

Second Drafting Session on Third FfD Conference

Civil society interventions on Domestic Public Finance

Statement delivered by Ms. Tove Maria Ryding, Policy and Advocacy Manager, Eurodad

Thank you Mr co-facilitator,

I speak on behalf of Eurodad and the broader group of civil society organizations following the FfD process.

We would like to make a specific comment on paragraph 28. We strongly support establishment of an intergovernmental body on tax matters. For that reason, we're also concerned with getting the wording in paragraph 28 so clear that the decision cannot be misunderstood and that implementation cannot be delayed or blocked after Addis Ababa. Our suggested wording for paragraph 28 is the following:

“Decides to establish an intergovernmental body on tax matters under the auspices of the United Nations, with universal membership and adequate resources, in time for the body to convene its first meeting in 2016.”

We've previously seen examples of FfD decisions that were never implemented. Hopefully, very clear language we can make sure that this time will be different.

Regarding paragraph 25, we believe that the concern about whether countries with low capacity will be able to comply with the paragraph can be resolved by adding wording recognizing the concept of *“Non-reciprocal exchange of information on a temporary basis for low capacity countries”* to paragraph 25.

Thanks you very much.

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Statement delivered by Ms. Pooja Rangaprasad, Senior Programme Consultant, Centre for Budget and Governance Accountability and Global Policy Forum

Thank you Mr. Co-facilitator

I am from India and speak on behalf of the wider civil society group following the FfD process.

This intervention would be in relation to three specific paragraphs:

1. **Paragraph 19:** We appreciate the recognition for additional tax revenue that needs to be mobilized but stress that focus in this paragraph should be on clear commitments to ensure that revenue is mobilized through progressive tax systems.

Broad suggestion of language could be along the lines of:

“Towards that end we are committed to bolstering government revenues through progressive direct taxes such as income taxes, wealth taxes, property taxes & corporate taxes, especially recognizing that this has important implications for addressing gender bias in tax structures, and orient the tax regime to encourage sustainable development”. This captures important elements currently missing in this paragraph:

- Unlike Indirect taxes on goods and services, which affect the rich and the poor alike, Direct Taxes are linked to the tax-payer’s ability to pay, and hence are considered to be progressive. Expanding the tax base in a progressive manner, implies reforms in tax structures that shift the burden to progressive direct taxes.
- This has important implications for addressing gender bias in tax structures. According to the report of the Special UN Rapporteur on Extreme Poverty and Human Rights, women bear the regressive brunt of consumption taxes as they tend to use larger portions of their income on basic goods because of gender norms that assign them responsibility for the care of dependents.

Another important aspect that needs to be added in this paragraph to ensure progressive tax systems is the need to adopt an effective mechanism in reviewing tax incentives as well as promoting cooperation at the regional and global level to end tax competition that reduce policy space.

2. **Paragraph 28:** Domestic efforts to progressively raise revenue will be counter-productive without a transformative change in international tax and financial architecture to combat losses of tax systematic tax evasion, tax avoidance and other illicit outflows that are draining domestic resources. Effective international tax cooperation and increased developing country space to tax at the source of income for enterprises operating in more than one tax jurisdiction are critical and cannot be

achieved without an intergovernmental tax body under UN auspices with universal membership, adequate resources and a broad mandate.

3. **Paragraph 31:** Raising resources through progressive direct taxes should be complemented with clear commitments on progressive spending. We suggest deleting 'as the basis of a new social compact to invest in people' and replace with "We reaffirm our obligation to provide comprehensive systems of social protection and essential public services for all, including floors, with a special focus on those furthest below the poverty line, including women, children, persons with disabilities, youth and older persons, as provided in the International Labour Organisation's (ILO) Recommendation 202. The poorest 20% in every population will be taken as a benchmark, in order to make sure that no-one is left behind".

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*Statement delivered by Mr. Charlie Martial Ngounou, Chief Technical Adviser,
AfroLeadership and Society for International Development*

Thank you Mr Co-Facilitator

I am from AfroLeadership in Cameroun and I speak on behalf of the whole civil society engaged in the process of FfD, with a focus on transparency and participation.

Paragraph 30

Another crucial point concerning this negotiation is transparency and participation in the budget process, as international evidence such as the Open Budget Survey and Open Budget Index and the Extractive Industries Transparency Initiative, clearly shows that people are not enjoying all the expected benefits from the revenues generated by their territory.

So, we welcome the Zero Draft commitment to increase transparency and participation in all aspects of the budgeting process. And we would like the paragraph to include the following ideas:

- Dissemination of all data concerning revenues, expenditures and public contracts especially in the crucial sector of the extractive industry, in an open format, necessary to the analysis and understanding of government actions by citizens.
- Commitment of States to publish all documents covering the entire budget cycle, as per international standards.
- Concrete participation mechanisms such as public hearings at the enactment and evaluation of the budget, and the tracking of spending and results at the global and national level, to connect resources to development outcomes.

It is at these conditions that we can ensure the full and necessary participation of citizens in the effective achievement of the sustainable development goals.

Thank you for your attention.