



**Permanent Mission of the United Republic of Tanzania  
to the United Nations**

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**STATEMENT BY**

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PERMANENT SECRETARY OF THE MINISTRY OF  
FINANCE OF THE UNITED REPUBLIC OF TANZANIA**

**AT THE**

**SUBSTANTIVE INFORMAL SESSIONS FOR THE  
PREPARATION OF THE THIRD INTERNATIONAL  
CONFERENCE ON FINANCING FOR DEVELOPMENT  
ON "DOMESTIC PUBLIC FINANCE"**

**NEW YORK, 10<sup>TH</sup> NOVEMBER 2014**

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**NEW YORK, NOVEMBER 11, 2014**

**Co-Chairs,**

It gives us such a great pleasure to participate in this substantive informal session for the preparation of the Third International Conference on Financing for Development to be held in Addis Ababa, Ethiopia in July next year. We would like to commend you for putting together a roadmap, whose implementation would undoubtedly produce the desired outcomes.

We would also like to thank the keynote speakers and panelists that have shared their insightful perspectives thus far, including the panelists for today's thematic discussion, on mobilization of domestic financial resources for development. In the same token, we would like to align ourselves with the statement delivered by the distinguished representatives of Bolivia and Mauritania, on behalf of the G77 and China and the African Group, respectively.

**Co-Chairs,**

Unmistakably, mobilization of financial resources was among the key themes of the Monterrey Consensus and remains so today. For some of our countries, achieving self-reliance meant securing sufficient domestic resources to implement the national development programmes. We have never deluded ourselves that external financial assistance could overcome poverty facing our people. Our experience over the years, however, has taught us that, predictable and reliable external public financial resources, such as ODA can provide an important relief to least developing countries that lack the capacity to generate sufficient domestic resources for development. With time we have come to a realization that, ODA is insufficient and at times unreliable; while foreign direct investment (FDI) is also unpredictable and mostly short-lived, with much of the earnings benefiting the multinationals and their governments rather than the host countries and their people, through technical assistance. From this experience, we are appreciating the importance of other innovative sources of financing including, blended financing. We believe that all these will play different but complementary roles in the post-2015 development agenda, and as such should feature prominently in our ongoing consultations for the Third International Conference on Financing for Development.

Despite this evolution, the basic tenets remain intact. For instance, a critical challenge remains one of ensuring the necessary internal conditions for mobilizing domestic

savings, both public and private, sustaining adequate levels of productive investment and increasing institutional and human capacity. We know exactly what needs to be done, and some of our countries are already doing it, including by undertaking tax reforms, strengthening domestic tax structures, coverage and administration, and carrying out fiscal reforms, deepening capital markets; and formalizing new forms of partnerships between the public and private sectors, and other stakeholders.

The recent efforts by the Government to improve domestic resources mobilization and utilization include implementation of policies and actions that aimed at improving procedures for assessment and collection of revenues; improving tax laws; increasing application of electronic systems in tax collection; minimizing tax exemptions; and harmonizing tax rates and levies. Others are formalization of the informal sector, issuance of infrastructure bonds and bringing in the private sector through the Public Private Partnership (PPP) arrangement to finance important public investments, particularly in economic infrastructures for enhancing GDP growth and improving the delivery of services to the majority.

Effectively exploiting ICT to enhance efficiency is one of the success stories for Domestic Resource Mobilization in Tanzania. The implementation of ASYCUDA++ system as institution building has improved services delivery and deepened the Tanzania Revenue Authority's specialization and increased levels of revenue collection to larger extent.

We also note that international enabling environment is very important to our endeavours. The Monterrey Consensus notes that the international community has an important role to play in supporting the national efforts. It is vital therefore that our discussions on mobilization of financial resources for development should also address the systemic issues, pertaining to global economic and financial governance and trade and investment regimes. We wish to underscore in this regard that the reforms that have been undertaken in these institutions is positive step but not sufficient. We therefore call for further reforms to increase the voice and participation of developing countries in the decision-making processes affecting them. We also call for the revitalization of the World Trade Organization (WTO) to overcome the chronic impasse on matters of great importance to developing countries. Likewise, we call for strengthened cooperation on tax matters and the fight against illicit financial flows (IFF).

**Co-Chairs,**

Please allow me to share Tanzania's perspectives on the specter of illicit financial flows, which must be addressed by both the source and destination countries, if we

are to realize the goal of mobilizing sufficient domestic resources for achieving the national and international development goals. We need to work collectively to fight illicit financial flows, along with domestic tax evasion and unethical tax avoidance. Illicit financial outflows are depriving Africa of enormous resources, which could have been used to implement national and regional development programmes. Tanzania supports regional and international efforts and initiatives for addressing illicit financial flows, including in the realm of extractive industries, whereby the Government is fully compliant with the standards of the Extractive Industries Transparency Initiative (EITI).

Tanzania is also a member of the Open Government Partnership (OGP), which promotes transparency, empowerment of citizens, combating corruption and harnessing new technologies to strengthen governance. We also support the African Regional Anti-Corruption Programme (2011-2016) and the African Tax Administration Forum (ATAF), which is a unique forum for sharing best practices for tackling IFF. We call upon developed countries to play a bigger role in tackling illicit financial flows, in line with resolution 55/188 on the illegal transfer of assets.

#### **Co-Chairs,**

Allow me to conclude these remarks by highlighting the problem of indebtedness, which continues to affect most developing countries. With the quest to accelerate growth for development and poverty reduction results, developing countries have resorted to borrowings annually to bridge the financing gap. This is resulting into widening of the national debts annually. International efforts for mobilizing financial resources for financing development should therefore go hand in hand with efforts to reduce the burden of debts to developing countries, as well as continuing to strengthen the capacities of these countries for debt management policies, strategies and systems to ensure that debt stock are within the manageable levels.

**I thank you for your kind attention.**