



***Interactive Discussion 1 - Domestic Public Resources
The 2nd Preparatory Committee for the 4th FFD***

Republic of Indonesia
UN Headquarter New York, Tuesday, 3 December 2024

The financing gap remains a huge challenge, particularly in developing countries. We must strategically mobilize domestic financing to not just fund, but also create long-lasting spill over effects through our actions and spending.

One, we must not lose sight of strengthening the financial governance, such as an inclusive tax system; accessible remittance scheme; leveraging digital technology to improve tax collection, public expenditure efficiency, and accountability; as well as optimizing asset utilization. Indonesia supports the recommendations outlined in the elements paper to enhance tax revenue as a primary source of development funding. Additionally, Indonesia is committed to efforts aimed at increasing the tax-to-GDP ratio to strengthen fiscal capacity. Indonesia is currently improving tax collection by enhancing tax governance, such as IT governance to combat tax evasion.

We also emphasize the importance of advancing an inclusive, fair, and effective international tax cooperation framework to address the challenges posed by the digitalization of the economy. Moreover, we must combat illicit financial flows by strengthening international efforts to tackle tax evasion, tax avoidance, and corruption, while ensuring domestic financial transparency.

To be specific, there is a need for a comprehensive solution in ensuring that multinational enterprises pay their fair share where they generate value, and assisting in safeguarding tax revenues that are crucial for sustainable economic growth. These would enable countries to strengthen their domestic resource mobilization, reduce profit shifting, and enhance the integrity and fairness of their tax systems.

We also recognize the need to optimize the role of not only national authorities but also sub-national authorities in enhancing domestic resource mobilisation.

Finally, the journey ahead may be challenging, but by working together and tapping into all available financing sources, we can create lasting, transformative change. We must leverage all existing platforms, scale up and replicate the success schemes and stories, and amplify and accelerate the efforts, by highlighting the role of international cooperation and partnerships.