



Office of the United Nations Resident Coordinator

**Statement by the DPG Co-Chair and United Nations Resident Coordinator in
Tanzania
Alberic Kacou
Annual National Policy Dialogue
26 January 2012**

**Honourable Prime Minister, Mizengo Kayanza Pinda
Honourable Minister of Finance, Mustafa Mkulo
Honourable Ministers,
Honourable Members of Parliament,
Permanent Secretaries,
Ambassadors and High Commissioners,
Senior Officials of the Government of Tanzania,
Heads of Cooperation and Agencies,
Civil Society Representatives,
Members of the Media
Distinguished Guests,
Ladies and Gentlemen,**

On behalf of the Development Partners Group, I would like to thank all of you for coming and to wish you a happy and productive 2012. It is indeed an honor to address such an impressive gathering of opinion makers and knowledge-holders. The Annual National Policy Dialogue is a key appointment on the calendar in Tanzania because it brings together all major stakeholders in the national development process to discuss - in a consultative and open manner - the continued strengthening of poverty reduction and economic growth, in line with national development priorities.

Honorable Prime Minister,

During the last Annual National Policy Dialogue in 2010, we welcomed the robust discussion on the MKUKUTA II and MKUZA II. We now look forward to the finalization of the three additional components of the MKUKUTA II: the implementation plan, the communication strategy and the monitoring and evaluation (M&E) framework.

The work related to the development of the Five Year Development Plan is impressive and a significant milestone as Tanzania seeks to intensify its strategic orientation towards the Vision 2025 goals of ensuring high-quality livelihoods and the country's transition to middle income status. Development Partners are pleased to note that the presentation of the Plan features prominently in the program. The deliberations today should offer more insights on how the Five Year Development Plan links to the MKUKUTA II in terms of prioritization, financing and sequencing of development activities.

In this respect, the balance between economic growth, strategies for redistribution and pro-poor policies is central if we in the years to come want to ensure inclusive growth that accommodates the approximately 12.9 million Tanzanians living in poverty according to the 2007 Household Budget Survey. With a global population now above the 7 billion marks, access to and use of resources is becoming increasingly important, especially in high population growth countries like Tanzania. Ensuring that the development strategies we pursue also address the rapidly growing population in a sustainable manner, which brings economic prosperity to all Tanzanians, remains the primary challenge we jointly must face.

While Tanzania has seen an impressive growth rate over the past decade, averaging at almost 7 percent, there is still scope to increase growth to a double digit, which will have more impact on poverty alleviation. This will entail massive investments in infrastructure, social sectors as well as ensuring a stable macroeconomic environment through sound monetary and fiscal policies.

The role of the private sector in creating jobs and sustaining growth in Tanzania is also pivotal. Although challenges remain, progress has emerged from Government's Investment Climate Roadmap to address key constraints within the business environment, particularly in strengthening the institutional arrangements for reform. However, the Roadmap is broad and complex as highlighted in the 2011/2012 Doing Business and Global Competitiveness Indexes. A faster pace of reform in the eight

Roadmap-clusters is important to ensure that Tanzania keeps pace with its competitors. Long-term solutions to ensure sustainable power generation will support the competitiveness of the country in the regional and global economies.

Distinguished participants,

It is worth noting in the discussions today and tomorrow that Tanzania has seen a positive trend over the last five years in improving its Human Development ranking. Tanzania remains in relative terms the best performer in the Sub-Saharan region. Despite this impressive progress, there are significant challenges related to poverty reduction. In Human Development Index (HDI) terms, 65 percent of Tanzanians are living in what is termed 'multidimensional poverty' with limited access to education, health, safe and clean water, sanitation, electricity, cooking fuels and assets. It is paramount that Government and its partners in development do more to translate the strong economic growth that Tanzania has seen over the last decade, into reduced poverty rates, higher quality of education and better access to water and health service.

In this respect, efforts to achieve greater gender equality and empowerment of women should be accelerated, recognizing that these are critical areas for achieving development results. Reducing gender inequality is both an end in itself and a prerequisite for sustainable and inclusive pro-poor growth.

Important steps in improving the capacity and efficiency of Government implementation have, for more than a decade, been linked to core reforms such as the Local Government Reform and Public Service Reform. A results-oriented and comprehensive decentralization of public facilities is important for the coverage and expansion of public services, especially in rural areas. This concerns areas such as health with the persistently high levels of maternal mortality, or primary education with declining pass rates. The added benefit, of course, is the strengthening of local ownership and transparency of development processes at district level. Similar attention should be given to Public Service Reform and the implementation of the Medium Term Pay Policy through a strategy which effectively manages to ensure a more balanced human resource allocation in service delivery sectors in underserved areas.

