DOMESTIC RESOURCE MOBILIZATION AND INVESTMENT IN AFRICA

CALL FOR APPLICATIONS

Announcement in Brief

Course Type: Short Term Course
Programme Area: Financing Development
Date: 5 – 16 November 2018
Duration: 2 Weeks
Language: Bilingual (English & French)
Location: Dakar, Senegal
Fee: US $ 2,500 (Excluding air travel and subsistence costs)
Scholarships: Yes (IDEP offers a limited number of partial and full scholarships)

Application Deadline: 21 September 2018
BACKGROUND AND RATIONALE FOR THE COURSE

Policy makers in Africa have a strong interest to increase domestic financial flows which could be channeled for much needed investment in the continent. The Monterrey Consensus 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 in particular 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.

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 and institutional weaknesses in National Revenue Authorities.

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. According to recent studies, Sub-Saharan Africa has the lowest savings rate of any developing region even though average savings rates can vary widely from a country to another at the continental level (in particular, Northern African countries tend to have higher savings rate than their Sub-Saharan counterparts). 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 UN Economic Commission for Africa (UNECA) recently established a High-level Panel (UNECA, 2013\(^1\)) 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. It has also been noted recently that about two-thirds of the illicit outflows from Africa supposedly originate from activities of multinationals. At the 2014 IMF-World Bank Spring Meetings, 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 with 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.

### COURSE OBJECTIVES

The course aims to provide policy makers with a clear understanding of the key constraints to effective domestic and international resource mobilization and it will also present a range of policy options to increase the capacity for resource mobilization at several levels. While policy measures aimed at increasing the level of long term resources dedicated to the financing of the development process must be taken at both the international and national levels, this course will focus on the national level.

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.

### EXPECTED SKILLS UPON COMPLETION

At the end of the course, participants should:
- Be able to identify the weaknesses of their domestic financial sectors and the key constraints to effective financial intermediation;
- Be able to propose policy reforms that could support the development of better performing financial systems which can better respond to the savings and investment needs of domestic households and enterprises;
- Be equipped with tools that can enable them to effectively contribute to the definition of strategies that could improve tax collection at the national level;
- Have an appreciation of what could be an optimal level of regulation in sectors (such as labour markets) that are important determinants of investment decisions.
COURSE CONTENT

The course will cover various modules in relation to domestic resource mobilization. They include the following topics: domestic resource potential in Africa; Illicit Financial Flows (IFF); institutional arrangements and strategies for mobilizing domestic resources and enhancing investment.

PEDAGOGICAL APPROACH

The course is structured as a participatory one in which the full-time presence and active contribution of all those who are admitted will be demanded and assessed. In line with the IDEP pedagogical philosophy, the presentation of the course modules will combine a knowledge-building component with experience-sharing among participants and a practical, hands-on technique designed to impart core skills. Each module is accompanied with a number of exercises aimed at testing the depth of understanding of participants, the key messages delivered and their readiness to apply the knowledge gained and skills acquired to be able to engage independently in problem-identification and solving.

The course will be interactive through carefully designed modules and pedagogical approaches with clear learning outcomes and there will be group/individual work to assess whether learning outcomes have been achieved. On the basis of the individual average grades obtained by participants, three (3) types of certificates will be awarded: (i) *Certificates of Competence* with distinction (Excellent, Very Good and Good), (ii) *Certificates of Participation* or (iii) *Certificates of Attendance*.

MODE OF DELIVERY

- **Language:** The course will be delivered in English and French (simultaneous interpretation services will be available).
- **Duration:** Two (2) weeks.
- **Number of participants:** A total number of twenty-five (25) participants are admitted into each IDEP short course.
- **Resource persons:** Various experts with a first-hand technical knowledge of issues related to resource mobilization, a full understanding of the terrain of development in Africa, and an appreciation of the challenges of national planning will be responsible for delivering course modules.

METHOD OF APPLICATION AND NOMINATIONS

Applications and nominations are on the basis of a form which all interested participants are expected to complete. The forms are available on the IDEP website and can be submitted online or downloaded for transmission by fax or as e-mail attachment. Candidates are advised to complete all the relevant sections of the forms; incomplete applications will not be processed.
TARGET PARTICIPANTS

The course targets mid-level to senior policy officials working in ministries in charge of economic and finance affairs and 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.

COURSE TUITION & SCHOLARSHIPS

The cost of this course is USD 2,500 (this fee excludes air travel and subsistence costs). Please note that IDEP offers a limited number of partial and full scholarships to those admitted to participate in its programs. Thus, self-sponsored candidates are also encouraged to apply to this capacity development and training programme. Please note that priority is given to full or partial self-sponsored applicants.

IMPORTANT DATES

- Deadline for Applications and Nominations: Friday 21st September 2018
- Course Period: 5 – 16 November 2018

CONTACT INFORMATION

Training Division
Tel: +221 33 829 55 00
Fax: +221 33 822 29 64
Email: training@unidep.org

N.B.: IDEP strongly encourages and supports the participation of suitably qualified female officials in its capacity development and training programmes.