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ICC Input to the Elements Paper for the Fourth International Conference on Financing for Development (FfD4)

The International Chamber of Commerce (ICC)—as the institutional representative of 45 million companies in over 170 countries, as Permanent Observer to the UN General Assembly and official UN Framework Convention on Climate Change Focal Point for Business and Industry—holds a deep commitment to the UN Sustainable Development Goals (SDGs), the Paris Climate Change Agreement and is a strong supporter of open markets for trade and investment.

The global business community recognises the need for urgent and ambitious action by all stakeholders to tackle the escalating environmental crisis and achieve a sustainable, climate-resilient, and prosperous future. Achieving these goals will require a significant scale-up of financing and now, more than ever, it will require governments, businesses and all stakeholders working together.

We welcome the recognition of the essential role of the private in the FfD4 process – and in particular the establishment of the FfD4 Business Steering Committee that ICC leads together with the Global Investors for Sustainable Development and partners. We extend our full support to Preparatory Committee and the Co-Facilitators of the FfD4 Outcome Document for successful deliberations over the coming months.

The global business community believes that FfD4 must deliver on the following critical areas to ensure the effective mobilisation and deployment of public and private financial resources to achieve our global development and environmental objectives:

1. **Reform of Financial Macroprudential Frameworks:** Current financial regulatory and prudential frameworks, established in the aftermath of the 2008 global financial crisis, prioritise financial stability. Evidence is increasing that long-standing rules and practices, on country risks assessments and credit risk ratings may be an inhibitor to the flow of climate and development finance from private sources into developing economies (e.g. as a result of sovereign downgrades.). Countries at FfD4 have a unique opportunity to send clear political signals in this regard and identify

concrete actions to enhance global financial stability, while also encouraging a scale up in sustainable and climate-resilient investment.

In particular, FfD4 should support a call to the Bank for International Settlements (BIS) to amend the Basel III framework and establish a mechanism to end the automatic increase in regulatory capital charges for existing assets in instances of sovereign downgrades. Enhanced capital treatment for critical sustainable infrastructure projects that meet recognised international standards, such as those under the OECD Blue Dot Network, could also have significant potential to accelerate the supply of sustainable finance to developing economies.

2. **Potential of Blended Finance:** Blended finance, the strategic use of public funds to attract private capital for development, holds enormous potential to close the SDG and climate financing gaps. We welcome increased efforts from the World Bank Group and other major development banks in this space. However, its potential remains underutilised due to structural and operational barriers. Currently, development bank financing for clean energy only mobilises 1.3 times the amount of private investment, which is far from sufficient.

   A significantly greater emphasis on equity investment is necessary, as well as more early-stage grants to stimulate private sector participation. Development banks must evolve from simply acting as guarantors to becoming true catalysts for private capital, driving larger-scale investments in key areas, such as sustainable infrastructure. This shift would require a significant rethinking of MDB investment approaches, with a greater willingness to assume risks and promote innovative financing models that can attract private investors.

3. **Key Role of Trade and Trade Finance:** Trade and trade finance are the backbone of global commerce and can be an engine for inclusive economic growth, poverty reduction and sustainability. Over the past months, ICC has continuously stressed the alarming debt and liquidity challenges that businesses are phasing in the Global South. These constraints hinder economic growth and limit the ability of businesses, in particular micro, small and medium-sized enterprises (MSMEs) to access vital trade finance, which is essential for business expansion and to advance action on climate and sustainability.

   FfD4 should request the creation of enhanced support mechanisms that enhance the capacity of financial institutions to provide trade finance to MSMEs, particularly by improving credit risk assessments, reducing transaction costs, and leveraging digital solutions to streamline processes. FfD4 should also send a clear message on the need to accelerate the alignment of the US$10 trillion trade finance market with UN SDGs and Paris Agreement goals. Important ongoing efforts, such as the [ICC Principles for Sustainable Trade and Trade Finance](#) (3rd itineration to be published at COP29), can provide an useful foundation in this regard and have the potential to allow for much broader adoption of common sustainability principles for trade and trade financing.

