



THE UNITED REPUBLIC OF TANZANIA

Check against Delivery

STATEMENT BY

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UNITED REPUBLIC OF TANZANIA

AT THE 2004 SUBSTANTIVE SESSION OF ECOSOC,

NEW YORK, JUNE 29, 2004

Madam President,

Allow me first and foremost to thank you for inviting me and my delegation, on behalf of the United Republic of Tanzania, to participate at this High level segment on “Resources mobilization and enabling environment for poverty eradication in the context of the implementation of the Programme of Action for the Least Developed Countries for the Decade 2001 – 2010”, at the 2004 substantive session of ECOSOC.

Madam President,

My delegation would like to associate itself with a statement made yesterday by the distinguished representative of Qatar speaking on behalf of the Group of 77 and China. We fully share the views expressed in the statement.

Madam President,

We are appreciative of the Secretary General’s report submitted for consideration at the High level segment as it addresses the challenges we face as we find ways and means to mobilize resources for poverty reduction in a sustainable manner.

Madam President,

There is now a renewed focus on development and a broad consensus on what is needed to reduce poverty and improve living conditions in developing countries as reflected in commitments made with the proclamation of the Millennium Declaration in year 2000 and the setting up of the MDGs. The resolve has been to create an environment, at the national and global level, which is conducive to development and to the elimination of poverty.

Madam President,

In line with this renewed focus is the concern about the obstacles developing countries face in mobilizing the resources required to finance sustained development initiatives. Through Monterrey, Doha and Johannesburg, it has been recognized that there is need for a new compact between developing and developed countries if this development challenge is to be met.

Madam President,

The issue of resources mobilization is thus a critical one. Without the necessary financing, domestic and foreign, Africa and the LDCs in general would have fewer chances to make inroads on poverty reduction. A comprehensive strategy for mobilizing resources addressing all the sources of development finance is required. At the

international level we need to address trends in Official Development Assistance (ODA), debt relief, trade openness and the whole issue of market access, and Foreign Direct Investments (FDI). Domestically developing countries have to examine their tax systems and ensure that there is improved investment climate, in terms of policies, institutions and the legal and regulatory environment. How we capture in the formal system remittances, a growing vital source of development financing, is also critical.

Madam President,

Tanzania has been implementing the Poverty Reduction Strategy Paper (PRSP) since the year 2000, prepared through a consultative and participatory process, focusing on reducing income poverty; improving human capabilities, survival and social well-being; and containing extreme vulnerability among the poor. There are certain achievements recorded in terms of reducing poverty levels, supported by an improved macroeconomic environment; with GDP growth rate reaching 6.2% in 2002 and inflation down to below 5%. There are, however, still a number of challenges in view of the fact that poverty levels are still high and growth rates still short of the required minimum rate of 8%. To attain such a rate and sustain the declining trend of poverty is a major challenge. We need also to identify a transmission mechanism to ensure benefits of growth sufficiently reach the majority, especially in rural areas, establishing in the process the macro-micro linkages.

Madam President,

We are now in the process of reviewing our PRSP, informed by the experience of the last three years of implementation, with the aim of developing the second phase PRSP. Areas of focus include taking a comprehensive view of poverty, making the strategy more outcome-oriented, emphasize broad-based growth, address employment creation, delivery of quality social services and take concerns of vulnerable groups much more firmly on board.

Madam President,

With regard to resources mobilization, Tanzania emphasizes mobilization and effective utilization of domestic resources (natural, financial and human). In 2002 Tanzania finalized the Tanzania Assistance Strategy (TAS), a framework for partnership in development, aimed at improving aid co-ordination and enhancement of national ownership of the development process. The emphasis is placed on ensuring that donor support is channeled through the government budget, within the medium term framework, and that the various processes are harmonized to reduce transaction costs, allow for flexibility in financing priority interventions and ensure predictability of such support. A standard assessment framework has also been developed known as the Performance Assessment Framework (PAF) on which disbursements of budget support are determined without further conditions, discouraging in the process creation of parallel structures.

Madam President,

As we implement the PRS the government is continuing with the reform agenda to ensure that the operating environment is conducive for sustained growth, attractive to private sector investment and enhances the absorptive capacity especially at community levels for effective and efficient utilization of resources. Efforts are also being made to ensure access to low cost credit to the poor and SMEs and formalization of property currently in the extralegal sector. Measures are also taken to improve support infrastructure and strengthen the statistical infrastructure necessary for monitoring progress and evaluating impact. Good governance, especially the fight against corruption, is also high on the agenda.

Madam President,

As we do all these we need to build human and institutional capacities? Africa is facing a human development crisis with the majority unable to access health, education and productive resources to contribute to a thriving economy. HIV/AIDS is ravaging the continent and is undermining the foundations of development, namely economic growth, good governance, development of human capital, the investment climate and labor productivity. In today's world human capacity is becoming even more important for development, with the world economy increasingly being driven by knowledge and technology. This predicament has to be reversed through collective responsibility.

Madam President,

I was privileged to attend a World Bank organized conference in Shanghai in May this year on “Scaling up Poverty Reduction: A Global Learning Process”. What emerged from the meeting was the fact that with common resolve and dedication we can win the war against poverty through, among others, support to community driven initiatives. We are seeing this happening in Tanzania where we implement a social fund called Tanzania Social Action Fund (TASAF). The secret behind such success lies in people’s participation, enabling poor men and women so that they can play their roles effectively. This requires an empowering approach to development where poor people are seen as key resources and partners, tapping into their knowledge, skills, and deep desire to escape from poverty. Important also in this case is how we build and strengthen partnerships between government, civil society and the private sector.

Madam President,

We all have a responsibility in mobilizing the much needed resources. Freer access to industrial country markets and greater and more predictable aid are needed to support the process. Phasing out trade distorting subsidies is another area that needs to be addressed. Higher aid flows will facilitate growth if properly utilized. Debt relief will also support the process by releasing these resources for investment in social service delivery. We need also to honor commitments within the context of Doha, Monterrey and

Johannesburg. Implementation of MDG 8 is critical, including establishment of indicators to assess performance.

Madam President,

I conclude by expressing my optimism that we will continue to build consensus on the way forward and to collectively and responsibly address the unmet development needs. Indeed action to build a fair and inclusive process of globalization is urgent.

I thank you for your attention.