Toward a United Nations Framework Convention on International Tax Cooperation: Opportunities for Climate Finance

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1. Introduction

The governance of the international tax system is currently undergoing a transformation. After several decades in which the Organization for Economic Cooperation and Development (OECD) led the process of defining rules, standards, and decisions, negotiations within the United Nations framework represent a historic opportunity to move toward a new system of tax cooperation that allows for global participation in decision-making and helps redirect resource flows, thereby strengthening countries' tax revenue collection to address the needs of sustainable development and climate action.

The United Nations Framework Convention on International Tax Cooperation (UNFCITC, or the Tax Convention in this document) aims to build a new, more inclusive and fair system of international tax cooperation to contribute to sustainable development. This entails a transformation of the international financial architecture, particularly with regard to multilateral tax treaties. This process formally began in 2023 through a United Nations resolution to launch a round of negotiations. Under this mandate, States are negotiating a legally binding instrument, along with two early protocols, with the goal of concluding the process in 2027 and submitting the resulting text to the United Nations General Assembly for consideration.

The Tax Convention process is currently still under development; however, an ambitious resulting treaty could have significant implications for developing countries by strengthening their tax collection capacity and expanding their available fiscal space. This is because the current system limits tax collection and tax rights and has failed to adapt to the current challenges of economic services—where physical boundaries no longer reflect economic activity—as well as other challenges linked to harmful tax practices. It is estimated that global tax losses associated with these issues could reach approximately $492 billion annually—an amount nearly triple the Official Development Assistance provided in 2025 (Tax Justice Network, 2024; OECD, 2026).

From a climate finance perspective, the Tax Convention represents an opportunity to strengthen the mobilization of domestic resources through the implementation of tax instruments in carbon-intensive sectors, including the extractive and fossil fuel industries. These negotiations are linked to ongoing processes under the Paris Agreement, particularly the New Quantified Climate Finance Goal (NCQG), which sets a target of at least $300 billion annually by 2030 and aims to expand the funding base to at least $1.3 trillion annually by 2035. This involves building synergies among United Nations cooperation frameworks to align financing for climate action. Furthermore, these instruments could address environmental externalities and discourage activities that contribute to greenhouse gas emissions.

However, the coordination between tax cooperation and the climate agenda still poses a challenge and remains limited. As this is a new process, gaps in knowledge and coordination persist between the two agendas, as well as among the negotiators themselves who participate in them.

In this context, this document aims to present the main developments and discussions regarding the Tax Convention and to identify the elements that, directly and indirectly, could help strengthen its link to climate finance and climate action.

Finally, this document focuses on the main text of the Convention, known *as Workstream I*, and on the discussions most relevant to its future implementation and its relationship to sustainable development and climate action.

2. Background of the Tax Convention Negotiations

The negotiations on the Tax Convention arose against a backdrop of questions regarding the representativeness, legitimacy, and capacity of the current system of international tax cooperation to respond to the challenges of an increasingly globalized and digitized economy.

This is primarily because bilateral tax agreements are drafted in accordance with the OECD Model Tax Convention on Income and Capital (or the OECD Model), developed in 1963[1] (OECD, 2017). The OECD Model forms the basis for more than 3,000 treaties worldwide and favors capital-exporting countries with the aim of avoiding double taxation. As a result, tax revenues derived from the economic activities of multinational companies are not necessarily collected by the countries where those activities take place. Furthermore, there is a lack of representativeness, as the OECD comprises only 38 developed countries[2] , thereby restricting the participation of most countries in the world. Added to this are issues of transparency and accountability, given that a large portion of tax rules are drafted behind closed doors and independence in decision-making and dispute resolution can be compromised by existing power imbalances.

Furthermore, the current international tax system faces difficulties in adequately addressing fiscal challenges such as tax evasion and avoidance, harmful tax practices, illicit financial flows, the taxation of high-net-worth individuals, and digital services. It is estimated that annual tax revenue losses associated with multinational corporations, high-net-worth individuals, and tax havens could reach $492 billion (Tax Justice Network, 2024), a figure nearly triple the amount of Official Development Assistance (ODA) provided in 2025 (which was $174.3 billion), (OECD, 2026).

These reasons spurred a diplomatic process aimed at shifting the discussion on international tax cooperation to the United Nations framework. This process, led primarily by the African Group—a bloc comprising 54 member states—and supported by the Group of 77 (G77) and China, led to the establishment of two phases of negotiations with the goal of moving toward the creation of a United Nations Framework Convention on International Tax Cooperation. The first phase consisted of negotiations between 2023 and 2024 under an Ad Hoc Committee

[1] The Model Tax Convention has undergone 11 amendments to date. The latest version is from 2025.

