

INPUTS OF THE LIKE-MINDED GROUP FOR MICS TO FFD4 ELEMENTS PAPER.

The Like-Minded Group for Middle-Income countries composed of Armenia, Belarus, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Lebanon, Mexico, Morocco, Namibia, Panama, Peru, the Philippines, and Uruguay, look forward to the convening of the Fourth International Conference on Financing for Development to be held from 30 June to 3 July 2025, in Seville Spain.

A global financing framework.

The Addis Ababa Action Agenda (AAAA) which marked a groundbreaking moment in financing for development agenda, was a crucial step toward building a sustainable future for all. Paving the way for Sevilla Conference, the conference should give be an opportunity to deliver on the unfinished business of the AAAA as an integral part of the 2030 Agenda and to identify concrete financial solutions for correcting the course towards the implementation of the SDGs.

Being held after the Summit of the Future, **Sevilla Conference shall also build on the political momentum of the Pact for the Future and deliver on an action-oriented outcome** that will be translated into concrete commitments, actionable initiatives, and bankable projects to boost the financing for development Agenda.

Middle-Income Countries continue to play a pivotal role in the world economy, they are home to 75% of the world's population. Yet, they continue to face significant unique challenges as they strive to implement the SDGs. **Despite being home to 62% of the world's poor, MICs often lack the necessary support and access to finance, especially, concessional, and non-concessional finance, to address their mounting debt burdens as well as several climate vulnerabilities and social inequalities.**

Furthermore, the middle-Income trap faced by MICs requires a much-awaited action and necessary shift in international development cooperation for MICs. This appeal was advocated by our Group as several occasions and **was agreed in the Rabat Declaration** adopted during the fifth Ministerial conference on Middle Income Countries held in Morocco last February.

One of the main conclusions of Rabat Declaration was also the fact that the current status quo of how development finance is channeled to MICs, due to their categorization, did not work during shocks, including the pandemic, the cost-of-living crisis, and geopolitical tensions.

Therefore, the LMG-MICs continues to support the Secretary General SDGs Stimulus and has been consistent in calling for this paradigm shift, dearly needed to create a development and climate financing architecture that's inclusive and fair while also targeting resources for specific vulnerabilities, shocks and risks.

Crosscutting issues: Reform of the International Financial Architecture.

The *FfD4* presents an opportunity to accelerate reform of the international financial architecture, so that resources are channeled at greater speed and scale and where investment is needed. In this regard, the LMG-MICs:

- **Express concern that most of the share received by MICs are loans and non-concessional finance.**
- **Stresses that a paradigm shift is needed** to build an equitable and fair International Financial Architecture that is fit for purpose to achieve sustainable development in its economic, social, and environmental dimensions and inclusive of the different needs and challenges faced by middle-income countries.
- **Calls on the United Nations to work with International Financial Institutions** in the development of transparent measures to assess sustainable development beyond per capita income, recognizing poverty and inequalities in all its forms and dimensions and structural gaps.
- **Calls on Member States and relevant stakeholders to implement the main targets of the SDG Stimulus** namely to tackle the high cost of debt and rising risks of debt distress and to enhance support to developing countries, including middle-income countries and to massively scale up affordable long-term financing for development.
- **Call for the increasing of the financing capacity of multilateral development banks in concessional terms for all developing countries** and further improvements of their lending terms.
- **Call on the international financial institutions, Multilateral Development Banks and development partners and all relevant stakeholders to strengthen means and concrete ways to increase the fiscal space of all developing countries in need, including middle-income countries,** allowing them to access to concessional and non-concessional finance in a more effective, fair, and equitable manner and encourage MDBs to develop graduation policies that are sequenced, phased and gradual.

ADDIS ABEBA ACTIONS AREAS:

1. Debt and debt sustainability:

- **Urges urgent action to address debt sustainability problems through the following measures:**
 - a. **Strengthening debt crisis prevention, including through debt management and transparency.**
 - b. **Finding solutions that enable countries with severe fiscal constraints and debt overhangs to invest in the sustainable development goals; and**
 - c. **Developing a more effective debt crisis resolution mechanism.**
- **Welcomes the policy recommendations of the United Nations Conference on Trade and Development contained in the report A/79/209 to scale-up the use of debt-swaps for Sustainable Development Goals**, including for climate and nature, and calls for the development of a multilateral strategy, building on these recommendations, aiming at simplifying and improving the design, transparency and financing of debt swaps, and including concrete measures to support developing countries to overcome challenges associated with the costs of transaction, technical assistance, information-sharing, credit enhancement and risks, among others.
- **Emphasizes the need to further strengthen the Common Framework and calls to implement it fully in a transparent, predictable, timely, orderly, and coordinated manner**, encourages greater private sector participation through more clarity in assessing comparability of treatment, **and calls for extending eligibility to all middle-income countries that are on the brink of or in debt distress.**

2. Science, technology, innovation, and capacity building.

- Recalls that the creation, development and diffusion of new innovations and technologies and associated know-how, including the transfer of technology, are powerful drivers of economic growth and sustainable development.
- Encourages the development of environments, at international and national levels, enhance productivity, facilitate the growth of e-commerce, improve competitiveness, accelerate digital transformation, and support investment and the transfer of digital technologies on mutually agreed terms to developing countries, including for the middle-income countries.
- Recognizing the need of taking early action to improve the food security and nutrition of vulnerable population segments, including in middle-income countries by making investments to improve productivity and environmental sustainability for agriculture sector

that increase resilience and stabilize long-term achievements in order to Increase agriculture sector competitiveness and enhance efficiency, ensure food safety, develop local markets and increase export possibilities, improve food security and nutrition, develop institutional and human capacity, support sustainable rural development, promote digital agriculture and technology innovation.

