

**Preparatory Process for the Third International Conference on FfD**  
**First Drafting Session: Domestic Public Finance**  
**(as prepared)**

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**Increasing domestic public resources holds the key to achieving sustainable development objectives.** Domestic resources have been the most rapidly growing components of development finance this past decade. As countries enjoy growth, the public sector needs to be able to raise the revenues and this requires **strengthened domestic revenue systems** so that the collection and use of resources is efficient. Decisions on how best to manage government budgets and prioritize public expenditures to balance core objectives of growth, investment, and social protection are critical to ensuring the effectiveness of domestic financial resources.

**All countries must take steps towards greater transparency in tax matters to achieve greater mobilization of domestic resources.** Universal support for a single global standard for automatic exchange of information would significantly advance this goal. Addis should also support work underway on base erosion and profit shifting, and efforts to develop rules regarding transfer pricing documentation to enhance transparency for tax administration, taking into account the compliance costs for business. Rules should incorporate requirements on confidentiality and appropriateness of use, and the exchange of information on the global allocation of income, economic activity, and taxes paid by multinational enterprises among different countries according to a common template. Administrative capacity to collect taxes due is equally critical. Therefore, greater investments to strengthen tax and customs administration and enhance domestic revenue mobilization should receive high priority.

**Transparent, effective, and sustainable management of natural resources is critical to achieve sustainable development goals.** Supporting sustainable development requires integrat  
policies, and budget process. This type of reform includes policies that support renewable energy and align fiscal and macro-economic policies to support low-carbon, climate-resilient

