Permanent Mission of India to the UN

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Preparatory Committee for the Fourth International Conference on Financing for Development (FfD4), Addis Ababa, Ethiopia

Multi-Stakeholder Round Table 6

DOMESTIC AND INTERNATIONAL PRIVATE BUSINESS AND FINANCE

11:30 – 13:00, Thursday, 25 July 2024

Intervention delivered by Ms Geetu Joshi, Economic Adviser, Ministry of Finance, Govt. of India

Thank you, Moderator

An **enabling environment for private investment** can be achieved by **streamlining regulatory processes**, **enhancing legal support** to protect investors and ensure fair competition, **providing fiscal incentives** for sustainable projects, and **fostering public-private partnerships** to leverage private sector efficiency in public initiatives.

To **attract private capital** for sustainable projects, it is essential to **develop innovative financial instruments** such as green bonds and social impact bonds. **Enhancing the capabilities of local institutions** to prepare and manage investment projects is also crucial. **Providing guarantees and insurance**, can help reduce investment risks in developing countries. Additionally, **offering technical assistance** to help countries create conducive environments for private investment and **fostering regional collaborations** can create larger markets and attract significant investments.

Trade agreements often limit developing countries' ability to implement policies necessary for sustainable development. Reforms should be designed with built-in flexibility to **provide more "policy space"** without inadvertently creating hidden trade barriers. This flexibility allows developing countries to tailor their economic development strategies to their specific needs, fostering sustainable industries while maintaining fair competition. A "one-size-fits-all" approach in trade agreements disadvantages developing countries. Therefore, Agreements should include **"Special and Differential Treatment" (SDT) provisions** to grant them more flexibility.

Several approaches and strategies, such as **credit enhancement, local currency investment, and the use of blended finance**, can be adopted to help **reduce the high cost of capital** in developing countries.

To **align business and finance with sustainable development**, it is crucial to integrate environmental, social, and governance (ESG) factors into business practices and reporting, based on country specific circumstances. Strengthening regulations will also be necessary to ensure adherence to Sustainable Development Goals.

Promoting financial inclusion in a balanced manner is crucial for increasing development financing. **Improving financial access for MSMEs** is crucial. Expanding access through **digital technology** and implementing **financial literacy programs** will empower individuals and businesses to make informed decisions. Additionally, developing **gender-sensitive policies** is essential to meet the specific financial needs of women and marginalized groups.

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