

Consideration of the draft outcome document of the Conference

Domestic Public Resources

Tuesday, 11 February

10:00am – 1:00pm

Chair, to mobilize domestic public resources effectively, **India proposes the following suggestions in the draft outcome document for your consideration.**

Section II.A

Paragraphs 28-29

Overall, on the Domestic Public Resource section, we would like to submit that this section places greater thrust on mobilizing domestic resources within developing countries rather than providing additional means to implement SDGs. It is essential to recognize that economic development remains the primary focus for the developing world. Therefore, we would like to highlight that developing countries capacity to access financial resources, design and implement public policy & financing mechanisms will depend on the mobilization, coverage, coherence and consistency of **international public financing for sustainable development.**

Paragraph 29

- In para 29, we would like to highlight that the design of **progressive tax policies** should be based on the principle of respect for tax sovereignty, enabling countries to tailor tax systems to their specific contexts and needs.
- In para 29 (e), we would like to highlight that the discussion on **taxation of high net-worth individuals (HNI)** is currently at a very nascent stage and will be taken up in future at the UN Framework Convention for International Tax Cooperation. At this stage, it would not be appropriate to make any specific commitment on the issues related to HNI taxation, including structure and design of the framework for such taxation.

- [We suggest to rephrase point (e) as: “We commit to ensure progressivity and efficiency across fiscal systems as a means to address inequality and increase revenue, including progressive, effective, equitable and socially just government spending, as well as **fostering global dialogue on effective taxation, including of ultra-high-net-worth individuals, with full respect to tax sovereignty**”.]
- On Para 29 (g) may be re-worded as “We support the use of environmental and climate considerations in fiscal programming in line with national circumstances, **country priorities and stage of economic development through a variety of options including and as appropriate, but not limited to green budgeting, subsidies, taxation, non-pricing mechanism, support for the development of low-carbon technologies, capital guarantees, and utilization of market mechanisms to enhance energy savings for energy intensive industries.**

Through this we reiterate the importance of a policy mix that includes market and regulatory mechanisms and incentives toward carbon neutrality and net zero.”

- In para 29 (h), on fossil fuel subsidies, we recommend rewording the sentence as: “We reaffirm the commitment **to direct subsidies that encourage affordable and clean access to energy resulting in a positive spillover effect, while providing targeted support to the poorest and most vulnerable in line with national circumstances and recognizing the need for support towards a just transition.**”
- In para 29, under capacity building section, as an additional measure, we call on the developed countries, MDBs and IOs to provide capacity building and resources to support the EMDEs, especially for harnessing digital

technology for improved tax collection, expenditure efficiency and increased accountability.

Paragraph 30-32

Paragraph 30: International tax cooperation and innovative taxes

India is actively participating in the negotiations of the **UN Framework Convention for International Tax Cooperation**. We support an inclusive and effective international tax framework that ensures a fair allocation of taxing rights. We have the following suggestions on the text:

- In para 30 (b), it must be ensured that companies, including MNEs, pay taxes to countries where economic activity occurs, value is created, and **revenues are generated**.
- In para 30 (d), we recognize that greater cooperation among countries on **international tax matters** would help address long-standing issues of base erosion and profit shifting.
- In para 30 (e), we suggest deleting the last line **on extending reporting obligations to high-net worth individuals**. Considering that the discussion on taxation of high-net worth individuals is still at a very nascent stage and will be taken up in future at the UN Framework Convention for International Tax Cooperation, it is important that our focus at present should remain on broadening the access of County-by-County reports to developing countries with reduced cost.
- In para 30 (h), we would like to underscore that it is premature to include any references to global solidarity levies or specific innovative taxes. These levies also violate the principle of CBDR-RC and equity enshrined

in the Paris Agreement. At this time, no commitments should be made to enact or strengthen taxes targeting HNIs, particularly in the context of international cooperation.

Paragraph 31

- In para 31, we would like to emphasize the need for International cooperation and commitment to timely information sharing in combating financial crimes. Therefore, we suggest adding the following commitment in the Para 31 – **“Nations commit to share information regarding financial crimes in a timely manner”**.

Paragraph 32

India recognizes the crucial role of National Development Banks (NDBs) in leveraging additional resources and expertise by collaborating with international financial institutions, private sector players, and multilateral development banks.

By utilizing innovative financial instruments such as green bonds, credit guarantees, and blended finance, NDBs provide patient capital and mitigate risks. However, existing regulatory frameworks, by failing to recognize their unique liability structures and developmental mandates, restrict their ability to take necessary risks for transformative development projects.

Furthermore, NDBs face stiff competition from commercial banks due to a lack of access to affordable Current Account and Savings Account (CASA) funds, leading to higher funding costs. Ensuring access to long-term funds at competitive rates will enable NDBs to maximize their potential as powerful engines of inclusive and sustainable growth.

These points may be suitably incorporated into Para 32.

[Language edits

- In para 32, we suggest to add the following at the end of the first sentence **“.....and financial issues such as availability of cost effective / affordable CASA funds unlike commercial banks”**.

- In para 32, point (a), we propose to add the following line at the end of point a)... **“Through co-financing arrangements and guarantees MDBs can support DFIs in risk sharing, while knowledge-sharing platforms can enhance institutional capacity and expertise of DFIs.”**
- In para 32, point (b), we suggest appending the following at the end of the sentence - **“Availability of long term funds at competitive rate for DFIs, can support inclusive and sustainable growth, helping nation achieve its developmental aspirations”.**
- In para 32, further, we propose to add additional point (d) : **“Development banks have a unique opportunity to step in, providing patient capital and mitigating risks through innovative financial instruments such as green bonds, credit guarantees, and blended finance models. Such initiatives not only promote economic growth but also align with global goals, including the Sustainable Development Goals (SDGs) and the Paris Agreement on climate change.”]**

Thank you.
