Domestic Resource Mobilization

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What is DRM?

• The process in which countries raise their own funds to provide for their people
Why DRM?
ARV Needs in Zambia: The Projected Resource Gap

![Bar chart showing projected resource gaps in millions of dollars for years 2014 to 2017. The resource gaps are shown for different sources including Global Fund, USG/PEPFAR, GRZ, and Resource Gap. The gaps range from $0 to -$200,000,000.](chart.png)
DRM: Benefits

• Increased resources for education, healthcare, social services
• Independence and stability
• Government accountability
Possible Impacts of DRM

• Can yield significant returns

• Can help to:
  — Enhance transparency,
  — Streamline tax compliance, and
  — Reduce costs for business

• Increases with duration and intensity
Success in DRM

- Rwanda
- Tanzania
- El Salvador
DRM in El Salvador
Building a Modern Tax Service

• Enhanced taxpayer services
  – Taxpayer assistance center and walk-in offices
  – Taxpayer advocate unit

• Risk-based, automated audit selection
  – No longer at the discretion of tax officials
  – More than $100 million in underreported taxes assessed in the first six months
Building a Modern Tax Service

• Criminal investigation team
  – Increased cases sent to Auditor General
  – Sanctioned 24 employees and prosecuted 12 cases

• Technology-enhanced compliance
  – Initially from mail to robo-call system
  – Upgrades in 2013 saw $12.4 million from 27,000 pre-filled tax bills
El Salvador: Dollars to Results

- $5.8 million in total USAID support
- $350 million increase in annual revenue
- $160 million increase in annual social spending
DRM Elsewhere

• Also success in middle income countries
  – Georgia: Raised revenue from 17% to 24% of GDP
  – Bulgaria: Raised revenue from 26% to 31% of GDP
• Only in a few USAID Mission have substantial resources for DRM
Impacts of DRM

• Instills responsibility
Final Thoughts

• Programs are cost-effective
  – They return many times what is invested in them
• Help counties meet their own needs
• Lead to more transparent, equitable, predictable governments
• Good for business, investment and citizens