), which also spun off the [DRM Innovation Fund](#), a multi-donor financing facility led by the Bill & Melinda Gates Foundation (BMGF) and the German Federal Ministry for Economic Cooperation and Development (BMZ) to finance projects in African countries.

Organizations

Following the successful 2015 conference in Addis Ababa on financing sustainable development, several organizations have emerged as leaders in the rapidly expanding DRM space. Some, like the [OECD Task Force on Tax and Development](#), have focused on higher-level issues like addressing base erosion and profit sharing (BEPS), harmonizing international standards, and raising revenues through taxes on extractive industries. While the OECD's work on tax issues [dates back](#) to the early 2000s, it has adjusted to focus more on the relevant issues of tax capacity and administration for developing countries, as opposed to its earlier priorities of exchange of information among OECD member states and addressing non-cooperative jurisdictions. From the OECD's work emerged a joint initiative with the UN Development Programme called [Tax Inspectors without Borders](#), a coalition that offers audit assistance to tax officials in developing countries with the aim of fostering a culture of compliance and effective enforcement.

Within the European Union, the 2010 Communication on Tax and Development followed by European Council conclusions and a European Parliament resolution in March 2011 set out the EU strategy in this area. These policy statements recognized DRM as central to sustainable growth, poverty reduction, and the provision of public goods needed to achieve the SDGs, and that strengthening tax systems contributes not only to raising more predictable revenue, but also to good governance and accountability of governments. This relationship was elaborated in the [Collect More, Spend Better](#) document issued by the Commission in October 2015 (see below under Key Documents). At the global level, the Commission collaborates mostly but not exclusively with the four institutions that form the Platform for Collaboration on Tax (IMF, WB, UN and OECD). At the regional level, the EU supports, through the [Pan African Programme](#), regional network organisations such as the African Tax Administration Forum (ATAF), the African Organisation of Supreme Audit Institutions (AFROSAI), the Collaborative African Budget Reform Initiative (CABRI) and the African Public Accounts Committees (AFROPAC) through a joint programme with Germany.

From a collaborative engagement between government representatives from developing countries, members of the [Committee of Experts on International Cooperation in Tax Matters](#) (the Committee), a diversified group of experts, relevant international and regional organizations and the [Financing for Development Office](#) (FfDO), the United Nations has developed a collection of capacity development tools, activities and other resources on international tax cooperation has been

developed). As a subsidiary body of ECOSOC, the Committee's responsibilities include providing a framework for enhancing and promoting international tax cooperation among national tax authorities, and making recommendations on capacity-building and the provision of technical assistance to developing countries and transitional economies. The FfDO's capacity development programme on international tax cooperation draws on the outputs of the Committee, and it is also undertaking capacity development activities in the area of [tax administration](#).

The [Asian Development Bank](#) (ADB) uses regional tax projects to support DRM in its developing member countries through improvements in tax policy and administration. While the initial focus was tackling tax evasion by improving transparency and international cooperation, it was later expanded to a wider range of tax subjects from tax policy, through tax administration, to tax audit and investigation. The ADB's [Domestic Resource Mobilization Trust Fund](#) is a multi-partner trust fund established in July 2017 intended to strengthen DRM in ADB's developing member countries (DMCs), consistent with Sustainable Development Goal 17.1.¹ The [ASEAN Forum for Taxation](#) (AFT) is a platform for ASEAN member states' tax authorities to share knowledge and cooperate on tax matters of interest to the region, including excise taxation information sharing.

The [Deutsche Gesellschaft für Internationale Zusammenarbeit](#) (GIZ) is active in the field of tax capacity building, supporting a number of international initiatives as well as running country level capacity building programmes. The International Tax Compact (highlighted above) is a German development initiative for creating an international platform for dialogue and action to assist developing countries in establishing fair and efficient tax systems. Public financial management (PFM) is among most important areas of technical cooperation undertaken by the [Japanese International Cooperation Agency](#) (JICA). Projects have included a 10-year technical cooperation program to strengthen tax administration in Mongolia. The [US Agency for International Development's Bureau of Economic Growth, Education and Environments](#) provides support for tax capacity building under its broader work on Economic Growth and Trade. USAID currently provides DRM assistance in over 15 countries. The [Norwegian Agency for Development Cooperation](#) (NORAD) also supports work on tax capacity building to contribute to improved tax systems and increased tax revenues in developing countries. The Norwegian Tax Administration cooperates with the tax authorities in Zambia, Tanzania and Mozambique on improving effectiveness and increasing the countries' tax revenues, and Norway supports the [African Tax Administration Forum](#) (ATAF).

ATAF and the [Commonwealth Association of Tax Administrators](#) are among several organizations and initiatives that have developed independently of international organizations. And at the grassroots level, organizations such as the [Global Alliance for Tax Justice](#) are empowering activists to fight for greater transparency and accountability of tax systems and linking local organizations in a broader network to form a global movement to raise awareness. Finally, independent think-tanks such as the US-based [Center for Strategic & International Studies](#) (CSIS) and the UK-based [Overseas Development Institute](#) have undertaken research into DRM and taxation reform in the context of the SDGs.

