



## Promoting More Effective and Equitable Strategies for Domestic Resource Mobilization

a project by the  
Center for Global Development<sup>1</sup>

The Center for Global Development is undertaking a 24-month project of research, analysis, and strategic engagement to **develop more effective and equitable strategies for domestic resource mobilization (DRM)**—the process through which countries raise and spend their own funds to provide for their people—in low-income and lower-middle-income countries (LIC/LMICs).

To achieve the Sustainable Development Goals (SDGs), finance for development must increase from “billions to trillions” a year. While prospects for public and private financing from the developed to the developing world are increasing, DRM will be the key to sustainable human and infrastructure investment over the long term. [The 2015 Addis Agenda](#) and the [Addis Tax Initiative](#) enshrine global DRM aspirations and have prompted an acceleration in DRM-related technical assistance to LIC/LMICs.

The most basic measure of DRM—the tax-to-GDP ratio—has shown a modest improvement over the last decade in many LIC/LMICs, but progress has been uneven. If there is to be any hope of achieving the SDGs, the pace of positive change must increase. LIC/LMIC governments, donors, and civil society are rightly concerned about the distributional implications of resource mobilization efforts. And, in some quarters, international coordination mechanisms and the efficacy of donor-supported technical assistance are being called into question.

In contrast to many efforts focused on the techniques of DRM, CGD seeks to enhance understanding of **the political and economic constraints to increasing DRM and the distributional consequences of DRM policies**. To support this learning process, CGD will:

- Establish a common understanding of what constitutes “good” DRM
- Understand what the structural and political constraints are to increasing DRM
- Explore what multidimensional measures are best suited to track the efficiency and distributional impact of DRM
- Assess the effectiveness of policy advice, financial support, and technical assistance for DRM from multilateral and bilateral institutions, particularly from the LIC/LMIC policymakers’ perspective
- Understand the impact that international finance and tax regimes have on LIC/LMICs and propose reforms that will assist LIC/LMIC development
- Develop an agenda of new ideas and actions to enhance DRM support and effectiveness

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We will engage LIC/LMIC policymakers in their efforts to drive more effective and equitable DRM outcomes through a **semi-annual roundtable of finance ministers**, which will discuss fiscal policy challenges and solutions in a peer-to-peer learning environment. Our aim is to combine current DRM research with discussion and peer learning to help LIC/LMIC finance ministers find their own winning strategies for increasing equitable DRM.

To support this discussion, CGD will prepare a series of papers that synthesize the current state of thought on what constitutes good DRM and the constraints to DRM growth. We will also commission four case studies by resident LIC/LMIC experts to assess what has worked in improving DRM, including the impact of technical advice by bilateral and international providers.

We will also convene a **semi-annual roundtable of key players at multilateral and bilateral institutions** that are active in providing technical assistance and financial support to discuss ongoing work and formulate specific strategies for enhancing DRM support and implementation. Initially, this roundtable will broadly focus on two questions:

1. Taking efficiency and equity considerations into account, how should the performance of a fiscal system be measured?
2. What impact has technical assistance from various providers had on DRM implementation?

The roundtables will facilitate discussions among technical assistance providers to find common ground on measuring the effectiveness of their support and collaborative efforts that may ensure a durable scaling up of DRM in LIC/LMICs.

Once the project is sufficiently advanced, CGD will host an **international conference on DRM**, convening DRM experts, policymakers, technical assistance providers, and other critical actors to discuss current issues in the DRM field. These discussions will establish a constructive interchange among all players in the DRM space regarding DRM design strategies and support mechanisms.

So far, receipts from corporate taxes have held up in LIC/LMICs, but there is a risk that they may be jeopardized by profit shifting and base erosion of large multinationals. As part of this project, CGD will also **develop practical policy ideas for reforms of international tax rules, norms, and collaboration**. We will explore whether and how action on internationally accessible parts of the tax system (tax treaties and transparency measures, civil society attention, the role of multinational corporations, international financial centers) can better support the domestic dynamics for DRM. Areas of focus will include strengthening the investment environment, broadening the tax base, and enhancing the accountability of public entities. We will take a policy-focused and evidence-driven approach and seek common ground among governments and revenue authorities, taxpayers, international organizations and donors, tax professionals and their professional institutes, civil society organizations, and the research community.