



## High-level Political Forum

### Strengthening the work of the UN on tax cooperation for sustainable development

July 15, 2019

#### Statement by Minister of International Development Mr. Dag-Inge Ulstein

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This is a good day for Norway. We are very pleased to be the second country to support the UN Tax Trust Fund. For us, this is a critical follow-up point from the Addis Ababa Action Agenda, and we hope many more will join us.

With this agreement, we formally recognise the role of the UN in international tax collaboration and the importance of developing country voices. We see this support as a critical part of our commitment to leaving no one behind – no country and no individual. We cannot achieve this goal without improving domestic resource mobilisation and creating a fair, progressive tax system.

Let us first take a step back to see this partnership in the bigger picture.

The financial governance system and global trade tie countries together and facilitate economic growth. The world has seen significant economic growth and we have witnessed progress on many development indicators. The global commitment to the Sustainable Development Goals gave the international community renewed energy and resolve to take an in-depth look at the financing challenges.

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The very system that is fostering growth for some is also creating inequalities. The financial system that is improving a country's GDP may also be making room for illegal and illicit financial activities that drain the country's resources. Domestic resources are being lost through tax evasion, tax avoidance, and corrupt and criminal practices. We urgently need to make the system work for all.

The figures are clear. On the one hand:

- 90 % of SDG financing has to come from domestic resources.
- At the same time, the financing needed for the core SDGs (health, education and priority infrastructure) will require an average increase of 15 percentage points in low income countries' GDP by 2030.

Now contrast those facts with this:

- Through profit shifting from multinational enterprises, low-income countries could be losing between 6-13 % of their total tax revenues.
- In addition, illicit financial flows from developing countries are estimated to be between 100 billion and 1 trillion USD a year.

Regardless of how you look at these figures, there is clearly something wrong: developing countries cannot afford to lose these resources. Persistent illicit financial flows through trade together with tax loopholes – coupled with the impunity that often ensues – are eroding the social contract between state and citizens. Without this social contract, the ability to mobilise resources and finance the SDGs will be severely undermined.

The UN system – with its universal mandate and its broad footprint at country level – is well placed to ensure that domestic resource mobilisation and governance are included in national development agendas. Revenues that are responsibly collected and managed will help countries to achieve all the SDGs, including the goals and targets on equality, health and education for all.

The commitment to improving international and national tax systems and stopping illicit financial flows has grown significantly over the last few years. We have made progress towards transparency standards and closer collaboration. Developing countries have better access to information and opportunities that can help them tackle domestic challenges related to illicit flows and tax evasion.

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It is essential for countries to establish a progressive tax system with a national revenue administration and a judiciary that can oversee implementation. This was clearly set out in the Addis Ababa Action Agenda, and was followed up in the Addis Tax Initiative.

These global ambitions are considerable. We have therefore increased our tax-related development efforts from NOK 50 million in 2016 to an estimated NOK 300 million in 2019. We need to make sure that we build on this momentum, and that we challenge ourselves and others to take bolder steps towards 2030.

In the Addis Ababa Action Agenda, a commitment was made to strengthening the work of the UN's Tax Committee and the Trust Fund. The UN Tax Committee is a unique institution with a crucial role to play in preparing the international community and individual governments for a new international tax reality. We commend the collaboration between the OECD and the UN Tax Committee on ensuring that the standards and guidelines are complimentary and provide various solutions to the challenges facing developing countries.

In recent years, the OECD has championed several initiatives to include developing countries in its processes and put transparency front and centre of the debate on taxation. Norway supports the OECD in this endeavour, and we have seen the progress made towards more inclusion and greater transparency.

We believe that more can be done if the UN Tax Committee and UNDESA draws on the capacities of the UN country teams. By making full use of the UN apparatus, the UN Tax Committee can be even more effective.

At the global level, the partnership between the four leading organisations in the field of international tax collaboration – the IMF, the OECD, the World Bank and the UN – have already strengthened their coordination and focus on targeted support to developing countries. It is encouraging to see how the interplay between the processes of the OECD and the UN has built support for changes that enhance transparency. Having the OECD here today is a testament to this positive and constructive working relationship, which we hope will be further enhanced with the funding from Norway.

Let me end with a call to all other governments that are concerned about the current state of affairs when it comes to both domestic and global tax policy. Join us. Join us in supporting this critical work of the UN to give developing countries the voice and capacity they need. We all agreed in

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2015 that the UN Tax Committee was an institution that we should invest in. Too few of us have followed up. If we are to leave no one behind, we should leave no stone unturned in reforming our tax systems.

Thank you

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