DRM by the Numbers

Developing countries [received](#) a total of \$301 million in development assistance for domestic revenue mobilization efforts in 2016. Broken down by region, almost half of that goes to Asia (\$189 million), \$127 goes to Africa, and only \$33 million goes to Europe, the Americas, and the Middle East combined. By donor, the United Kingdom gave \$40.8 million, the US \$36.79 million,

¹ Goal 17.1 states: "Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection."

Germany \$29.79 million, and IDA \$14.36 million. Norway, Sweden, Canada, Denmark, Switzerland, and France all play a role, having contributed over \$5 million.

Assistance in DRM is concentrated in a few countries, although most developing countries do receive some type of funding, albeit typically less than \$1 million. Indonesia received \$111 million, Armenia \$45 million, Madagascar \$26.97 million, Ghana \$25.6 million, and Chad \$23.72 million. Within the US government, \$26 million came from USAID, with the Millennium Challenge Corporation and Treasury Department accounting for the rest.

Meetings/Conferences

[ATI/ITC Tax and Development Conference 2019](#)

ATI/ITC, German Federal Ministry for Economic Cooperation and Development (BMZ), EU. Berlin, Germany, July 2-4, 2019. Key areas: DRM, particularly in the context of the Addis Tax Initiative (ATI)

[ASEAN Forum on Taxation \(AFT\) Working Group](#)

11th meeting, Bangkok, Thailand. March 7-8, 2019

[OECD Task Force on Tax and Development Annual Meeting](#)

8th Annual Meeting. Paris, France. January 25, 2019.

[Addis Tax Initiative Meeting](#)

Paris, France. November 27, 2018

[Global Forum on Tax Transparency and Exchange of Information for Tax Purposes](#)

OECD. 11th Annual Meeting. Punta del Este, Uruguay. November 20-22, 2018.
Key areas: automatic exchange of information, tax transparency.

[7th International Workshop on DRM](#)

Global Alliance for Tax Justice. 7th International Workshop. Bonn, Germany. November 13-14, 2018. Focus areas: taxation, inequality, and social cohesion.

[First Global Conference of the Platform for Collaboration on Tax](#)

World Bank, IMF, and OECD. New York, United States. February 14-16, 2018.
Thematic areas: DRM and the state, the role of tax in supporting sustainable economic growth, the social dimensions of tax, tax capacity development, tax cooperation.

Key Documents

Addis Tax Initiative. 2019. [Study on Donor Coordination in Domestic Revenue Mobilisation](#)
This report explores the need for donor coordination in the field of international support for domestic revenue mobilisation

Addis Tax Initiative. 2018. [ATI Paris Meeting 2018 Report](#)

Addis Tax Initiative. 2015. [Financing for Development Conference: Addis Tax Initiative Declaration](#). *This consensus document pledged donors to double their funding to DRM, and laid out the priorities for developing countries for scaling up DRM efforts.*

De Paepe, Gregory, Tom Hart and Cathal Long. 2017. [Domestic resource mobilization and the transition to sustainable development: Synthesis of Asia case studies](#). *Case studies of the tax performance of six Asian countries: Bangladesh, China, India, Indonesia, Nepal and Pakistan.*

Long, Cathal and Mark Miller. 2017. [Taxation and the Sustainable Development Goals : Do good things come to those who tax more?](#) *While linking achievement of SDGs to an increase in domestic resource mobilisation is a good idea in principle, but cautions that the international community should prioritise support for better tax systems, rather than more tax collection.*

European Commission. 2015. [Collect More - Spend Better.](#) Staff Working Document.

Corbacho, Ann, Vicente Fretes Cibils, and Eduardo Lora (Eds.) [More than Revenue: Taxation as a Development Tool. Development in the Americas report.](#) Inter-American Development Bank. 2013. *Presents arguments for using taxation as a development tool rather than simply a source of revenue.*

International Monetary Fund, Organization for Economic Co-Operation and Development, World Bank, and United Nations. 2015. [Options for Low Income Countries' Effective and Efficient Use of Tax Incentives for Development.](#) Platform for Collaboration on Tax. *A report to the G20 Working Group on the effectiveness of tax incentives for investment, along with guidance on design, governance, and reform.*

International Monetary Fund, World Bank Group, Organization for Economic Co-Operation and Development, and United Nations. 2016. [Enhancing the Effectiveness of External Support in Building Tax Capacity in Developing Countries.](#) Platform for Collaboration on Tax.

International Monetary Fund. 2018. [Domestic Revenue Mobilization in Sub-Saharan Africa: What are the Possibilities?](#) IMF Regional Economic Outlook.

