



April 16th, 2019

Statement made as discussant by Dereje Alemayehu, the Global Alliance for Tax Justice's Executive Coordinator, on behalf of the CSOs for FfD Forum at the plenary of the ECOSOC Fourth Forum on Financing for Development Follow-up Third Meeting.

The intervention is available on the [UN TV recording](#) (at 49'20).

“Thank you for giving me this opportunity to comment and input from the perspectives of CSO Forum on Financing for Development.

Let me start with my two conclusions:

- **To expect developing countries to enhance domestic resource mobilisation without stopping resource leakages in their economy is like expecting them to collect water with a sieve;**
- **To expect Developing countries to make substantial progress in designing and implementing a national integrated financing framework without creating an enabling international environment** - that is, without easing external constraints that shrink their finance policy space - **is like expecting them to run fast with their hands tied.**

“**There are internally caused leakages for which national governments should be responsible and accountable. Prominent among these leakages are not only widespread corruption and misuse of public resources but also the ones involving forsaken and forgone revenue due to giveaways through provision of tax incentives.** It has now become almost a mantra to subsidise the private sector including MNC to make profit instead of making them pay their share of taxes on their profits

- **Secondly, national governments have committed to make their national tax systems progressive and gender just. Unfortunately, this is not what we see.** Widespread national efforts seem to be to raise the tax/GDP ratio through regressive taxation. Tax is not only a revenue collection tool; it is also a redistribution and regulation tool. It is therefore the home work of Nation states to seal off homemade resource leakages by reconsidering tax giveaways to foreign investors and by improving the integrity and capacity of revenue authorities. They have to honour their commitment to make their tax systems progressive and gender just.

- To come back to leakages, illicit financial flows are mainly externally driven leakages. **The FfD process committed to enhance international cooperation to help curb IFFs. However, no progress has been made so far. IFFs are on the rise in all world regions.** Instead of seeking solution, there are, on the contrary, efforts to push us back and to divert attention by trying to exclude tax avoidance from the definition and anti-IFFs measures. Tax avoidance is not only a component of IFFs; it is the main driver because other components of IFFs occur on the back of tax avoidance. They use the institutions, enablers and mechanisms set up by the tax avoidance industry. Besides, MNCs must be stupid to get into tax evasion as long as they can avoid taxes with impunity.
- **The FfD process is** not created as a fundraising exercise to finance SDGs implementation, but more **to create the policy space for developing nations to finance their development in a sustainable and adequate manner.** One of the means to create this policy space is to enhance international tax cooperation to curb illicit financial flows including tax avoidance.
- A lot has been said at this meeting about the crisis of multilateralism. One manifestation of this crisis is the effort to marginalise the UN. It is as if some were trying to take the UN hostage; the ransom to be paid being for it to abdicate from some of its key responsibilities to solve international challenges through a legitimate and inclusive intergovernmental process. **One of the key challenges from which the UN is being forced to abdicate is enhancing international tax cooperation to end IFFs including tax avoidance by setting up an intergovernmental tax commission within its auspices.**
- Its opponents call this duplication. *No!* Duplication (and usurpation) is when a club with a limited number of members claims to be an international convenor to set universal rules and standards in a closed process without transparency and accountability systems.
- **The only institution legitimate to do this is the United Nations.**

Thank you.”



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Executive Coordinator,
on behalf of the CSOs for FfD Forum