



**WP/21/35**

# IMF Working Paper

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## A Time to Build: Does Technical Assistance Matter for Revenue Mobilization?

by Ralph Chami, Elorm Darkey and Oral H. Williams

***IMF Working Papers* describe research in progress by the author(s) and are published to elicit comments and to encourage debate.** The views expressed in IMF Working Papers are those of the author(s) and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

I N T E R N A T I O N A L M O N E T A R Y F U N D

## IMF Working Paper

Institute for Capacity Development

### **A Time to Build: Does Technical Assistance Matter for Revenue Mobilization?**

**Prepared by Ralph Chami, Elorm Darkey and Oral H. Williams <sup>1</sup>**

Authorized for distribution by Ralph Chami

February 2021

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### **Abstract**

We use a unique data set for 115 countries, from 2000–18, and 5-year non-overlapping averages to explore the impact of technical assistance on revenue mobilization. To the authors' knowledge this is the first such effort to determine a direct relationship between technical assistance and the improvement in tax revenues. The paper finds that technical assistance significantly and positively increases tax revenues. Both income per capita and openness were found to positively improve the tax ratio in line with findings in the literature. Dynamic estimations also uncovered a long-run relationship among technical assistance, income per capita, openness, and tax revenues. This result further underscores that it takes time to build capacity and institutional resilience.

JEL Classification Numbers: H00, O11, O43 and Q01

Keywords: Revenue mobilization; fiscal policy; institutions; financing for development, sustainable development goals.

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<sup>1</sup> We thank the participants in the IMF's Institute for Capacity Development's Lunchtime Seminar, reviewing Departments, Olumuyiwa Adedeji, Karim Bahroumi, Reda Cherif, Seymour Douglas, Raphael Espinoza, Alexander Klemm, Keyra Primus, Kamiar Mohaddes, Mehdi Raissi, and Tim Willems for useful comments and suggestions.

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