



Domestic Revenue Mobilization

Enhancing revenue management and tax policy reforms to contribute to domestic revenue mobilization and enable Ghana to finance its own development

Tax revenue contributes to a large part of a state's budget, thus allowing it to finance investments and recurrent expenditures. With only a small portion of the population paying taxes in Ghana, the Domestic Revenue Mobilization (DRM III) project aims – in close collaboration with the German International Development Agency (GIZ) and other stakeholders – to support national tax policy and administration reforms, to build capacity for subnational revenue mobilization and to strengthen revenue management of the extractive sector.

Rationale

To support Ghana's transformation to an upper middle income country and reduce its aid dependency, more revenues have to be mobilized to make investments in infrastructure, education and health and to fight growing inequality. For the purpose of achieving this goal, the Government of Ghana (GoG) is implementing an ambitious tax reform agenda. The overall objective of the third phase of the project is to contribute to domestic revenue mobilisation to enable Ghana improve transparency, internal accountability and delivery of public services.

It continues the successful partnerships with the GIZ and retains the key beneficiaries, the Tax Policy Unit (TPU) and the Ghana Revenue Authority (GRA). With many reforms having made good progress at the national level, the focus of the project shifted towards subnational revenue mobilization where the need for support and the potential benefits are high.

Objectives and activities

The DRM III aims to enable Ghana to finance its development needs and reduce poverty. More specifically, the project is organized around the following three components:

- 1. Enhance national revenue mobilization:** support to national tax policy and administration reforms by enhancing effectiveness and efficiency of national public revenue management, improving taxpayers services and broadening the tax base.
- 2. Strengthen natural resource governance:** increase transparency and efficiency in the management of revenues from oil production and mining by providing capacity development to key government institutions tasked with the revenue management and oversight of the extractive sector and support the collaboration between the various accountability actors.

Country/region

Ghana

Executing agency

Gesellschaft für
Internationale
Zusammenarbeit (GIZ)

Duration

2016 - 2023

Total budget

EUR 27'500'000

SECO contribution

EUR 6'500'000

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

- 3. Strengthen local revenue mobilization:** increase the efficiency and effectiveness of local governments in the planning, collection and administration of their revenues, in particular property taxes.

In addition, the project includes a pilot collaboration with the Swiss Federal Tax Administration for the provision of technical assistance and a secondment of a GRA staff to the OECD's Global Forum to facilitate knowledge transfer of international taxation issues.

The Embassy of Switzerland in Ghana attends half-yearly meeting with the GIZ involving all project partners (Ministry of Finance, GRA and representatives of Germany, the United States and the Netherlands) to discuss strategic and operational issues.

Achievements

DRM III supported the implementation of the second strategic plan of the GRA, which has introduced electronic system in the registration, filing and payment of taxes. Switzerland contributed experts for an assessment conducted in 2017. DRM III has developed, organised and implemented a national tax campaign to increase voluntary tax compliance of Ghanaians, by a better understanding of the citizenry of their obligations and accountability rights. This has been accompanied by various capacity building programs that the project organized to help improve institutional capacity of staff of the GRA in the areas of core tax administrative functions, revenue administration and revenue policy making. A joint taxpayer education strategy between GRA and the Metropolitan, Municipal and District Assemblies was developed and guidelines for the Exchange of Information on Request Process expanded and operationalized.

Further information and contact details

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