**Draft LDC Intervention on Domestic Public Resources**

**11 February 2025**

**10 am- 1 pm**

Thank you, Co-Facilitators.

I am delivering this intervention on behalf of the Least Developed Countries (LDCs), aligning with the remarks made by the G77 and China.

We welcome the section on Domestic Public Resources in the zero draft, acknowledging the central role of domestic public resources in financing sustainable development while highlighting key challenges faced by LDCs.

We appreciate the draft's recognition of stagnation and setbacks in raising revenues for many LDCs amid weak global economic growth.

**Intervention on Paragraphs 28 and 29**

Domestic resource mobilization remains a significant challenge for LDCs due to narrow tax bases, large informal sectors, limited administrative capacity, and illicit financial flows. The average tax-to-GDP ratio in LDCs is only 13%, compared to the global average of 15%, and 34% in OECD countries.

We support the language on the need for decisive action at both national and international levels to strengthen fiscal systems and align them with sustainable development objectives. We welcome the commitments to:

* Adopt a whole-of-government approach to strengthening tax systems and ensuring transparency and accountability in public financial management.
* Align budgets with sustainable development, including through Integrated National Financing Frameworks (INFFs).
* Scale up support for institutional, technological, and human capacity-building for fiscal systems and domestic resource mobilization in developing countries.
* Provide targeted support to countries seeking to increase their tax-to-GDP ratios, aiming to reach at least 15%.
* Ensure that international tax cooperation frameworks are beneficial to all parties, with equitable and balanced representation.
* Fully implement the United Nations Convention Against Corruption (UNCAC).
* Provide technical support to national development banks to enhance their ability to provide long-term low-cost financing for sustainable development investments.

However, we believe this section could be further strengthened to address the specific needs and challenges of LDCs.

We propose the following additions and enhancements:

Fiscal Systems and Alignment with Sustainable Development

* Stress the importance of capacity building and technical assistance for LDCs to implement whole-of-government approaches effectively.
* Emphasize the need for targeted support in harnessing digital technologies to reduce compliance costs and create appropriate incentives for formalization in LDCs.

Capacity Support

* Request prioritized and accelerated support for LDCs to build progressive tax systems, that go hand in hand with approaches to spending which aim to reduce inequality

**Intervention on paragraphs 30-32**

International Tax Cooperation

* Emphasize the critical importance of strengthening LDCs' voice and representation in international tax discussions and decision-making processes.
* Stress the need for dedicated capacity building to enable LDCs' effective participation in dialogues and implementation of resulting agreements.

Illicit Financial Flows

* Call for enhanced global cooperation on tax evasion, trade misinvoicing, and return of stolen assets, based on DPoA 237 and 241.
* Emphasize the disproportionate impact of IFFs on LDC economies and call for enhanced international cooperation and support in strengthening our capacities to prevent and combat IFFs.
* Request a commitment to enhance financial regulation capacity, including for MNC operations, and support LDCs and other countries in special situations to negotiate fair contracts and manage resource revenues transparently, based on the SG's report on DPoA implementation 2024 and DPoA 242.

National Development Banks

* Call for enhanced international support in establishing and strengthening national public development banks in LDCs, including through technical assistance and concessional financing.

In conclusion, we believe these additions will significantly strengthen the outcome document's ability to address the unique challenges faced by LDCs in mobilizing domestic public resources for sustainable development.

We call for the alignment of fiscal systems with the SDGs and ensure that all new mechanisms have clear commitments for balanced representation and inclusion and the commitment has a commensurate level of global support.

We look forward to working constructively with all partners to realize these ambitious yet necessary commitments and to further discussions during the informal negotiations.

I thank you co-facilitators.