



**Global Policy Forum on Development
Domestic Resource Mobilisation Session**

21 March 2018 (14:00-15:30)

Objective(s):

The objective of this workshop is to identify the key issues related to the mobilisation of domestic resources based on successful experiences of different actors, including local authorities (LAs), Civil Society Organisations (CSOs) and private sector.

Expected Results:

- Exchange of experiences between representatives of LAs, CSOs, and private sector;
- Identification of the conditions of an enabling environment for the sustainable mobilisation of domestic resources;
- Exchange of good practices.

Background:

Enhancing domestic resource mobilisation is key to all governments' efforts to achieving inclusive growth, poverty eradication and sustainable development. It increases the predictability and stability of financing for sustainable development and reduces aid dependency. Coupled with sound public expenditure management, it delivers more public goods and services where they are needed, strengthening the social contract between government and citizens. (Article 100 of the European Consensus for Development adopted on 19 May 2017).

The local taxes which are effectively collected represent less than 1% of the national income of EU partners countries, and the revenue from property taxes are near zero. In this context, Local Authorities, which have more and more areas of work to implement in the framework of the decentralisation processes, are not able to fund the investments necessary for delivering local services (access to water, sanitation, education, waste management) and all the areas of responsibilities that they are charged with. The weakness of their domestic resources reduces their capacity to ask for the loans which would be necessary to finance their development.

Whereas flows of international official Development Assistance (ODA) are reducing and territories are facing huge challenges related to urban expansion, it is indispensable for Local Authorities to strengthen the mobilisation of their domestic resources, which are the basis of their autonomy and their capacity to fund their development.



Local Authorities from partner countries have to deal with common issues regarding their financial autonomy:

- i)The insufficiency of resource mobilisation: they lack capacities to identify and localise the tax payers and the activities subjected to tax. The rate of coverage of local taxes compared to their fiscal potential is very low;
- ii)Lack of capacities in managing local finances: insufficient implementation of the existing budgetary and financial procedures, due to a lack of appropriate procedures, or, if they exist, a lack of capacity building of civil servants;
- iii)The lack of dialogue and cooperation between the state financial authorities and the local authorities. This implies, at the local level, a low reversion of resources to the cities. Besides, the different steps of the fiscal chain (identification of tax payers, emission, collection) are followed with less efficiency by the national authorities who are far from local realities;
- iv)The difficulty of mobilising population with around tax matters.

Methodology:

This workshop is based on the experience of actors which have participated in the implementation of Domestic Resources Mobilisation programmes. Its objective is to identify the conditions of an enabling environment for the mobilisation of domestic resources at local level.

Speakers representing international actors who deal with this thematic, like the European Commission and the European Parliament will have the floor, too.

At the end of the workshop, the moderator will list ways and means to implement and which actors to mobilise in order to develop domestic resources.