



# COOPERATION AND DEVELOPMENT NETWORK



**Student: Amulai Touray**

**Country: Gambia**

**Hosting organization: UNDP**



**“Domestic Resources Mobilization for Financing the Post 2015 Development Agenda in Developing Countries – A Case Study of Sub-Saharan African Countries”**



The thesis seeks to analyze the potentials and challenges of domestic resource mobilization for financing the MDGs and post 2015 development agenda in developing countries specifically Sub-Saharan Africa. The study applies a desk review and retrospective studies of published and unpublished materials by using both qualitative and quantitative secondary data within reach. The study also looks into the new role that Official Development Assistance (ODA) could play in the post 2015 development agenda.



Insieme, per un mondo possibile.



The study reveals that new innovative finance initiatives which currently generate US\$1.69bn in 2012 and have the potentials to generate approximately US\$753bn per annum if effectively implemented and deepened, would make available additional development finance for funding post 2015 development agenda of developing countries.

The literature also reveals that prospects of DRM in Africa are huge given the fact that financial resources potentials could finance 70-80% of its development from multiple sources specifically from taxes, diaspora remittances, remittances securitization, stock market

**COOPERATION AND DEVELOPMENT NETWORK**

c/o Collegio Santa Caterina da Siena Via S. Martino 17/b, 27100 Pavia - Italy  
Tel. +39 0382 22540 - Fax +39 0382 307861 - Email: [cdn@unipv.it](mailto:cdn@unipv.it) - Web: [www.cdnpavia.net](http://www.cdnpavia.net)



# COOPERATION AND DEVELOPMENT NETWORK

capitalization, mineral and natural resources earnings, pension funds, international reserves, liquidity in the banking sector and private equity markets. The African continent could generate US\$4.5trn from the above multiple sources to be used for its development and could pay off the whole of the continent's debt and eradicate poverty and improve the wellbeing of people of the continent.

On ODA, it should be directed to support investment and economic activities of the productive sectors, infrastructural development (e.g. Power Africa Initiatives of USA), and social protection schemes. Donor Coordination taking into consideration new actors such as BRICS and the Arab world is much needed.

On the challenges of DRM, the study reveals that illicit financial flows (claiming US\$854bn from the continent from 1970 - 2008), high cost of remittances (charges are estimated at US\$2.88bn p.a.), narrow tax base of the economy, tax administration challenges, poor governance, poor institutional and human resource capacity, large informal sector, poor natural resources management high cost of borrowing, high rates of employment as well as low levels of domestic savings and investment are major impeding factors of domestic financial potentials.

The study puts forward major recommendations and policy options that include;

- a) Curtailment of illicit financial flows, strengthen good governance and institutions, implementation of special capacity building programmes, implementation of policies that are geared towards reducing the excess costs of remittances as well as promote public private partnerships especially in implementing infrastructure projects and agricultural development to attain food security and in the industrialization process for a drive to sustainable economic growth and human development for meaningful employment creation.

**COOPERATION AND DEVELOPMENT NETWORK**

c/o Collegio Santa Caterina da Siena Via S. Martino 17/b, 27100 Pavia - Italy  
Tel. +39 0382 22540 - Fax +39 0382 307861 - Email: [cdn@unipv.it](mailto:cdn@unipv.it) - Web: [www.cdnpavia.net](http://www.cdnpavia.net)



# COOPERATION AND DEVELOPMENT NETWORK

- b) Structural and systemic problems of the economy need to be addressed. Governments should devise and implement policies that would deepen the fiscal space, financial inclusion, reach out to the informal sector, promote domestic savings and investment, diversification of the sectors of the economy, value addition, interest and exchange rates management and enhancing public sector expenditure productivity through effective micro and macroeconomic policies.
- c) Promotion of good governance, transparency and accountability to the citizens, peace and security and raising confidence of investors through legal and regulatory frameworks and strengthening the fight against corruption by holding public official responsible, coupled with strengthening public administration, institutional and capacity development could turn resource potentials into actuality.

The study concludes that the enabling environment to unlock the full potentials of DRM in developing countries to finance their development is sustained economic growth through inclusive development strategies that are able to create meaningful jobs and reach out to the informal economy to widen the tax base. The deepening of the fiscal space and financial inclusion by lowering lending rates and facilitating greater access to financial services is also crucial to promote savings and investment.

A sustainable DRM could be achieved through sustained progress in regional integration, governance, policy and institutional reforms, more transparent and accountable systems for both the public and private sector, special capacity development programmes, and above all the political will to pursue such course.



# COOPERATION AND DEVELOPMENT NETWORK

**COOPERATION AND DEVELOPMENT NETWORK**

c/o Collegio Santa Caterina da Siena Via S. Martino 17/b, 27100 Pavia - Italy  
Tel. +39 0382 22540 - Fax +39 0382 307861 - Email: [cdn@unipv.it](mailto:cdn@unipv.it) - Web: [www.cdnpavia.net](http://www.cdnpavia.net)