- Recognizing that innovation and technology diffusion patterns require sustainable investments in education and training, infrastructure, and institutions to ensure appropriate levels of market competition.
- Recognizing the rapid growth of “fintech”—technology that provides financial solutions based on a combination of modern financial services and emerging technologies, the complementary investments are needed to fully realize the potential of fintech and mitigate risks in middle-income countries including through in the public’s access to technology, digital literacy skills, development of digital infrastructure. (Based on Financing for Sustainable Development Report 2024)

3. Going beyond GDP:

- Reemphasize the need to urgently develop measurements of progress on sustainable development that complement or go beyond gross domestic product (GDP) to have a more inclusive approach to international cooperation and inform access to concessional and non-concessional finance and technical cooperation. In this regard, the LMG-MICs:
 - a. Look forward to the establishment by the UN Secretary General of an independent high-level expert group to develop a value dashboard for a limited number of key indicators that go beyond GDP and to present the outcome of its work during the 80th session of the General Assembly with a view to inform the UN intergovernmental process on Beyond GDP;
 - b. Call for the timely Initiation of a UN intergovernmental process by the President of the General Assembly, in consultation with relevant stakeholders, including international financial institutions, multilateral development banks and regional economic commissions, on measures of progress on sustainable development that complement or go beyond gross domestic product, in the 80th session of the General Assembly.
 - c. Call for a coordination mechanism for the provision of resources for and capacity- building on statistical and data collection, through the United Nations Statistical Commission in its 56th session, to support member states in their efforts on this process, and to fill gaps in reporting on the Goals.

4. International development cooperation

- **Recognizes that middle-income countries still face significant challenges to achieve sustainable development**, we request the UN development system, the international financial institutions, regional organizations and other stakeholders to ensure that the diverse and specific development needs of middle-income countries are appropriately considered and addressed, in a tailored fashion, in their relevant strategies and policies with a view to promoting a coherent and comprehensive approach towards MICs.
- The LMG-MICs expects that FFD4 will trigger a much-needed financial breakthrough including **Strengthen the commitment to Integrated National Financing Frameworks** as the primary sovereign and country-led financial planning tool at the country level, nationally and locally for the SDGs and NDCs.
- International support should align, **including through MDB country platforms and across the private sector investment** to support the INFFs implementation.
- **Takes note of G20 Leaders' endorsement of the G20 Framework of voluntary support to INFFs and welcome continued implementation of its five areas of support including the promotion of knowledge exchange and technical assistance**, alignment of international support for country led INFFs and engagement of domestic constituencies to support INFFs.
- **Calls upon the United Nations development system to continue to develop tailored support to middle-income countries in all their diversity** and address their facing specific challenges and recognizes that a shift from a traditional model of direct support and service provision towards a greater emphasis on accurate and multidimensional assessment of their needs based on criteria that go beyond GDP, integrated high-quality policy advice, strengthening institutions, capacity development and support for the leveraging of partnerships and financing is needed.
- **Calls upon the UNDS for advancing the elaboration of a specific inter-agency, comprehensive, system-wide response plan**, taking note of the mapping exercise conducted by the Secretary-General and his recommendations, that is aimed at better addressing the multidimensional nature of sustainable development and facilitating sustainable development cooperation and coordinated and inclusive support to middle-income countries.
- **Invites the Chair of the United Nations Sustainable Development Group to consider the designation of a focal point for middle-income countries and Invite the UNDS to support the ongoing discussions towards the process of the elaboration of a specific program of action for Middle-Income countries.**
- **South-South and Triangular Cooperation.**
- Emphasize the importance of knowledge-sharing platforms and the pivotal role of South-South and Triangular Cooperation for Middle-Income countries.
- Recognize the solidarity of middle-income countries, reflected through the financial, technical, technology transfer and capacity-building support provided to other developing

countries through knowledge-sharing platforms as well as through their dual role in South-South and Triangular Cooperation.

- Request the follow-up on the initial conceptual framework for the measurement of South-South cooperation, including on capacity-building, led by countries from the global South and building on country-led mechanisms.
- Recognize the role of South-South and triangular cooperation as a catalyst for development, which complements the elaboration of a system-wide response plan to address the special challenges of middle-income countries, as well as in advancing the discussions on the process of establishing a program of action for MICs, [building on the outcome of the High-Level Conferences of Middle-Income Countries hosted by Morocco and the Next Conference to be hosted by the Philippines].