



Rialtas na hÉireann
Government of Ireland

Sharing Ireland's Domestic Resource Mobilisation Experience and Strengthening Capacity Through Effective Partnerships



Domestic Resource Mobilisation (DRM) and Development: Ireland's Approach

Effective taxation provides a reliable source of revenues that are needed to promote growth and sustainable development. However, many countries struggle to reach appropriate levels of revenue due to inefficient tax policies, underperforming tax administrations and low taxpayer compliance. Effective and fair tax systems are a critical building block for increasing domestic resource mobilisation (DRM), and essential to achieving the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs).

Ireland is fully committed to delivering, and supporting others in the delivery of, the SDGs. SDG 17.1 shows how a successful sustainable development agenda requires partnerships between governments, the private sector and

civil society. It recognises the need to *'strengthen domestic resource mobilisation, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection'*.

As a member of the multi-stakeholder Addis Tax Initiative, Ireland will continue to increase its contribution to capacity building with the aim of supporting our partner countries to take responsibility for their own sustainable development.

Ireland's new policy for International Development *'A Better World'* commits the Irish government to strengthening DRM through effective bilateral and multilateral partnerships, ensuring that increased revenue can support the furthest behind first.

Effective DRM Creates an Enabling Environment for Inclusive Growth

A Whole of Government Approach to DRM

This Whole of Government approach echoes the ambitions in **Global Ireland** – the Government’s strategy to expand Ireland’s global footprint and influence – and to work as **Team Ireland**. This approach **seeks to maximise Ireland’s support** to partner institutions by building on the comparative advantage that different parts of the Irish administration can offer:



Effective DRM Supports Essential Services: St Joseph's School for the Hearing Impaired, Makeni, Sierra Leone. Credit Phil Behan / DFAT

- » **The Office of the Revenue Commissioners (Revenue)** bring deep technical knowledge on DRM, taxation and how tax administrations work effectively;
- » **The Department of Finance** have extensive experience in tax matters, and robust international networks and relationships;
- » **The Department of Foreign Affairs and Trade** through its embassies, global networks and relationships, as well as its deep knowledge of specific country contexts and partner organisations, will be instrumental in supporting successful reforms.

A cross-government **DRM Group** in Ireland will ensure this innovative approach is coherent, sustainable and scales up responsibly. The DRM Group will oversee the following objectives and main actions:

To support partner tax administrations and enhance the capacity for sustainable Domestic Resource Mobilisation

SCALE UP Ireland's support to DRM activities

01 SCALE UP support to DRM activities including at least doubling our funding to key DRM partners by 2020 and developing a methodology to track Revenue and Finance investments in technical assistance activities;

SHARE Ireland's experience through effective global partnerships

02 SHARE Ireland's experience through effective global partnerships, building on strategic partnerships with organisations such as the African Tax Administration Forum (ATAF), with the aim of increasing both the scale and efficiency of technical assistance and peer-to-peer learning; and

SHAPE an enabling environment through coordinated action

03 SHAPE an enabling environment through coordinated action, by establishing a cross-government DRM group to support the coordination and sharing of lessons.

What is Ireland already doing?

This initiative will build on what Ireland is already doing. Ireland has accumulated a significant body of work through experience in partnering with and strengthening tax administrations in developing contexts:

Providing Technical Assistance

The Department of Finance engages with the International Financial Institutions (IFIs) on DRM matters and global tax architecture.



The Department of Foreign Affairs and Trade provides funding for both the OECD Tax and Development programme and the ATAF. These organisations engage significantly in the provision of technical assistance to member tax administrations with impressive results so far.

- » **Revenue** provides training abroad in different areas (Dispute Resolution, Treaty Negotiations, Exchange of Information, etc) to tax officials from developing countries. Revenue also hosts foreign delegations for visits with workshops and demonstrations on Revenue's structure, risk based audits, collection, investigations and prosecutions, analytics, IT systems and taxpayers' education.

Approach to DRM and Capacity Building

Ireland is committed to pursuing best practice by following the OECD Guiding Principles for supporting taxation.¹ Complementing the OECD principles, our support will be informed by the following approach:

- » **Demand-led and Partnership focused:** reforms are more successful when a clear need is identified by the partner;
- » **Relevant:** institutional support tailored to the partner's needs will deliver better results, informed by the appropriate diagnostic frameworks (see box overleaf);
- » **Coordinated:** our support will be coordinated and complement existing reform mechanisms in-country, adding value to those efforts;
- » **A listening and service-oriented approach:** building space for a service-oriented approach to how tax administrations go about doing their business;
- » **Gender aware:** with a view to reaching the furthest behind first ensuring that tax administration reforms consider the differential impacts on women and men and maximise the consideration of women's empowerment;
- » **Learning:** to deepen our collective understanding and learning around DRM related topics and approaches.

In addition, Ireland will pursue a partnership approach to this support

¹ <https://www.oecd.org/tax/centre-for-tax-policy-and-administration-brochure.pdf>

by developing strategic relationships with credible and well established regional and global DRM actors. This will better allow the sharing of Ireland's experience in DRM and tax administration.

Complementing the host administration's own organisational assessments, there are a range of sources that can be used to support objective assessment of needs.

For example, the **Tax Administration Diagnostic Assessment Tool (TADAT)** provides a robust and objective approach to assessing institutional strengths and possible areas for improvement. This tool can be combined with the **International Survey on Revenue Administration (ISORA)** that provides internationally comparative data on important aspects of tax systems and their administration.

Possible Areas of Capacity Building Support from Revenue

Subject to sufficient planning timeframes, available resources and expertise, Revenue can provide support with selected partners in a wide range of areas, including;

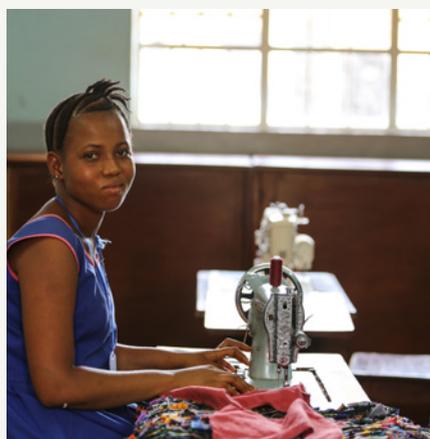
1. Technical and Specialised Tax areas
2. Operational Effectiveness
3. Organisational and Institutional Change Management



Facilitating Peer to Peer Learning and Exchanges

Phases towards closer cooperation and partnerships

1. **Request:** Any cooperation must be demand led. Requests for technical assistance or peer to peer learning can be made directly to DRM@revenue.ie or through identified partners.
2. **Identification:** The cross departmental DRM group will discuss requests and based on Ireland's capacity to deliver will start the process of identifying areas for cooperation (based on the diagnostic tools identified in box above). Ireland will also reach out to other development partners, to ensure coherence.
3. **Programme design and Agreement:** Based on the identification phase, a work plan will be drafted clarifying objectives, activities, resources, budget, timing and indicators for monitoring. The DRM group will draft a Memorandum of Understanding either bilaterally (Irish Government-host partner)



Effective DRM Supports Small and Medium Enterprises

or multilaterally with one of Ireland's strategic partners to guide **delivery** of agreed activities.

4. **Review and Learning:** regular monitoring and assessment of the activities will be central to the programme to evaluate if the desired results have been achieved. These reviews will then inform the future activities of the DRM programme.

If you are interested in engaging with Ireland's DRM programme you can make contact through our email address (DRM@revenue.ie)





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