[2] The OECD currently has 38 member countries: Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Latvia, Lithuania, Luxembourg, Mexico, Norway, New Zealand, the Netherlands, Poland, Portugal, the United Kingdom, the Czech Republic, the Slovak Republic, Sweden, Switzerland, and Türkiye.

led by member states, with the mandate to draft Terms of Reference (ToR) establishing structural elements—such as objectives and commitments—that serve as guidelines for what a framework convention on tax cooperation should include (United Nations, 2024).

Once the ToR were approved through a vote by the United Nations General Assembly (2022), a second phase is set to begin between 2025 and 2027, consisting of three substantive intergovernmental negotiation sessions per year (nine in total) to draft the main text of the Tax Convention, as well as two protocols, with the aim of finally presenting them to the United Nations General Assembly for a vote in September 2027.

To date, five substantive sessions have been held, during which negotiations have progressively moved from general discussions toward increasingly concrete texts on commitments, the relationship with other legislation, and the governance of the future Convention. However, the process is still in a stage of development and negotiation, with significant differences persisting among countries regarding the level of ambition, the scope of obligations, and the issues that should be included in the instrument. The upcoming sessions will be decisive in determining whether the Convention succeeds in establishing itself as a new framework for international tax cooperation capable of addressing the needs and priorities of developing countries and effectively contributing to sustainable development.

Figure 1: Timeline of the negotiations

3. Proposal for a United Nations Framework Convention on International Tax Cooperation

3.1 Objective and Areas of Work

The basis for the current discussions, the mandate, and the negotiating guidelines are the Terms of Reference (United Nations, 2024). This document sets forth the objectives, principles, and commitments that should be incorporated into both the Framework Convention and the two early protocols. Among its structural elements, it is established that the convention's objective should be to create a governance system for international cooperation that is inclusive, effective, fair, and transparent—one capable of responding to existing and future challenges and focused on sustainable development (see para. 7).

Some of its core commitments include the fair allocation of taxing rights to multinational enterprises, addressing tax evasion and avoidance by high-net-worth individuals, and incorporating approaches to international tax cooperation to contribute to the achievement of sustainable development goals in their three dimensions: economic, social, and environmental (see para. 10).

The negotiation process is carried out through the Intergovernmental Negotiating Committee (INC), composed of United Nations Member States and guided by the INC Bureau, which is tasked with managing the negotiations, drafting the text, and convening meetings.

As part of the negotiations, three *workstreams* are addressed: the main text of the Tax Convention and two protocols. Workstream I deals with the Tax Convention, while the others focus on the protocols. The protocols are separate, legally binding instruments that form part of the Tax Convention, but each Party decides whether or not to participate in them.

Specifically, the three workstreams have the following objectives:

- ***Workstream* I:** The main document establishing the framework of the Framework Convention, its provisions, commitments, principles, structure, and subsidiary bodies.
- **Workstream II:** Protocol on the Taxation of Income Derived from Cross-Border Services, which aims to establish a uniform multilateral framework for allocating taxing rights over income derived from the provision of services between states, particularly in cases where traditional physical presence rules no longer reflect economic reality.
- ***Workstream* III:** Protocol on the Prevention and Resolution of Disputes, which aims to create an international system to prevent tax disputes from arising and, when they do occur, to resolve them more quickly, cooperatively, and predictably.

A distinctive feature of this Framework Convention is that the protocols form part of the Tax Convention but adopt a "problem-specific model," meaning that member states or Parties must sign not only the Convention but also each protocol separately. This means that the protocols can be understood as distinct governance systems within a broad framework for tax cooperation (Zaki, et al., 2026). However, the main text—or Workstream I—is the most important, as it establishes the general framework, rules, and institutions upon which the new system of international tax cooperation will operate.

3.2 Blocs and Positions at the Country Level

The current negotiations have the support of multiple countries, as reflected in their votes at the United Nations; however, support is not unanimous, and significant differences exist. In particular, in 2023, when the African Group voted to adopt Resolution 77/244 (United Nations General Assembly, 2023) to formally launch these negotiations, 125 countries voted in favor—including most African nations—supported by the members of the G77 and China. Meanwhile, 48 countries voted against it—particularly the majority of European Union/OECD member states and their close allies—and 9 abstained. These differences persisted when the Terms of Reference (ToR) were put to a vote, with 110 votes in favor (the African Group and allies), 44 abstentions (the European Union/OECD and allies), and 8 against (including the United States, Canada, the United Kingdom, and Japan, among others) (Red de Justicia Fiscal de América Latina y el Caribe, 2025. p. 12). These differences highlight two main positions: one that seeks to shift the focus of decisions and rules to the United Nations under a new Framework Convention, and another that aims to maintain the current decision-making process within the OECD.