Commendable progress has also been made in considering climate change and environment within the Five Year Development Plan, providing stronger direction to take advantage of not only their strategic role in growth and development, but also their potential to mobilize broader sources of finance. As Tanzania moves to harness global sources of environment and climate change finance through the development of an effective national climate change institutional framework, it will be equally important to ensure the expenditure framework adequately covers the management of the nation's productive natural assets such as water, forests and fisheries.

Ladies and gentlemen,

The General Budget Support (GBS) instrument continues to be the preferred aid modality for the Government of Tanzania. Through this instrument, 12 Development Partners are providing financial support directly into the national budget for development activities implemented by the Government of Tanzania and the Revolutionary Government of Zanzibar. The instrument is fully aligned to national priorities, uses national systems and provides Government with full ownership over its own development agenda while in return emphasizing greater transparency and accountability of Government.

The strong Government leadership of the GBS instrument and the annual assessment cycle was particularly visible in 2011, where Government led the preparation and execution of one of the most successful GBS Annual Reviews seen in Tanzania. While Government and its GBS partners managed to agree on all assessment areas - even the challenging ones - there is, nevertheless, a need to strive for clearer and more tangible results of the GBS cooperation.

A major challenge for any country in the world is to win the fight against corruption. This also goes for Tanzania. Transparency, accountability and anti-corruption measures are essential for an increasingly effective development cooperation, for attracting foreign direct investments, for creating space for private sector development, and for improving access to basic public services. Development Partners welcome the political commitments by the Tanzanian leadership to intensify the fight against corruption, both with regards to high-profile corruption cases as well as to the so-called petty corruption within specific sectors, including health, police and the judiciary.

Honourable Prime Minister,

It is also important to acknowledge that Tanzania is one of the countries that has been at the forefront of the aid effectiveness agenda for many years. When the Busan High Level Forum concluded on December 1st 2011, it represented the end of an eight-year process that commenced in Rome in 2003, and was significantly expanded in Paris in 2005 and again in Accra in 2008. Although the operational elements of the Busan Declaration are yet to be finalised, some very clear points have emerged for the future role of aid:

- **The Paris Principles and priority areas remain our focus, however with a greater emphasis than before on transparency and accountability.**
- **Government and Development Partners must address the issue of unfinished business and reforms as agreed in Paris and Accra.**
- **And most importantly: We must think beyond the traditional aid regime. As we participate in this dialogue today, all stakeholders must play a crucial role in national development efforts. Development is in this respect not just limited to aid flows from Development Partners, but increasingly linked to a broad spectrum of financing instruments and partnerships such as:**
 - **domestic revenue from citizens;**
 - **national and foreign direct investments from the private sector;**
 - **the Diaspora;**
 - **south-south cooperation;**
 - **local and international Civil Society Organizations;**
 - **international borrowing;**
 - **non-DAC partners such as Brazil, China, India and South Africa;**
 - **global climate financing;**
 - **as well as vertical funds and foundations, to mention a handful.**

Tanzania has already operationalised many of the Paris-principles. Nonetheless, there is room to move further ahead, particularly in developing a clearer accountability and results-oriented framework that can guide cooperation between Government and its many national and international stakeholders.

Honourable Prime Minister,

In closing, the future does indeed hold a lot of potential for Tanzania. Growth rates remain impressive, even at the height of international financial crisis. Discussion and thinking about the strategic prioritization of the development agenda continues to evolve and with it, also the key focus areas where growth potentials can be further unleashed. Domestic financing of national development might also expand in the coming decades as Tanzania explores for gas, oil and other resources. Our focus should therefore be on ensuring that the policies implemented today usher in a future that guarantees prosperity to all Tanzanians, especially the poorest and most vulnerable. We must therefore strive towards:

- First, forging partnerships that increasingly support Tanzania's development vision in a strategic manner which builds on progress made during the past decades and incorporates new areas such as population growth and Climate Change in acceleration of sustainable development efforts;
- Second, recognizing that we all, as partners must play a greater role in reducing poverty by combining our support, know-how and diverse expertise;
- Third, making efforts to expand and deepen national ownership and leadership of the development agenda with all stakeholders involved in a transparent, accountable and results-oriented manner.

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