

# PRINCIPLES OF PUBLIC SECTOR DOMESTIC RESOURCE MOBILIZATION

To foster broad-based economic growth and poverty reduction, partner countries ultimately need to raise and invest more of their own domestic resources. MFAN supports the use of United States assistance to encourage willing partner countries pave a path toward long-term self-reliance by generating more of their own revenue and spending it to achieve development outcomes.

Where the United States provides assistance to help partner governments generate more domestic resources, these governments should decide how those resources are allocated. However, the United States should focus support for domestic resource mobilization (DRM) on partner governments that are committed to using the new resources to achieve the Sustainable Development Goals (SDGs).

The following are guiding principles for how the U.S. government can effectively help partner governments mobilize domestic resources for development.

1. **Make a strong and focused commitment.** The U.S. government should invest in the capacity of partner governments to enhance equitable domestic resource mobilization and identify new or alternative sources of funding to increase partner governments' financial contribution to their own development priorities.
2. **Take a holistic approach.** U.S. government investments in DRM should be part of a broad approach to sustainability, including:
  - ▶ National policies and capacity to capture increased revenue;
  - ▶ Participatory and inclusive processes for setting national priorities;
  - ▶ Transparent budgeting and expenditures;
  - ▶ Opportunities for domestic investment by the private and non-profit sectors in the country's priorities;
  - ▶ Strengthening of civil society capacity and space to monitor and hold their own government accountable for resource generation, expenditures, and outcomes; and
  - ▶ Regulation of illicit financial flows and tax avoidance that deprive developing countries of considerable revenues, including U.S. policies and partner country enforcement.
3. **Align with country-owned priorities.** Partner countries should own their own development priorities. All development resources in a country—including national budgets, official development assistance, or other resources—should be allocated in line with the priorities of their people as reflected in an inclusively-drafted national development plan.
4. **Encourage resources be used for development priorities.** U.S. government assistance to increase DRM capacity should support specific plans on the part of the partner country to utilize a substantial portion of the additional resources to achieve national development priorities.
5. **Transparently assess progress.** The U.S. government should be guided by transparent benchmarks for evaluating partner countries' commitment to using the mobilized resources to achieve national development priorities. Such benchmarks might include:
  - ▶ Performance against Millennium Challenge Corporation metrics for "investing in people"; and
  - ▶ Spending on Millennium Development Goals and Sustainable Development Goals, including plans to meet Abuja and Maputo commitments for health and agriculture spending.

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<sup>1</sup>Congressional and Executive restrictions created in Washington, D.C. too often limit the ability of USAID missions to align U.S. assistance with national plans. See USAID Office of Inspector General, Audit Report No. 9-000-15-001-P, "Audit of USAID Country and Regional Development Cooperation Strategies," February 20, 2015.