Furthermore, throughout the negotiations in substantive sessions, these two positions reveal differences regarding the scope and level of ambition of the future Convention. Generally speaking, two main positions can be observed: one that seeks to strengthen the role of the United Nations as a forum for advancing toward more inclusive international tax governance with greater participation by developing countries, and another that seeks to preserve and complement the mechanisms and standards previously developed within the OECD framework.

However, these are not the only positions, and there are also countries seeking to bridge the gaps between these two divergent visions, which we refer to here as "bridge countries." Additionally, another group of countries that are not participating can be identified. To summarize the countries' positions, four main stances on the Tax Convention can be identified:

- **Non-participating countries:** Countries that withdrew from the discussion, such as the United States, and other non-participating countries whose positions are unknown. Some of these in Latin America are: Bolivia, Ecuador, Peru, El Salvador, and Argentina.
  - Position: The United States rejects the Tax Convention, while the positions of the other countries are unknown.
- **Developed countries belonging to the OECD and the European Union:** Countries that benefit from the current OECD Model.
  - Position: They seek to avoid duplicating efforts with respect to existing conventions (OECD), to refrain from amending national or regional legislation, and to maintain a text that is general in nature and not overly prescriptive. The text should remain technical in nature. However, not all positions are uniform, and countries such as the United Kingdom and Spain take a more progressive stance on the Tax Convention.

- **Developing countries, particularly the African Group:** The African Group, a bloc comprising 55 countries, is the leading bloc that successfully negotiated the Tax Convention. Some countries align with its position, such as Papua New Guinea, Lesotho, China, and Russia.
  - Position: They seek to shift the focus of governance to the United Nations, amend current bilateral treaties, raise revenue to increase fiscal space, and draft a more detailed text. The text should be oriented toward sustainable development. However, positions are not uniform; countries such as China and Russia, despite supporting the Tax Convention, hold differing positions on certain provisions, such as access to information.
- **Bridge Countries:** Brazil, Mexico, the United Kingdom, and India.
  - Position: Although their views are not uniform, they seek to build common ground among the different blocs, bridging differences and promoting compromise solutions that allow for broad consensus in the negotiations.

4. Discussions in the Tax Convention and Complementarity for Climate Finance

4.1 Commitments and Provisions on Sustainable Development and Climate Action

The Terms of Reference (ToR) stipulate that the text of the Tax Convention must reflect, in its objectives, the establishment of an international tax system for sustainable development (para. 7(c)). This approach is not only found among its objectives but also in its principles and commitments. This implies that the tax system is no longer merely a technical mechanism and recognizes the implications that tax systems have for sustainable development, including economic, social, and environmental dimensions.

Civil society organizations are currently advocating for the inclusion of provisions that incorporate pillars of sustainable development, including[3] :

- **Economic elements:** Protection of labor rights, including social security and decent work; common but differentiated responsibilities.
- **Social elements:** Rights of people with disabilities, rights of indigenous peoples, alignment with gender equity commitments, protection of the rights of people discriminated against on the basis of employment and origin
- **Environmental elements:** Environmental sustainability, including the "polluter pays" principle, progressive environmental taxation, and specific approaches to extractive industries.

While these proposals serve as a benchmark for what could be achieved through an ambitious Tax Convention, the draft presented in the progress reports by the Co-Lead (see the July 21,

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[3] To view a comprehensive, forward-looking catalog compiled by civil society, see: Global Alliance for Tax Justice

2026, version: United Nations, 2026b, July 21) falls far short of this benchmark. Article 4, which addresses sustainable development, has undergone almost no changes since its initial drafting in October 2025 and closely resembles the wording of the Terms of Reference (ToR). The lack of ambition in this text limits the scope of future work that can be undertaken. This article is currently worded as follows:

> **"Article 4**: Taking into account their different capacities, the States Parties agree to adopt approaches to international tax cooperation that contribute to the achievement of sustainable development in its three dimensions—economic, social, and environmental—in a balanced and integrated manner."

One of the main criticisms of this wording is that it limits the operational capacity this article could have for future work once the Tax Convention enters into force. The current language does not establish a specific obligation regarding what the Parties should do, leaving considerable discretion, which consequently prevents the creation of mechanisms to link tax revenues to fiscal instruments such as funds or other development-focused tools.

