CSO Statement

<u>Session 5</u>: Plenary-Harnessing the Means of implementation for Accelerating SDGs Achievement in South Asia: Finance, technology, capacity building and trade (SDG 17) – 9th December 2019

Sakshi Rai
Centre for Budget and Governance Accountability, India

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Respected chair, distinguished colleagues from government and civil society, I would like to thank UN ESCAP for giving me this opportunity to speak on behalf of the South Asian civil society.

Among all the important means of implementation issues, I will focus my intervention on the area of financing SDGs and associated systemic barriers faced in realizing development justice.

The mobilisation of adequate resources is central to the development discourse and the implementation of the 2030 Agenda.

We know that the ODA commitment of developed countries is not being met. This has resulted in developing countries focusing on alternative sources of financing like the South-South cooperation (SSC) and blended finance. The emergence of these new financing sources may be welcome. But it is critical that developing countries assess the development effectiveness of these financial flows and avoid new forms of debt stress as they aim to finance the ambitious SDG agenda.

Major groups and other stakeholders continue to emphasize the need to increase domestic resource mobilization. The region has also seen several efforts towards raising domestic resources as South-Asian countries suffer from low tax-to-GDP ratios. However, we have observed that countries mainly depend on regressive tax regimes to raise revenue which disproportionately harms the poor, women and the marginalised. Coupled with this, countries also offer large tax breaks to businesses or lower corporate income tax rates to attract private investment including FDI and end up engaging in a fierce 'race to the bottom'.

Further, developing countries are also bearing the brunt of losing huge sums of revenue as illicit financial flows. This revenue is crucial towards addressing financing gaps for providing quality education and healthcare, climate mitigation and adaptation and social protection for all. Before we turn to the private sector for financing the SDGs, countries must ensure that corporates and the wealthy are paying their fair share of taxes. Revelations by Panama Papers and Mauritius leaks provide us an insight into the complicated arrangements used by them to dodge taxes, and offshore wealth.

There is no denying that the international financial architecture is in need for serious reform as the current trade, tax and investment regimes represent interests of the Global North, elite and multinational corporations.

In this vein, we call upon leaders to give urgent attention to the following:

1. Governments of South Asia particularly need to raise revenues in a transparent and equitable manner and build progressive tax systems that are responsive towards addressing intersectional and multidimensional inequalities.

2. South Asian states must adopt a progressive and well-rounded definition of illicit financial flows, one that shows the impact of abusive trade and tax practices on all aspects of gender equality and human rights.
3. We urge ESCAP to commission research on losses incurred by Asia-Pacific countries through illicit financial flows by taking into account the disproportionate impact on the marginalised in developing economies and detail political commitments for countries to act on, similar to the Mbeki panel process from Africa headed by UNECA and the African Union Commission.
4. South Asian states must iterate their enthusiastic support to a region-wide body on tax matters under the auspices of ESCAP that strengthens the voices of the under-represented at international platforms. This body will also prove to be beneficial in light of the region's rising inequality and capacity constraints faced by countries as new challenges on international tax emerge.
5. Finally, countries must uphold national accountability mechanisms, protect human rights defenders and the autonomy of oversight bodies.

Thank you.

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