Finally and most importantly, we will never achieve our development and climate goals without a strengthened multilateral trading system. FfD4 should reiterate calls to pursue a holistic reform of the World Trade Organization to ensure it continues to serve the needs of businesses. Business needs predictability, certainty and a fair, harmonised trading environment to deliver the goods, services and solutions needed for a sustainable future.

4. **International Taxation Cooperation:** International taxation cooperation can play a critical role in financing development. Ahead of the drafting and negotiations of a UN Framework Convention on International Tax Cooperation, we believe it is imperative that FfD4 sends a clear, unequivocal signal about the importance of common, consistent and workable international tax rules – as well as their effective implementation – as a basis for supporting domestic resource mobilisation across the developing world. We believe that the primary goal of the UN taxation initiative should be to reduce uncertainty and to stabilise the international tax system. Coordination among intergovernmental organisations would be highly beneficial for strengthening international tax cooperation.

   FDf4 should also encourage the prioritisation of policies that address the informal economy. Multinational businesses with robust governance procedures, external audit and regulatory obligations, as well as SMEs compliant with established rules and standards, have nothing to fear from clearly defined tax rules, but are disadvantaged by the informal economy which is neither taxed nor regulated and which suppresses economic growth, wages, health and safety, and undermines efforts to deliver greater equality and sustainable development goals. We suggest the committee to focus on proposals aimed at formalising a larger proportion of the economy through policies that encourage investment in skills and technology, social protection and financial inclusion and that do not penalise established and regulated businesses through additional taxes or administrative burdens.

   Finally, continued dialogue and exchange with the private sector will be pivotal in ensuring that any tax policy adopted within the future UN Tax Framework Convention and its protocols is workable and easily implementable. ICC and the global business community remain committed to a constructive exchange with the ad-hoc committee to be established for the negotiations of the UN Tax Framework Convention in order to best support it during the negotiation process.

5. **Urgency to Implement the New Collective Quantified Goal on Climate Finance:** With the upcoming UN Climate Conference COP29, where a new post-2025 collective quantified goal (NCQG) on climate finance is expected to be agreed upon, FfD4 must emphasise the importance of delivering on these commitments and reinforce calls to strengthen the international climate finance landscape to successfully deliver on it.

   Setting an ambitious and fit-for-purpose NCQG, that responds to the needs of developing countries and that supports the implementation of the "UAE Consensus" and countries' new Nationally Determined Contributions, that are in line with keeping a 1.5C limit within reach, is a priority for COP29. We recognise the important role of the private sector to support and complement central public financing efforts to the quantitative goal and/or potential subgoals. But in order for business to play its part, the new goal must send clear signals to support the mobilisation of private finance.

   Business needs coordinated action by all governments to address the existing barriers to the development and deployment of sustainable solutions and make investments in a sustainable and climate-resilient future more attractive by adopting policies frameworks that provide real incentives, advance our global goals, and foster international commerce and cooperation. Also, the use of and scale-up of innovative sources of finance, such as debt for climate swaps, green bonds, and high-integrity voluntary carbon markets with robust safeguards can play an important role in mobilising public and private sector investments, deploying critical decarbonisation technologies, and unlocking social and environmental co-benefits.

ICC and the global business community urge governments at FfD4 to take bold action and send clear signals to address these priorities and create an enabling environment for business to drive sustainable development. We recommend that FfD4 issues a call to establish a new, time-bound multistakeholder process – involving international standard setting bodies, regulators, central banks, MDBs and industry – to incubate new approaches to address chronic financing gaps and multifaceted barriers, including by deploying new blended finance instruments, regulatory sandboxes and by enabling new partnerships and collaborations with the private sector.

ICC stands ready to engage actively in the FfD4 process, leverage the depth and breadth of its global network and work with all countries and stakeholders towards a successful outcome in Seville in June 2025.

About the International Chamber of Commerce

The International Chamber of Commerce (ICC) is the institutional representative of more than 45 million companies in over 170 countries. ICC's core mission is to make business work for everyone, every day, everywhere. Through a unique mix of advocacy, solutions and standard setting, we promote international trade, responsible business conduct and a global approach to regulation, in addition to providing market-leading dispute resolution services. Our members include many of the world's leading companies, SMEs, business associations and local chambers of commerce.

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