In contrast, the United Kingdom delegation put forward a proposal on the article that successfully establishes provisions to operationalize a development-focused Tax Convention, with greater detail and principles. The proposal incorporates human rights, gender equality, the "Polluter Pays" principle, mechanisms for periodic review of the alignment of the three dimensions of sustainable development, and greater coherence between tax objectives and other international frameworks. However, this proposal—like others that expand the text—is not receiving support from large segments or blocs of countries, as evidenced in the August negotiations, which limited its inclusion in the text. For example, the African Group as a bloc argued that it agrees with the current wording and does not see a need to modify it.

One provision missing from Article 4 relates to an article dedicated to extractive industries. This article is being promoted by civil society to address the specific characteristics of these types of industries. While the Tax Convention aims to focus primarily on multinational enterprises, not all of them operate in the same way:

For example, a multinational that offers digital services—such as artificial intelligence services, social media advertising, or others—cannot be lumped together with multinationals that work with natural resources, such as mineral or hydrocarbon extraction. The main difference lies in the fact that extractive industries involve greenhouse gas emissions, soil degradation, and water, soil, and air pollution, as well as the forced displacement of populations and Indigenous communities; current taxation approaches do not account for the externalities they generate, and therefore the true costs are not taken into consideration—costs that countries must later bear. However, despite the importance of this article, country delegates are not arguing in favor of including it.

Country Positions

Regarding Article 4, the negotiations highlighted differences over whether to expand the article or keep it as currently drafted. It is evident that the emphasis on this article is waning in the discussions during the substantive sessions. In summary, the countries' interventions can be categorized into two groups:

- **In favor of expanding Article 4:** Jamaica, Brazil, Mexico, India, Azerbaijan, Norway, India, the United Kingdom, Sweden, and Spain.
- **Maintaining Article 4 in its current form:** African Group, China, Saudi Arabia, most members of the European Union.

Analysis and Relevance for Climate Finance

The inclusion of sustainable development as a policy framework is essential for the new Tax Convention to be understood as a mechanism that impacts countries' development. The legal rationale for incorporating sustainable development is linked to the Terms of Reference (ToR), where references in the preamble cite foundational documents related to the work of the United Nations, including the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development (United Nations General Assembly, 2015a, 2015b). These documents aim to build the Tax Convention on the pillars of development.

However, three factors may explain the limited scope of this article.

- First, the current negotiators at the Convention come from backgrounds related to tax systems and accounting. This is because the Tax Convention requires specific knowledge of national tax systems, as well as domestic and multilateral tax legislation. Work in these areas does not necessarily involve assessing how taxes impact citizens in terms of development issues, which is typically carried out by other government agencies or institutions. Consequently, the relevance of this article may not be immediately apparent.
- A second explanation may be that the African Group—which is the most influential bloc in the negotiations, ahead of the European Union and the OECD—is focusing its diplomatic efforts on other articles of the Convention rather than on Article 4. Regarding the latter, other articles—such as Article 5 on the fair allocation of taxing rights, Articles 6 and 7 on taxes on high net worth individuals and harmful tax practices, and Article 21 on the relationship between this Convention and other multilateral and domestic laws—have a higher priority on their agenda (see sections 4.2–4.4). This is because greater ambition in these articles will allow the potential United Nations Tax Convention to carry more weight over other treaties, particularly the OECD Model.
- A third explanation could be understood as a sectoral interpretation of the Tax Convention, both by the Bureau and by the national delegates. This refers to the fact that the participants in the negotiations would interpret this process as addressing tax matters that should remain within the tax sector, while climate and environmental objectives would fall under other specialized frameworks, such as the UNFCCC and complementary conventions. In fact, this point was explicitly raised during consultations held by civil society with the Convention's Bureau at the 4th session in February.

In this regard, there are limitations in the negotiations regarding a broader scope for Article 4 or other provisions that would enhance the impact of tax mechanisms on development. To expand these provisions, it is important for tax delegates to link the current negotiations to other forums, including ministerial-level work at the national level, as well as negotiations in other United Nations forums.

Listed below are some of the most important lines of discussion and their relevance to climate finance; progress on these in upcoming negotiations will be key to climate action, in particular, and to sustainable development in general.

4.2 Tax Adjustment Mechanisms

One of the main issues the Tax Convention seeks to address relates to tax adjustment mechanisms that allow developing countries to regain their authority to collect taxes and limit harmful tax practices. The approach of the Tax Convention currently being negotiated at the United Nations differs substantially from the OECD Model, as the latter's primary objective is to avoid double taxation[4] , whereas the United Nations' approach seeks a fair reallocation of taxation.

This reallocation is being addressed primarily through Article 5 on the fair allocation of taxing rights. This article aims to ensure that taxes reflect the actual economic contribution and value created in each country, thereby avoiding both double taxation and non-taxation (*i.e.,* percentage-based taxation). This article is the central pillar of the Tax Convention, marking the shift in direction that could result if it is approved. Unlike the 4th session, the updated version from the 5th session offers greater clarity with a middle-ground approach regarding percentage-based taxation, albeit with less binding language that would require cooperation but not a renegotiation of agreements, as was previously drafted.

