

The FfD Chronicle



**CIVIL SOCIETY
FINANCING FOR
DEVELOPMENT**
Mechanism

The CS FfD Mechanism is an open civil society platform including several hundreds of organizations and networks from diverse regions and constituencies around the world. CS FfD Mechanism's core principle is ensuring that civil society can speak with one collective voice.

POINT OF ORDER

Under the overall objective of establishing *“an inclusive, fair, transparent, efficient, equitable and effective international tax system for sustainable development”*, paragraph 21 of the Terms of Reference states that: *“International organizations, civil society and other relevant stakeholders are encouraged to contribute to the work of the intergovernmental negotiating committee in accordance with established practices.”* We – a broad and diverse group of civil society and trade unions from all over the world, with extensive expertise and insights into tax matters and international cooperation – stand ready to answer to this call. But, for us to be able to give relevant and timely contributions, two core elements are required:

- We need to be informed, i.e. understand what arguments, concerns and proposals the different Member States are presenting in the negotiations.
- We need to be able to express our views – i.e. give our contribution.

With this in mind, it was highly concerning to learn that a large number of meetings had been conducted online without civil society organizations or trade unions being allowed to participate, or even observe. As explained below, this deviates from the previous practice and it severely undermines the fulfillment of paragraph 21 of the ToR, and the overall objective of the UN Tax Convention process (to state the obvious - inclusive, transparent and legitimate international tax systems do not get established in secrecy behind closed doors).

We have inquired about the cause for this concerning development and were first informed that “somebody” made a decision to conduct the meetings without any observers present. It is highly unclear who this infamous “somebody” is – fingers have been pointed in all directions. Furthermore, we have been pointed to document A/AC.298/CRP.12 on Roadmap and Working Methods as the key source of this decision.

Document CRP.12 was issued on 4 April and states that: *“The workstreams will be open to participation by all Member States.”* This has apparently been interpreted to mean that the meetings should be closed to all non-Member State actors - despite the fact that this is not what the sentence says.

CRP.12 states that: *“The INC will meet for three sessions each year in 2025, 2026 and 2027; any formal decisions will be taken at those sessions of the INC Plenary.”* Ironically, this brings attention to the fact that the document itself has never been formally adopted, and does not seem to have been submitted for discussion or adoption at the current sessions of the INC. The modalities for stakeholder participation were adopted during the February Organizational Session, but include no mention of excluding all non-Member State actors from online meetings.

This brings a number of strong procedural concerns. Due to the strong impacts it has on the transparency, inclusivity and legitimacy of the INC process, as well as the fact that it undermines the fulfillment of the ToR, the exclusion of non-Member State actors from a very large part of the INC process is a serious change, which warrants a proper process, including a transparent discussion and clear formal decision-making. This week's INC is the first formal meeting since February, and therefore also the first time that formal decisions can be made.

In terms of the established practice, the UN Tax Convention negotiations have, until April 2025, provided a track record of transparency and inclusivity, where non-Member State actors have been allowed to be present during the informal meetings of the process, and – to some extent – also during the so-called “informal informals.” Online meetings have not previously been conducted under the UN Tax Convention process, but practices from related processes, including the UN Expert Committee for International Tax Cooperation, have provided a clear track record of online participation of civil society and other observers (a practice which continues until this day).

During the Organizational Session, time was short, and priority was given to discussing the topic of the second early protocol, decision-making and modalities for participation. This was the correct decision. However, the fact that there was no time to discuss and decide on the Roadmap for the negotiations should not result in a situation where deeply problematic working methods are introduced without a transparent process and formal decision-making, and out of line with the Terms of Reference for the process. In conclusion:

- If “somebody” is ready to claim ownership of the “decision” to exclude all non-Member State actors from the online meetings of the INC, please come and talk to us.
- To everyone else, please be aware that CRP.12 has been misinterpreted to mean no non-Member State actors should be allowed to participate in the online meetings of the INC.
- CRP.12 has never been formally adopted. In fact, it was not even tabled, and even less discussed, at the Organizational Session in February 2025.
- This has led to a working method that goes against the existing practice of the UN Tax Convention negotiations and undermines the fulfillment of paragraph 21 of the Terms of Reference, as well as the entire objective of the UN Tax Convention negotiations.