Junquera-Varela, Raul Felix, Marijn Verhoeven, Gangadhar P. Shukla et al. 2017. "[Strengthening Domestic Resource Mobilization: Moving from Theory to Practice in Low and Middle Income Countries.](#)" World Bank. *A Tour de Force of the opportunities and challenges of DRM, key questions of tax policy and administration reform in developing countries, and the role of the World Bank in DRM.*

Kaiser, Kai, Caryn Bredenkamp, and Roberto Iglesias. 2016. "[Sin Tax Reform in the Philippines: Transforming Public Finance, Health, and Governance for More Inclusive Development.](#)" World Bank. *A comprehensive look at the case of the Philippines.*

Runde, Daniel, and Conor Savoy. 2016. [Domestic Resource Mobilization: Tax System Reform.](#) *A policy brief exploring the role of tax systems in mobilizing revenue.*

US Agency for International Development. 2018. [Collecting Taxes 2017/2018.](#) *USAID's collection of statistics on taxation including 20 indicators and a tax system assessment, designed to inform policymakers.*

US Agency for International Development. 2016. [Analysis of the Linkage Between Domestic Revenue Mobilization and Social Sector Spending,](#) Phase 1 Final Report. *Explores relationship between government expenditure in health and tax revenues, finding that, increased tax revenues lead to greater public expenditure on health in countries for all income groups.*

Conclusions

The proliferation of DRM initiatives, organizations, papers, and events over the past few years cannot be covered in its entirety in a few pages. What's clear from this brief overview is that aside from the work of the IMF and OECD, most of the organizations and initiatives focused on DRM are relatively nascent.

A turning point was the establishment of the Addis Initiative, which began the transition of DRM from a more technical conversation to a collaboration between the international community, partner governments, and civil society. What's also evident is a lack of attention to excise taxation in the initiatives, key reports and conferences. More technical issues such as tax design and implementation, and broader issues like compliance and preventing base shifting and erosion have had far greater priority.

Appendix: List of individuals active on domestic revenue mobilization and/or health taxes

Name		Title	Affiliation
Axelson	Chris		National Treasury, Republic of South Africa
Birckmayer	Jo	Technical Advisor	Bloomberg Philanthropies
Blecher	Evan	Economist	University of Illinois at Chicago
Borowitz	Michael	Chief economist	The Global Fund to Fight AIDS, Tuberculosis and Malaria
Brumby	James	Director,	Public Service and Performance, World Bank
Brys	Bert	Head of the Country Tax Policy	OECD Development Co-operation Directorate
Carter	Alan	Assistant Director	HMRC
Chalkidou	Kalipso	Director	Center for Global Development
Chaloupka	Frank	Professor of Economics	University of Illinois at Chicago
Colin	Céline	Tax Economist	Organisation for Economic Co-operation and Development
Cox	Alison	Director of Cancer Prevention	Cancer Research UK
Davis	Austen	Senior Adviser	Norwegian Agency for Development Cooperation
Davis	Ben	Research Manager	William Davidson Institute at the University of Michigan
De Mooij	Ruud		International Monetary Fund
Dickinson	Ben		OECD
Fretes Cibils	Vicente	Division Chief of Fiscal and Municipal Management	Inter-American Development Bank
Glennerster	Rachel	DFID	
Gujadhur	Vishal	Deputy Director	The Bill and Melinda Gates Foundation
Gupta	Sanjeev	Senior Policy Fellow	Center for Global Development
Harris	Tom		Institute for Fiscal Studies
Hedger	Neil		HMRC
Hurst	Peter	Tax Adviser	Department for International Development
Kurowski	Christoph	Global Lead, Health Financing	World Bank
Kutzin	Joseph		World Health Organization
Lauer	Jeremy		World Health Organization
Laxminarayan	Ramanan	Director	Center for Disease Dynamics, Economics & Policy
Legote	Mpho		National Treasury, Republic of South Africa
Leroueil	Pascale	Director, Healthcare Initiative	University of Michigan
Lobo	Alistair		DFID
Lopert	Ruth	Non-resident Fellow	Center for Global Development
Lundstol	Olav		Norwegian Ministry of Foreign Affairs

Marquéz	Patricio	Lead Health Specialist	World Bank
McCluskey	Rhiannon	Institute of Development Studies at the University of Sussex	
Meyer	Eric		US Treasury
Moore	Mick	CEO	Institute of Development Studies at the University of Sussex
Nemzoff	Cassandra	Research Assistant	Center for Global Development
Olsen	Ingvar		Norwegian Agency for Development Cooperation
Ottersen	Trygve		University of Oslo
Ozer	Ceren		World Bank
Paul	Jeremias	Coordinator	World Health Organization
Pearson	Mark	Deputy Director	DELSA, OECD
Peters	Katy		HMRC
Petit	Patrick		IMF
Plant	Mark	Director and COO	Center for Global Development
Ranson	(Michael) Kent		World Bank
Ross	Hana	Principal Research Officer	University of Cape Town, Economics of Tobacco Control Project
Salvado	Rodrigo	Deputy Director	Bill & Melinda Gates Foundation
Sands	Peter	Group Chief Executive	The Global Fund to Fight AIDS, Tuberculosis and Malaria
Savedoff	William	Senior Fellow	Center for Global Development
Squires	Neil		Public Health England
Tandon	Ajay		World Bank
Tyskerud	Yani	Assistant Director, Centre for the Evaluation of Development Policies	Institute for Fiscal Studies
Van Walbeek	Corne	Professor	University of Cape Town
Varney	Natalie	Programme Manager, International Tobacco Control Policy	Cancer Research UK
Verhoeven	Marijn		World Bank
Vigo	Angeli		WHO