In addition, other articles seek to address specific issues related to taxation. Some of these articles involve implementing measures to prevent tax evasion by high-net-worth individuals (, Article 6), combat illicit financial flows, tax evasion, and tax avoidance (Article 7), and harmful tax practices (Article 8). Collectively, these tax practices limit tax revenue and require specific mechanisms to be addressed—an objective the current text seeks to achieve.

Country Positions

- **African Group and developing countries:** They are pushing for more binding and detailed provisions that would allow for the renegotiation of tax allocation and the establishment of mechanisms to combat illicit financial flows and harmful tax practices. These articles are the most relevant to their diplomatic agenda.
- **European Union and developed countries bloc:** They seek general language that does not require renegotiations and that links to existing processes or treaties (Article 5). However, illicit financial flows and harmful tax practices are of interest to this bloc because addressing them would allow them to resolve issues that current treaties and mechanisms do not currently address.

[4] Including income derived from corporate profits, shipping and air transport, dividends, royalties, and others.

Analysis

One of the articles generating the most tension in the negotiations is Article 5 on the reallocation of taxing rights. As negotiations progressed and substantive sessions took place, this article took on different implications that led to divergences among blocs of countries. Regarding this article, there is clarity on the approach to tax rates, although developing countries are seeking greater ambition and consistency regarding the reallocation of taxing rights by altering the current rules. In the most recent session, the bloc of developing countries stated that the language had been scaled back compared to the 4th session, limiting the implications for renegotiations with other treaties, while the group of developed countries expressed satisfaction with more generic language. However, the element regarding renegotiations with other treaties was moved to Article 21 (see subsection 4.4). The positions on this article reflect the differences among the blocs regarding the level of ambition and enforceability that the future Convention should have.

Regarding Article 6 on high-net-worth individuals, most countries—including developing countries—expressed an interest in holding negotiations behind closed doors, or what they termed "informal-inform*al*." This indicates that positions on this article are more aligned than on other articles; while developing countries and the African Group are interested in ensuring the article's effectiveness, some European Union countries also see benefits in these provisions, as they would allow them to address issues that current treaties or mechanisms do not—particularly tax evasion and avoidance by this group of individuals. This would imply that the article could garner broad support, although this would depend on the agreements reached by both blocs.

Discussions on illicit financial flows, tax evasion and avoidance, and harmful tax practices centered on the lack of definitions and clarity in the text. These definitions are important because they would help delineate what is to be taxed and how this could eventually be implemented. The current text contains only one definition related to illicit financial flows linked to taxes, while the rest is still under negotiation. As this is a common issue across blocs and continents, these articles could receive broad, consensus-based support and comprehensive provisions, which would ultimately help countries recover revenue.

Relevance to Climate Finance

The financing flows that countries lose as a result of harmful tax practices represent significant amounts that could be part of the provision and mobilization of climate finance. While making an exact calculation is complex—precisely because many of these practices seek to hide or shift income and wealth—various studies allow us to gauge their magnitude. The Tax Justice Network (2024) estimates global losses of approximately $492 billion annually associated with tax abuse by multinational corporations and high-net-worth individuals, of which $347.6 billion is attributable to multinational corporations.

In turn, UNCTAD (2020) estimates that Africa loses approximately $88.6 billion annually due to illicit financial flows, while ECLAC (2020) estimates tax evasion of approximately $325 billion in Latin America and the Caribbean. By way of comparison, Official Development Assistance reached $174.3 billion in 2025 (OECD, 2026), equivalent to just about one-third of the global losses estimated due to tax abuse by multinationals and high-net-worth individuals.

The extractive and fossil fuel industries are also part of this problem. Beer and Devlin (2021) find evidence of *profit shifting* in mining, oil, and gas companies—a practice that is particularly relevant for developing countries dependent on revenue from natural resources. In addition, tax systems continue to provide significant incentives for fossil fuels: other estimates put explicit fossil fuel subsidies at around $725 billion in 2024 (Albertin et al., 2021). This highlights a dual challenge for public finances: while revenue is lost through profit-shifting practices, tax systems themselves continue to allocate resources and incentives to activities that contribute to climate change.

Strengthening international tax cooperation and combating illicit financial flows would expand the fiscal space not only for developed countries to comply with their obligations under Article 9.1 of the Paris Agreement and the New Collective Quantified Goal for Climate Finance (NCQG), as well as for developing countries, which require greater spending capacity in the context of climate change and in order to align financial flows as outlined in Article 2.1.c of the Paris Agreement.

