

In our office, we support Economic Analysis and thinking across the various sectors where USAID works. A few of our areas of focus include Cost Benefit Analysis, Inclusive Growth Diagnostics, and Public Financial Management including Domestic Resource Mobilization or DRM.

Many of you may have already heard this term DRM, but may not be entirely clear on exactly what it means. When we say DRM, we are primarily talking about taxes and other revenues that developing nations can use to support their own development. Some have asked us “why focus so narrowly, on taxes?” But the simple answer to that is because “that’s where the money is.” In Africa alone, tax revenues are already more than 10 times the value of all development assistance to the continent, and far greater than even foreign investment and remittances combined.

With the announcement of the Sustainable Development Goals last September, many people were asking about how the world would fund this ambitious agenda. We really see DRM as an essential piece to that puzzle. By helping countries to raise more of their own revenues, we can help to end the cycle of dependence upon donor aid and allow them to use increased revenues to support sectors like health, education, and clean drinking water that are essential for development.

But DRM isn’t just something that a few enthusiasts in our office are talking about. Last July, more than 30 countries, both developed and developing, come together in support of DRM by creating the Addis Tax Initiative. Through this Initiative, the U.S. pledged to significantly increase the amount of assistance that it provides for DRM, with the department of Treasury and USAID playing leading roles.

Currently, USAID supports roughly a dozen DRM activities throughout the world, spending approximately \$20 million per year and we’re now working to increase that support.

We recently engaged with the IMF in developing a new tax diagnostic tool, which helps countries to identify areas of weakness in their Tax administration systems. We have also provided DRM webinars and in-person training seminars for USAID staff, and have worked with our field Mission to develop or expand DRM activities.

So I’ll close by saying “stay tuned for more” as we work to increase our engagement on DRM.