

*The Permanent Mission  
of the Kingdom of Morocco  
to the United Nations*



البعثة الدائمة  
للمملكة المغربية لدى الأمم المتحدة  
نيويورك

**Statement by H.E. Mr. Omar HILALE  
Ambassador, Permanent Representative of the Kingdom of Morocco to the UN  
On behalf of the African Group**

**Preparatory Process of the Third International Conference on Financing for  
Development  
First drafting session  
Domestic resource mobilization**

**New York, 29 January 2015**

**Co-facilitators,**

I have the honor to deliver this statement on behalf of the African Group.

In Africa, taxation revenue is low and is underpinned in several countries by weak administrations that do not fully exploit the existing domestic tax base, as well as the impact of the international market trend.

It should be noted that an enabling international economic environment and multilateral trade regime that favor African exports could foster the kind of inclusive economic growth that will have a very positive impact on domestic resource mobilization for development in Africa.

Therefore, the Group believes that the following, inter-alia, ideas will address these challenges.

- Strengthen tax administration, including through digitalization, to broaden the tax base;
- Strengthen institutional capacities to deal decisively and effectively with private sector practices aimed at tax evasion, in particular transfer pricing and trade mispricing, including by reinforcing the capacities of customs authorities, national judicial systems and law enforcement agencies to aggressively pursue and punish transgressors;
- Develop human resource capacities for better contract negotiation, elaborate standard contract arrangements and legal instruments, and facilitate increased participation by local communities and other stakeholders, as well as new revenue

- (derived from royalties, income tax, land tax and lease rents, etc) distribution mechanisms for sharing, at local level, portions of centrally collected rents;
- Develop instruments to better manage revenue volatility, strategies to reduce dependence on commodities and diversify the economies, and develop intra-regional markets, including regional tax administration networks, for products with a view to hedging against the vagaries of external markets;
  - Introduce self-adjusting resources tax regimes, which augment with increasing profitability and thus allow the state to garner windfall rents during commodity booms, are preferable for resources than straight tax as a percentage of profit;
  - Encourage the orderly development of capital markets through sound banking systems and other institutional arrangements aimed at addressing development financing needs, including the insurance sector and debt and equity markets;
  - Give political support and greater independence to national supreme audit institutions;
  - The private sector needs to step up its participation in infrastructure development. New models of public-private partnerships will be helpful just as much as high-level platforms for public-private sector interaction and regular consultations.
  - Support initiatives to establish new specialized Funds to finance the development of Africa's infrastructure, notably the Africa 50 Investment Vehicle under the auspices of AfDB
  - Set up commodity stabilization funds;
  - Strengthen implementation and enforcement of the UN Convention against Corruption;
  - Reform the international financial and monetary system and address the exchange rate issue and develop a new mechanism for loans in domestic currencies;
  - Improve global market by promoting appropriate policies that will help to minimize the adverse effects of the increase in prices and price volatility, as well as to avoid exacerbating the crisis and reinforce market integration in Africa, at a domestic and regional levels;
  - Measures should be taken at the international level to avoid spillovers of economic and financial crises, such as the financial and economic crisis of 2007-2008, that can affect negatively the economic prospects of developing countries and their efforts to fight against poverty;
  - Given the enormous development needs and lack of resources in LDCs and low income countries in Africa, efforts should be made by development partners towards a robust ODA scheme for the implementation of the post-2015 development agenda;
  - Set up a global social protection floor with a minimum spending package for social services, adapted to country income levels, and supported by the international support;
  - Ensure clear standards on tax avoidance and evasion in partnerships with the private sector and adopt fairer tax rules to fight non double taxation as well as double no taxation and tax transparency;
  - Strengthen the role of the UN in promoting international cooperation on tax matters, including setting up an intergovernmental tax body, as demanded several times by many developing countries;

- Promote country-by-country reporting for transnational corporation, that is made public and accessible to developing countries' tax administrations and local civil society;
- Implement financial transactions taxes (FTTs) which to be dedicated to human and environmental development initiatives.

To implement these ideas that will substantially contribute to leverage important domestic resources and build the necessary capacity, we will need to break the gap of additional financial resources requirements that goes beyond ODA support.

**I thank you**