It is important to note that UNFCCC member countries agreed at COP29 to mobilize $300 billion to support climate action in developing countries, within the framework of the NCQG, and ideally to increase this amount to $1.3 trillion annually (Guzmán, et al., 2025). If the Tax Convention were to enter into force, and tax losses of $492 billion were prevented (Tax Justice Network, 2024), these revenue flows could cover at least part of the $300 billion mobilization—particularly with regard to fossil fuel and extractive industries—through specific tax mechanisms, thereby creating a substantial foundation for complying with the provisions of the NCQG.

In this regard, tax adjustment mechanisms could help countries where economic activities take place retain a greater share of the revenues to which they are entitled, particularly in light of profit shifting by multinational corporations—especially those linked to fossil fuels and extractive industries. Although none of the aforementioned articles has a direct environmental objective or specifies how the additional revenue should be used, both can serve as important tools for mobilizing domestic resources and expanding the fiscal space available for climate investments and financing.

4.3 Exchange of Information

Tax enforcement requires more and better information—information that is not only comprehensive but also up-to-date and sufficiently disaggregated for optimal use. This point is essential for understanding the discussions surrounding provisions on access to information. Currently, the Tax Convention contains two articles aimed at addressing this issue: Article 11 on the exchange of information and Article 15 on data collection and analysis. In previous versions of the Workstream I draft, provisions on access to information were scattered across several articles, so it was decided to consolidate the details into Article 11.

Both articles are sensitive because they establish mechanisms for information transparency, which would include information on assets, automatic information access mechanisms, and transactions to obtain information on illicit financial flows; however, they also include safeguards to prevent the disclosure of specific taxpayer information and provide for data anonymization.

The complexity lies not only in the existence of the data but also in access to it. Currently, there are financing flows that governments themselves are unaware of or have no control over; therefore, while estimates exist, it is difficult to obtain precise information.

Country Positions:

- **African Group and developing countries:** Retain Article 11 and its ambitious goals by ensuring sufficient information is generated and that obligations are established among countries.
- **European Union bloc and developed countries:** Eliminate these provisions or retain them in a general text to avoid creating obligations for countries. Include a reference to prior work.

Analysis

Access to information is essential to ensure transparency and the viability of the Tax Convention. At present, precise information on the totality of revenue flows remains unknown, and most studies provide estimates that are likely to underestimate the actual value of revenue flows. Despite this being a crucial element, countries belonging to the European Union bloc have expressed their opposition to—and even called for the elimination of—these provisions. This bloc of countries and their close allies argue that it would impose obligations on countries and that, furthermore, this information could be used to facilitate the misuse of personal data (although this would be addressed through the anonymization of information).

This stance appears inconsistent and atypical, primarily because this is not a novel provision. In fact, Article 26 of the OECD Model Tax Convention covers these same requirements, and the OECD already applies them. Likewise, the Framework Convention on Mutual Administrative Assistance in Tax Matters also contains specific provisions on the exchange of information (OECD, 2011).

On the other hand, civil society—particularly based on the technical recommendations of the Tax Justice Network and the Global Alliance for Tax Justice—proposes strengthening the provisions currently under discussion through mechanisms that expand access to and transparency of tax information. These include: automatic exchange of information (to identify individuals who hide assets in offshore bank accounts to reduce their tax liability); transparency regarding ultimate beneficial owners (to identify and register the individuals who actually own or control companies and other legal entities); and country-by-country reporting (to identify multinational companies that shift profits to tax havens to reduce their tax liability)[5] .

[5] For more information, see The ABCs of Tax Justice

Relevance to Climate Finance

Greater transparency in financial flows would allow for a better assessment of the gaps that exist between the resources countries lose through practices such as tax evasion, tax avoidance, profit shifting, and illicit financial flows, and the resources countries need to advance toward sustainable development. Reducing these information gaps can help expand countries' fiscal space to address their development priorities, including the investments needed to tackle climate change.

Likewise, mechanisms such as country-by-country reporting and transparency regarding ultimate beneficial owners can help identify where multinational companies generate profits, where they pay taxes, and who ultimately controls corporate structures. This information is particularly relevant for the extractive industries and carbon-intensive sectors, where greater transparency can facilitate the identification of harmful tax practices and transform them and/or redirect them toward actions that enable progress toward sustainable development.

In this regard, improved data collection and analysis would make it possible to identify loopholes, incentives, exemptions, and other tax benefits that favor carbon-intensive activities, in order to address them and promote measures consistent with climate commitments. In this way, tax transparency can contribute not only to improving the mobilization of domestic resources but also to assessing the extent to which tax systems are consistent with the alignment of financial flows toward low-emission and climate-resilient development, as established in Article 2.1(c) of the Paris Agreement.

