



Technical session 7: Strengthening Domestic Resource Mobilization for Irreversible and Sustainable Graduation

A. Context

Most least developed countries (LDCs) face significant financing gaps to address human capital development, the triple planetary crisis, and to achieve the SDGs more broadly. They often rely on external sources: foreign direct investment (FDI) for economic growth, with frequent concerns regarding their contributions to national development priorities and sustainability, and Official Development Assistance (ODA) to finance important parts of their development agendas.

There are some limited risks to manage from LDC graduation on accessibility and volumes of ODA, which may include fewer grants, less access to some vertical funds, and limited increases in interest rates. Sustainable development progress, beyond graduation, will in any case require the State budget to drive the development agenda and use ODA strategically as a complement to public investments.

LDC's tax bases often remain too narrow, with weak revenues originating from private sector investments, notably FDI. Strategically addressing fiscal policy and investment promotion regimes ahead of graduation – re-correlating tax generation and economic growth – can support more ambitious development agendas, increasing fiscal space for public investments in public goods, human capital, and environmental and climate priorities. In addition, increasing revenues should ease frequent concerns on debt sustainability, increase development partners' and investors' confidence, thereby attracting new investments, for long-term inclusive and sustainable economic growth.

Including domestic resource mobilization goals in Smooth Transition Strategies (STS) should help to elevate this critical topic in a multi-stakeholder forum, develop shared priorities, and attract the required technical assistance for sustainable financing of development.

B. Objective

Following technical session 6, discussing the broader management of development finance – public and private finance – for sustainable graduation, this technical session will focus on ways to strengthen the State's budget capacity to drive the financing of national development priorities, specifically. Specific objectives include:

1. Sharing lessons from successful examples of how domestic resource mobilization (DRM) targets have been set and achieved elsewhere.
2. Identifying effective ways for the STS to include and elevate DRM priorities for national development progress.
3. Identifying international technical assistance needs that could support DRM.

C. Guiding Questions

1. What are specific challenges faced by Bangladesh, Lao PDR, and Nepal with regards to generating domestic revenues?
2. How have DRM and fiscal policy been integrated into graduation planning?
3. What structures support coordination and ensuring synergies between DRM and transition planning efforts?
4. Are innovative approaches to improve DRM being explored (e.g., digitalization)?
5. What technical assistance support could help to address challenges?

D. Session Outline and Time Allocated: 1100 – 1230 (90 minutes)

Time	Description	Resource person(s)/ Key questions
5 minutes	Brief Opening remarks to set the scene: Outline session objectives, format and expected outcomes.	Chair: Ms. Sara Sekkenes, UN Resident Coordinator to Lao PDR
20 minutes	Presentation: Presentation “Global and regional lessons in setting and achieving DRM targets”	Mr. Paul Martin, Regional Technical Advisor, UNCDF.
35 minutes	Panel Discussion moderated by the Chair “Integration of domestic revenue mobilisation into LDC transition strategies”	Chair: Ms. Sara Sekkenes, UN Resident Coordinator to Lao PDR Representatives from Ministry of Finance from each country: 1. Mr. Abu Daiyan Mohammad Ahsanullah, Deputy Secretary, Finance Division, Government of Bangladesh 2. Mrs. Phirany Phissamay, Deputy Director General, Fiscal Policy and Law Department, Ministry of Finance, Government of Lao PDR 3. Mr. Rajendra Kumar Poudel, Joint Secretary/Head of Economic Management Division, National Planning Commission, Government of Nepal
20 minutes	Q&A	
10 minutes	Closing: Summary of session and recommendations for STS preparations	Chair: Ms. Sara Sekkenes, UN Resident Coordinator to Lao PDR

	<ul style="list-style-type: none">a. What recommendations could support DRM efforts to prepare for a smooth graduation?b. What potential support could be useful in implementing these recommendations?	
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