

# **Peacebuilding Commission Working Group on Lessons Learned**

## **The PBC's role in resource mobilization: Domestic resource mobilization**

### **Initial Findings**

#### **Introduction**

On 10 July 2013, following-up on its meeting of 3 April in which it addressed the role of the Peacebuilding Commission in mobilizing external resources, the Working Group on Lessons Learned of the PBC convened a meeting to discuss the role of domestic resource mobilization in post-conflict countries and the possible role of the PBC as a platform to help mobilize these resources in the countries on its agenda. The discussion highlighted the challenges and opportunities of internal revenue collection, focusing on the following three issues:

- The potentials of an improved domestic revenue collection system;
- The impact of a strategic approach to sustainable public expenditure in key peacebuilding priority areas; and
- The role that development partners can play in ensuring sustainability.

#### **The opportunities and challenges of domestic resource mobilization and lessons learned**

##### **Opportunities:**

- Domestic resource mobilization allows the country to identify and pursue predictable and sustainable sources of funding for service delivery on the ground.
- Domestic revenue collection enhances national ownership, which is a central component of sustainable peacebuilding.
- Domestic resource mobilization can serve to strengthen the social contract and trust between the government and its citizens if the benefits of the revenue raised are delivered back to the citizens in the form of service delivery. The confidence in the government through fair and equitable distribution of resources and services is crucial in pursuing sensitive and challenging post-conflict peacebuilding challenges such as security sector reform and national reconciliation.
- Good track record in domestic revenue collection signals good governance, which provides incentives for private sectors to invest more and international partners to provide more assistance.

##### **Challenges:**

- Domestic revenue collection systems are often inherently weak and are weakened further by conflict. Revenue collection and government expenditure processes are often not linked sufficiently to allow service delivery. Resource distribution system from the central to local government may be limited or not even in existence. Credible plan or strategy which should form a basis for budgeting is often lacking. Economic activities are stagnated, limiting the tax collection base.
- Improving domestic revenue collection requires a number of actions including addressing

infrastructure requirements, information systems, human resources needs, new legislation, and procedural reforms. It takes many years (at least 8-12 years) to build an effective revenue administration, as well as national capacities and skills to sustain the system.

- A strong political support from government's top leadership is indispensable for a successful reform of the revenue collection system. A strong will is necessary to enforce such measures as a national zero-tolerance policy on corruption.
- The long-term commitment and significant budget support from external partners (eg. 19 years in the case of Rwanda) are essential. It is important for the international community to maintain long-term focus on supporting the capacity of post-conflict countries in fiscal independence.

**Lessons: Effective approaches**

agricultural products, bike-taxi business, etc. This will eventually widen the tax collection base.

- Capacity building in natural resources management, which has a great potential for domestic resource mobilization if managed in a transparent way and through an accurate system of checks and balances.

**Lessons: Role of the PBC**

The PBC can play a convening role of national actors and development partners to serve as a partnership platform in the following areas:

- Ensure long-term engagement of the international community in strengthening the local capacities.
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