4.4 Relationship with Other Agreements and Domestic Legislation

The 5th session marked the first time the relationship between the current Tax Convention and other treaties and domestic legislation regarding a specific article was discussed. Article 21, which addresses this point, explicitly emphasizes the need for each Party to take legislative, administrative, and other measures to implement the obligations arising from the Convention, as well as to carry out renegotiations, amendments, and modifications to existing treaties. This would entail renegotiating a large number of current treaties, including the OECD Model, and possibly the more than 3,000 existing treaties based on the OECD Convention.

The conflict arising from this article stems from the existence of current treaties, which are simultaneously the basis for ongoing negotiations to establish a new Tax Convention. Depending on the content of this article, it could eventually impose obligations on countries to progressively renegotiate existing agreements to bring them into alignment; alternatively, it could lead to the coexistence of the Tax Convention alongside the OECD Convention, potentially resulting in fragmentation.

Countries' Positions

- **African Group and developing countries:** Ensure that the article allows the Tax Convention to establish obligations to progressively implement amendments to existing treaties, and that the Tax COP determines the timeline and specific steps.

- **European Union bloc and developed countries:** They seek to ensure that, through this article, the Tax Convention complements other existing treaties and aim to remove the paragraphs calling for the renegotiation of other treaties.

Analysis

Depending on the agreements reached by national delegates, this article will define its implications and hierarchy relative to other existing treaties. A text that imposes obligations on the parties will allow for modifications to current negotiations at tax COPs or the creation of complementary, yet fragmented, systems.

A relevant piece of legislation pertaining to this article is the Vienna Convention on the Law of Treaties; in particular, Article 26 states that once a treaty enters into force, it binds the parties to comply with it in good faith (United Nations, 1969). However, the scope of the negotiations will again depend on the specific agreements reached in the final text.

The two main blocs—the African Group and the European Union—have differing views on the scope of the Tax Convention, so an agreement between them will be essential for this treaty to take effect. That said, a latent risk with this article—as well as with others—is that the more significant the legislative changes resulting from a more ambitious text, the fewer countries would formally join the Tax Convention.

In any case, since this is the first round of negotiations on the article, there will be four more sessions before a consensus position can be reached. If agreements are reached— ly in the intersessional negotiations—changes to the text will become evident, but we must wait for the decisions to be made.

Relevance to Climate Finance

Current discussions are focusing primarily on the relationship with other fiscal instruments, both multilateral and national; however, the Tax Convention must also align with other existing frameworks within the United Nations.

In particular, Article 21 should specify in a separate paragraph that the Tax Convention must align with the work carried out in other United Nations forums and legislation. This element is not separate from what is requested in the Terms of Reference (ToR), which mention the 2030 Agenda for Sustainable Development and the Addis Ababa Agenda on Financing for Development in the guidelines for drafting the preamble—linking this Convention to complementary work within the United Nations. A broader scope and explicit mention of alignment with United Nations frameworks would allow this convention to be linked to the United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Convention on Biological Diversity (CBD), and the United Nations Convention to Combat Desertification, to name a few, which in turn could connect to other international environmental agreements.

This connection could eventually lead to joint efforts by the climate and tax COPs to realign financial flows related to fossil fuel industries to support climate action. This could also draw on the ongoing discussions within the framework of the Veredas Dialogues—agreed upon at COP30 on climate—to implement Article 2.1.c of the Paris Agreement. However, a narrow wording of this article would limit future efforts.

5. Analysis of the 5th Session of Intergovernmental Negotiations

The 5th session of negotiations of the Intergovernmental Committee focused on analyzing the updated drafts of the three workstreams, presented by their respective Co-Leaders. These drafts incorporate contributions made by national delegations and observers during the substantive sessions, as well as inputs from intersessional negotiations among delegates.

In this regard, the update to the text presented on Workstream I by the Co-Leader on July 21 marked the first time a draft containing proposed text for nearly all 28 articles was presented (United Nations 2026b). For reference, in January 2026 (United Nations, 2026a), this text had covered only half of the articles. A more complete text allowed for a more holistic understanding of the Convention. However, the text still lacks the drafting of definitions (Article 3)—a fundamental provision because it will define the subjects, objects, and tax base for future taxation—and the preamble has yet to be drafted.

