



DOMESTIC RESOURCE MOBILIZATION AND INVESTMENT IN AFRICA

CALL FOR APPLICATIONS AND NOMINATIONS

Announcement in Brief

Type : Short Term Course
Program Area : Financing for development
Beginning of the course : 26 October 2020
Duration : 6 Weeks
Language : English & French
Location : Web Based E-Learning
Fee : Covered by the UNECA
Application Deadline : 04 October 2020
Specific target audience : Technocrat in the fields of finance
Website : <http://services.unidep.org/e-idep/>
Applications : <https://www.unidep.org/?apply>



Policy makers in Africa have a strong interest to increase domestic financial flows that could be channeled for much needed investment in the continent. The Monterrey Consensus of the International Conference on Financing for Development reiterated the need for a significant increase in the level of national and international financial resources allocated to developing countries to achieve their internationally agreed development objectives. The Monterrey Consensus has emphasized the central role of domestic resource mobilization for the financing of development strategies, along with foreign direct investment, international trade, Official Development Assistance (ODA) and remittances. As a follow-up of the Monterrey Consensus, the Doha Declaration on financing for Development took place in 2008 and the third international conference on financing for Development was held in Addis Ababa in 2015. Recently, in 2019 the fourth ECOSOC Forum on Financing for Development (2020) was organized as part of the outcome of the Addis Ababa Action Agenda, and the fifth ECOSOC Forum has been completed in April 2020.

Recently, and following the global economic recession, domestic resource mobilization has increasingly been perceived as an important way of reducing overdependence over volatile aid flows and increasing the level of predictable financial resources that can be directed to the financing of development policies and projects at the national level. However, developing countries - and African countries in particular - encounter several challenges to effectively mobilize domestic and international resources to support the development process. This includes major governance challenges such as pervasive corruption in all forms, weaknesses in tax policy regimes, inadequate legal systems, underdeveloped financial systems, institutional weaknesses in National Revenue Authorities. Under the undergoing COVID-19 pandemic, these weaknesses could lead to devastating consequences both at economic and social levels. According to the Economic Commission of Africa, it is expected a slowdown of the economic growth in Africa around 1.8% in the best scenario and 2.6% in the worst case. This has the potential to push 27 million people into extreme poverty. The response to this health emergency would require an effective resource mobilization to tackle its direct effects on public health as well as coping with its economic and social impact.

To improve domestic resource mobilization, there will be a need to adopt effective policy measures aimed at mobilizing domestic public and private savings and channeling those savings into the most productive investments. ECA estimates suggest that Africa must raise 11 per cent of GDP per year for the next ten years to meet the SDGs. Currently, the Africa's average tax revenue to GDP is below 16 per cent. The coexistence of a formal and informal financial sector, underdeveloped financial intermediation systems, inefficient taxation mechanisms and difficulties in putting in place institutional mechanisms to harness the developmental potential of remittances are only some of the constraints to effective domestic resource mobilization.

Illegal or illicit financial flows are also a major challenge affecting the continent's capacity to mobilize domestic resources. In the context of the need to increase the capacity for domestic resource mobilization in Africa, the United Nations Economic Commission for Africa (UNECA) established a High-level Panel (UNECA, 2013) to address the problem of illicit financial flows from Africa which is estimated to be about \$50 billion a year in recent years. The Panel is headed by Mr. Thabo Mbeki with nine other eminent persons from within and outside the continent. The above figure has been updated to \$100 billion in an ECA's publication in 2018.

It has also been noted that about two-thirds of the illicit outflows from Africa supposedly originate from activities of multinationals. At the IMF-World Bank Spring Meetings (April 2014), African countries solicited the support of the Bretton Woods Institutions - IMF and World Bank - to help probe illicit financial outflows from the continent through capacity building which also includes training of policy makers in key institutions in the continent.

With regard to the low levels of financial intermediation in particular, it is crucial for African governments to support the development of better performing domestic financial sectors which can mobilize savings that escape from the formal financial sector and which - among other things - can facilitate access to financing for credit-constrained micro and small enterprises. This can be done for instance through the establishment of savings instruments that better suit the specificities of African economies.

Concerning the implementation of more effective taxation policies, African governments are confronted by challenges related to the structure of their economies (for example, in terms of the importance of the informal sector), to the reliance on a limited set of tax revenues (with the relative important weight of indirect taxes compared to direct taxes), but also to issues pertaining to the lack of fiscal legitimacy (with taxpayers having sometimes a negative perception of the proper use of public revenues).