We strongly call for this controversial new working methods to be changed, and for non-Member State actors to be allowed to participate in the online meetings of the UN Tax Convention process.

CAN THE WORLD AFFORD NOT TO TAX RICH POLLUTERS UNDER THE UN TAX CONVENTION?

Governments are wildly off track to end global poverty, tackle the climate crisis, hold the planet's ecological breakdown, and deliver on a host of other sustainable development goals that world leaders adopted a decade ago.

But despite what many politicians like to pretend, the problem isn't a lack of money. In fact, it's private and vested interests that are hijacking efforts to fund a sustainable future. For example, since 2015, the wealth of the world's richest 1% has surged by over US\$ 33.9 trillion, enough to end annual poverty 22 times. Meanwhile, five oil and gas companies alone (ExxonMobil, Chevron, Shell, BP, and TotalEnergies) reported over US\$100 billion cumulatively in profit for 2024, with firms handing shareholders more money than ever.

After years of large-scale tax-abuse, it's time to properly hold these private interests to account through a bold and inclusive international tax system. That's why the FfD Chronicle is particularly pleased to see the sustainable development commitment being given priority in today's INC negotiations.

It's clear we're not the only ones who support this emphasis. Highlights from parties' statements yesterday and recent written submissions include the following - which need to be built upon further and supported by a wider range of countries over the coming days:

- The Africa Group's excellent proposal to expand paragraph 10 of the Terms of Reference to include an additional commitment on taxing income from extraction of natural resources.
- The emphasis of some countries, such as Spain and Germany, on incorporating the FfD4 outcome document - the Compromiso de Sevilla - into the UN Tax Convention negotiations. This means picking up the key points of the outcome document, including on ensuring that tax systems are progressive, gender-responsive, transparent and promote win-win solutions that serve to lower inequalities and fight environmental destruction in tandem.

This issue is also hugely popular with the public. A recent Greenpeace and Oxfam commissioned survey conducted across 13 countries found that 86% of people support channeling revenues from higher taxes on oil and gas corporations towards communities most impacted by the climate crisis. 90% of people also support increasing taxes on the super-rich to enable increased government spending on supporting communities most affected by climate disasters.

Is it any wonder that this issue is garnering increasing public and political support given the gaping public finance gap for sustainable development? It has been estimated that climate damage to our farming, infrastructure, productivity, and health could knock US\$38 trillion a year off the global economy by 2050. Climate loss and damages in lower-income countries are estimated to cost upwards of US\$300 billion per year.

This growing finance gap is gridlocking other multilateral spaces, such as the UNFCCC, where the repeated failure of rich, historically polluting countries to deliver on their international climate finance promises to developing countries has led to a breakdown in trust and is undermining overall ambition to cut global emissions. That's why bold action to address the sustainable development financing gap through progressive environmental taxation under the UN Tax Convention could be transformative for multilateral cooperation across the board.

So what are the next steps from here? To properly hold corporate and high-net-worth polluters to account under the Framework Convention, the FfD Chronicle calls on all parties to champion the following elements:

- A sub-commitment under the overall tax and sustainable development commitment on **progressive environmental taxation in line with the Polluter Pays Principle**, covering both polluting corporations and high-net-worth individuals. Progressivity is vital so that those most responsible for pollution and wealth accumulation pay the most.
- A specific **mechanism under the Convention in the form of a polluter pays surtax** on the global profits of multinational oil, gas and coal companies and multinational companies from other polluting industries, with revenues channelled towards global environment and development financing obligations under existing UN agreements and mechanisms.
- A strong and clear **commitment to the effective taxation of high-net worth individuals** - with progressively higher rates for billionaires and super-polluters.

It has never been clearer that bold global taxes to make polluting corporations and the super-rich pay their fair share are necessary to help unlock the public finance for development and environmental goals so urgently required. We look forward to working with parties over the next fortnight and beyond to turn this vision into reality.



SIDE EVENT: What Should the UN Tax Convention Deliver? Civil Society Views on the Negotiations

13:15 - 14:45 NY Time, Tuesday, 5 August
Conference Room 6, UN Headquarters