A significant limitation in the negotiation process lies in how the articles are drafted and how decisions are made regarding what is included and what is excluded. During substantive sessions, national delegates may submit oral and written inputs, including proposals for text drafting; however, there is no formal decision-making mechanism. When civil society raised this issue in formal consultations with the Bureau of the INC Committee—which is responsible for managing negotiations, drafting the text, and convening meetings—the Bureau merely responded that some proposals receive support while others do not, without further explanation. This limits understanding of how the text is drafted. Furthermore, a concern previously raised by civil society is the lack of a mechanism for observer participation in intersessional negotiations—which take place between substantive sessions (United Nations, 2025). These types of sessions occur informally and are not recorded, limiting transparency and the ability to track how discussions are incorporated into the text.

Despite these difficulties, the 5th session marked significant progress in finalizing the text of the future Convention and made it possible to identify more clearly the points of tension or divergence, as well as some areas of common ground. Work will continue toward more comprehensive drafts, where discussions will begin to focus less on the general structure and more on content, scope, and legal obligations. However, as the text progresses, it will be essential to strengthen the transparency of the negotiation process and the traceability of proposals, so that it is clear how the various contributions and positions are reflected in successive versions of the Tax Convention.

6. Recommendations for Future Sessions

- **Consensus-building:** Build consensus on priority tax challenges for all countries and promote discussions on future protocols and specific mechanisms, so that they can be developed once the Tax Convention enters into force.
- **Inclusion of Climate and Biodiversity**: Strengthen the integration of climate change and biodiversity protection into the Tax Convention through specific references or

articles addressing extractive industries, ensuring that the framework allows for the development of future protocols and tax cooperation mechanisms that contribute to mobilizing resources and aligning tax systems with international climate and nature conservation goals.

- **Improving Information and Safeguards:** Maintain and strengthen articles with clear, operational, and binding language to ensure that, once the Tax Convention is in effect, the Parties have effective mechanisms to exchange, collect, and analyze the information necessary for its implementation, while incorporating adequate safeguards for confidentiality and data protection.

- **Ensure transparency:** Incorporate specific tax transparency mechanisms, including the automatic exchange of information, transparency regarding beneficial owners, and country-by-country reporting, to identify assets, financial flows , and profit-shifting practices that currently hinder effective taxation.

- **Ensure coherence**: Expand Article 21 to explicitly include coherence with other United Nations frameworks, so that the Tax Convention allows for the development of future mechanisms for coordination and collaboration between its bodies and those of other conventions, particularly the UNFCCC.

- **Strengthen the long-term vision:** Strengthen the language of Article 4 without substantially expanding the scope of the Tax Convention, but by establishing a sufficiently solid foundation to operationalize future protocols and mechanisms once the Convention enters into force.
- **Ensure dialogue:** Create opportunities for dialogue at the ministerial level among INC negotiators and climate change and biodiversity negotiators to build synergies and connections.

7. Conclusions

Discussions within the Intergovernmental Negotiating Committee show significant progress toward an increasingly comprehensive text, although divergent positions still exist regarding its scope. Although there are still four more sessions remaining before the vote at the General Assembly in September 2027—which means the text under negotiation will undergo several revisions—it is important to move forward with concrete agreements that reflect a broad consensus among countries.

Current discussions are centered on two main axes and two divergent positions: on the one hand, the African Group—which was instrumental in bringing these discussions to fruition and seeks to expand governance to a broader forum within the United Nations—and, on the other hand, the European Union and the OECD, which seek to maintain control over the current governance system centered on the OECD. The other participating countries are aligning themselves with the main leaders; however, a group of countries—the “bridge countries”—is seeking to find common ground and bring positions closer together.

A key element in these discussions is that taxes must be understood from a broad perspective: they are not merely technical instruments for tax collection but mechanisms that impact sustainable development, particularly regarding climate change—an area where many multinationals are linked to the fossil fuel industry. Therefore, linking these two sectors could connect revenue-raising mechanisms to address climate action while simultaneously curbing the externalities of the fossil fuel sector.

For the Tax Convention to contribute effectively to climate finance, it is necessary to strengthen and expand the wording of its provisions, establishing a foundation that allows for the development and implementation of future mechanisms, protocols, and forms of cooperation related to climate action. However, this integration must be carried out in a balanced manner, ensuring that an overly prescriptive incorporation of climate-related elements does not generate resistance or hinder agreements on other central provisions of the Convention. The challenge, therefore, lies in establishing the necessary foundations for future coordination between tax and climate cooperation, without compromising the consensus required to advance the substantive elements of the Convention.

In the meantime, it is important that the current negotiations remain aligned with other processes within the United Nations and with the Sustainable Development Goals. To achieve this, it is necessary to support dialogue processes at the national level that link interministerial efforts (between the economy and the environment) and that also reflect objectives in international diplomatic processes. Furthermore, these discussions require technical support from civil society to identify more concrete objectives that can eventually be realized at tax and environmental COPs.

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