



## Stepping up domestic revenue mobilisation

# Canada

Gross disbursements – \$8.92 million

Commitments – \$5.94 million

Most important recipients (including top 3 individual countries, where relevant):

- Disbursements – Caribbean regional: \$2.49 million;

Benin: \$1.37 million; Mali: \$1.31 million; developing countries unspecified: \$1.29 million; Haiti: \$0.91 million

- Commitments – Caribbean regional: \$2.3 million; developing countries unspecified: \$1.29 million; Africa regional: \$0.28 million

### Doubling support to DRM in partner countries

In 2019, Canada's overall assistance in support of domestic revenue mobilisation (DRM) was reported as USD 8.92 million, a reduction of 30% compared to 2018, but an increase of around 22% from their 2015 disbursement levels. Canada's bilateral support is delivered through programming managed by Global Affairs Canada's (GAC) and Canada Revenue Services. In 2019, this programming consisted of operations in more than 7 countries, including Benin, Ghana, Haiti, Indonesia, Kenya, Mali and Uganda. These bilateral projects included support for strengthening the capacity of the Directorate General of Taxation and Lands to implement taxation policy and improve tax collection capacity in Benin, building of tax administrations officials in Mali, and technical assistance to improve customs and tax institutions and for computerising the Land Registry in Haiti.

Canada has also worked with a broad range of international organisations to provide support for domestic revenue mobilisation, including the IMF (for the Caribbean Regional Technical Assistance Center), the World Bank (for the Natural Resources for Development Program in Indonesia) and the OECD (for contributions to special funds for technical assistance).

### Policy coherence for development

Finance Canada (FIN), the Canada Revenue Agency (CRA), and Global Affairs Canada (GAC) have been working towards a whole-of-government approach to tax and development to establish a common set of

objectives and approaches for Canada's international engagement on DRM, including on policy coherence. This process has already introduced coherence and alignment of positions and messages across a wide spectrum of Canadian engagement at the international level.

Specific commitments to promote policy coherence are demonstrated by:

- Reforms to Canada's domestic policies to **address illicit financial flows** related to tax evasion, tax fraud, money laundering and terrorist financing;
- Actively **supporting efforts to strengthen international tax cooperation**, through engaging in coordinated multilateral efforts to address base erosion and profit shifting and to increase transparency through automatic exchange of information between tax authorities;
- Supporting the G20 commitment to **phase out inefficient fossil fuel subsidies** and helping achieve significant progress in this area, including through introducing measures to phase out various tax preferences for the oil, gas and mining sectors.

## Outlook

As several government entities are involved in the provision of tax capacity building support to developing countries, Canada's membership in the Addis Tax Initiative has raised awareness of tax capacity building activities and cross government efforts in this area. However, taking into consideration the decline in the level of ODA for DRM from 2018 to 2019 and reallocations of ODA due to the COVID-19 pandemic, it is not clear if Canada will reach its commitment to double its DRM-related support in 2020.