On the other hand, channeling savings into productive investments also entails that appropriate policy measures are taken at the country level to promote an investment friendly environment (aimed at encouraging both domestic and foreign investments) but it also entails that governments create the adequate incentives that are likely to promote investment in sectors that are considered as priorities for national development.

LEARNING OBJECTIVES

The course aims to provide policy makers with a clear understanding of the key constraints to effective domestic and international resource mobilization within the context of the COVID-19 pandemic and it will also present a range of policy options to increase the capacity for resource mobilization at several levels – relevant economic agents (government and financial operators), responsible for tax receipts, national income and willingness for individual income earners to save and to pay taxes. Under the current crisis circumstances due to COVID-19 pandemic, the course will discuss the role of fiscal policy in mitigating the effects of the crisis in the short term, and achieving key objectives of macro-stability, equity, efficiency and sustainable growth in the long run in Africa.

In this regard, participants will be given an overview of the various performances of African countries in terms of the development of their financial sectors and the depth of financial intermediation, the efficiency of their tax collection mechanisms and tax administrations, the relevance of their labour market regulations, the existence of an efficient institutional support mechanism aimed at promoting investment in strategic sectors and the existence and efficiency of measures taken to improve the investment climate. In particular, participants will be given the opportunity to evaluate the relevance of some policy measures dedicated – among other things - to the improvement of the national financial intermediation systems, taxation policies and business environments to the context of their national economies. The course will also focus on issues related to debt management in the aftermath of the debt relief initiatives (HIPC and MDRI) from which a great number of African countries benefitted as well as the creation of an adequate institutional framework to promote investments from Diasporas. In addition, the course will review the best practices of designing fiscal stimulus packages to mitigate the effects of pandemics such as COVID-19 that are critical to tax and expenditure policy in Africa.

CONTENT AND STRUCTURE

The course consists of the following key modules:

- **Module 1** : Introduction to Domestic Resource
- **Module 2** : Domestic Resource Potential in Africa
- **Module 3** : Constraints to Domestic Resource Mobilization in Africa
- **Module 4** : Institutional Arrangements
- **Module 5** : Illicit Financial Flows in Africa
- **Module 6** : Strategies and Options for Mobilizing Domestic Resources and Enhancing Investment

METHODOLOGY

This self-paced course will be delivered from 26th October to 7th December 2020. The course will be moderated asynchronously on a weekly basis and participants are required to participate in weekly on-line discussions. In addition, each module has interactive lessons that provide the core content around the topic for that module. The lessons are designed in a way that learners are also able to self-assess their understanding through built-in quizzes. Additional resources such as bibliographies, web links and optional readings are provided for participants who wish to deepen their knowledge of the course topic.

TARGET AUDIENCE

The course will target mid-level to senior policy officials working in ministries in charge of economic and finance affairs as well as ministries in charge of development planning. In particular, target participants include officials working in tax administrations and development cooperation directorates as well as those directly connected with the management of their country's financial sectors.

ADDITIONAL INFORMATION

Acceptance to the Course

Applicants to the course are expected to have, as a minimum, a bachelor's degree preferably in finance or Economics. In addition, two years of work experience in the field will be required. Qualified female candidates are strongly encouraged to apply.

Until the registration deadline, participants are accepted to the course on a rolling basis and subject to availability of slots.

Applications must be completed exclusively on IDEP online application platform at <https://www.unidep.org/?apply>

Certificate of Completion

A Certificate of Completion will be issued by IDEP to all participants who successfully complete the course-related self-assessments presented for each module.

Technical Requirements

Access to internet is an essential condition for participation. The following specifications, as a minimum in terms of hardware and software, are required to take this e-Learning course, please consult your Network Administrator or Systems person to ensure that you have the following:

- Platform: Windows 95, 98, 2000, NT, ME, XP or superior; Mac OS 9 or Mac OS X; Linux
- Hardware: 64 MB of RAM, 1 GB of free disk space
- Software:
 - Adobe Acrobat Reader
 - Adobe Flash Player
 - Microsoft Office (Windows or Mac) or Open Office
 - Browser: Google chrome, Firefox 36 or higher or Internet Explorer 7 or higher
- Modem: 56 K
- Note that JavaScript, Cookies and Pop-ups must be enabled

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