

STATEMENT

BY

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AT

THE THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR  
DEVELOPMENT

13 TO 16 JULY 2015

ADDIS ABABA, ETHIOPIA

- Mr. President
- President of the General Assembly
- Your Excellencies, Heads of State and Government
- The Secretary General of the UN
- Honourable Ministers
- Distinguished participants;

I would like to join all those that have spoken before me in thanking the Government and the people of Ethiopia for the good hospitality accorded to me and my delegation since our arrival in this historic city of Addis Ababa. During the last few days of our stay, we have really experienced the warmth of Ethiopian people.

This conference comes at an opportune time when negotiations for the Sustainable Development Goals (SDGs) are in their final stages. The conference represents an important milestone on our path towards sustainable development for all. It, therefore, provides an opportunity to reaffirm our earlier commitments on development cooperation.

There are three important issues I want to make as a Minister of Finance from a Least Developed Country as follows:

Firstly, I wish to emphasize the necessity of country ownership and leadership over the development agenda. Ownership must mean that developing countries are given space to think, tap into development knowledge hubs and lead the agenda. To achieve the SDGs, it will be essential to put the quality and effectiveness of all sources of development finance at the centre of the Financing for Development and post 2015 development agenda negotiations

As Co-Chair of the Global Partnership for Effective Development Cooperation representing developing countries, I would like to reiterate the strong call made by developing countries, on the margins of the World Bank/IMF Spring meeting that developing countries should be in the driving seat of development efforts. We are committed as developing countries to own and lead in resolving our development challenges, we need the space and autonomy to mobilize national resources for development.

There has been times when differences in opinion have arisen between development partners and the authorities. In such cases, development partners have posed as mentors to an extent that they have become supervisors and the government authorities have resented it. When this happens, development and the poor are the losers. In order to avoid such situations, I call for true and genuine partnerships where we operate as equals.

Secondly, I am pleased that one of the central issues for achieving the SDGs is Domestic Resource Mobilization. Indeed, we must make domestic resource mobilization the flagship for development financing. Adequate mobilization of Government's own resources plays a greater role in financing country needs and reducing aid dependency.

One of the weak points in the implementation of the MDGs was the constant argument over the adequacy of ODA. On the one hand, developing countries complained that it was far from being sufficient adequate to achieve their goals while developed countries on the other hand expressed concern over the inefficiencies in its use. I am pleased, however, that Domestic Resource Mobilization has come out strongly as a central piece for implementation of the SDGs and this is as it ought to be. I wish to caution, however, that we should tread carefully on the targeted 20% of tax to GDP ratio as the threshold above which countries are considered to have sufficient resources and do not therefore need technical assistance. In this regard, I wish to take the example of my country, a very poor country whose ratio is way above the proposed threshold and yet will badly need technical assistance that would help in fuse informal sector into the formal economy so as to enlarge the tax base. This is one of the most difficult tax challenges that must be solved in order to increase public resources. I, therefore, would like to request the conference to look again for an indicator that would be more appropriate in such cases. Nevertheless, there is no doubt whatsoever that technical assistance aimed at improving the

level of domestic revenues will be crucial to the success of the SDGs if domestic resources are to occupy a central position.

I, thus, call for better collaboration to strengthen tax systems and explore options for widening the base to include the currently large and increasing informal sector as well as developing an inclusive domestic financial sector.

Lastly, developing countries like Malawi have very tiny carbon footprints, but are paying heavily for global warming. Unfortunately, they are the ones with the least capacity and resources to cope and continue to unjustly and disproportionately suffer from the adverse impacts of climate change. The effects of climate change are huge and impact more on the poor. There is, therefore, need to strengthen responses to build resilience to climate change. Developed countries must help lay the foundation for adequate and equitable post 2015 global climate financing arrangements.

Before I conclude, let me touch on the proposal to increase taxes on tobacco which is a survival lifeline for a country like mine. We appreciate that this issue stems out of popular public view regarding tobacco production and its consequences on health. If indeed the SDGs are aimed at leaving no-one behind, including those in Malawi then consideration should be made on this proposal.

Excellencies, Ladies and Gentlemen, it is possible to achieve the SDGs, only if we are determined, and ready to work and walk together in true partnerships. If this conference is to become meaningful to our people, all of us should commit politically and financially. Let us walk the talk!!

I thank you for your attention!!!