**WFP Feedback for Financing for Development 4 (FfD4) Outcome Document**

**Statement for Paragraphs 12-27 made on February 11, 2025**

**General comments:**

**Aligning funding sources across humanitarian, development, and peacebuilding efforts:** The outcome document emphasizes strengthening food security, nutrition, and resilient food systems. It calls for investments in local and regional value chains, sustainable agricultural infrastructure, and climate-resilient practices while reducing food waste and supporting smallholder farmers. The draft also highlights the importance of ensuring access to affordable, nutritious food, particularly for vulnerable groups. In humanitarian contexts, it underscores resilience building by enhancing local capacities, fostering sustainable practices, and encouraging international cooperation to recover and adapt food systems amid crises and climate shocks. It calls for strengthening social safety nets and integrating international humanitarian efforts to address food insecurity. However, humanitarian-development-peace nexus can be further emphasized; development assistance in the context of humanitarian needs is a crucial pathway to reducing future humanitarian demands.

**Capital Markets and Financial Actors:** Greater emphasis is needed on the critical role of capital markets, sovereign wealth funds, and pension funds in financing development, particularly in achieving the ambitious goal of USD 1.3 trillion for sustainable development. These actors have the capacity to deploy significant amounts of capital toward SDG-linked investments.

**Focus on youth and children:** The document should rrecognize that children and youth account for a large and rising share of poverty and hunger - and that special efforts are required to tackle the deprivation and disadvantages facing children around the world, urging leaders to prioritise this age group through social protection, safety nets, more efficient and equitable health and education budgets.

**Importance of trade:** The draft advocates for consolidating regional trade agreements, including the expansion and deepening of the African Continental Free Trade Area (AfCFTA), to enhance economic integration and promote sustainable development. It emphasizes the need to align trade policies with the SDGs, ensuring that trade agreements support sustainable development, environmental protection, and social inclusion. Leveraging trade agreements and regional integration are key for sustainable development and economic growth. Some positive examples or efforts could be highlighted.

**Prioritizing resilience:** The persistent disparity between financing for climate mitigation versus adaptation must be highlighted as a course correction, with a focus on urgent investments in long-term adaptation and resilience-building strategies. Financing for resilience remains a small percentage of overall climate finance despite the intensifying crises it aims to address. Further highlight the necessity for multilateral funds to become more fit for purpose in meeting the needs of climate adaptation and development financing.

**Innovative financing, including debt sustainability and SDG Financing:** The document should strengthen its focus on aligning debt sustainability strategies with SDG financing, including stronger coordination between creditors, debtors and implementation organizations. In addition, while recognizing the range of financing instruments is important, it would be good to better define what falls under this category. Overall, innovative financing is needed; this is also a way to crowd in private capital.

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| **Para No.** | **Justification of Changes** | **Suggested Changes with Proposed Text Addition in Red** |
| 11 | There is not much emphasis on the importance of capital markets and financial actors in financing for development in the introductory paragraphs of the paper. | New paragraph to be added below paragraph 11: We acknowledge the important role of capital markets, MDBs and financial intermediaries in scaling private sector participation in financing for development, and innovative financing mechanisms as vehicles to crowd in private capital for SDG-linked investment. |
| 17 | Para 17 is a crucial section to outline the importance of looking across the humanitarian and development communities through the HDP nexus lens and ensure the funding sources are mutually supportive to achieve the food security agenda.  Children and youth account for a large and rising share of poverty and hunger - and that special efforts are required to tackle the deprivation and disadvantages facing children around the world, urging leaders to prioritise this age group. | We are deeply concerned by severe setbacks in the fight to end hunger. Lack of sufficient investment in agri-food systems continues to aggravate food insecurity. We commit to scale up efforts to address food insecurity and malnutrition and invest in agri-food system transformation using a long-term, strategic approach taking into consideration the current and projected impacts of climate change that ensures better alignment and synergy among the different sources of financing through working across the Humanitarian Development Peace Nexus, particularly in developing countries. We recognise that children and youth account for a large and rising share of poverty and hunger - and that special efforts are required to tackle the deprivation and disadvantages facing children around the world. We urge political leaders in all countries to recognise that children deserve our best national and collective efforts to accelerate progress towards the SDGs. |
| 18 | Poverty, hunger, and educational disadvantage interact, and includes commitments to social protection, safety nets, more efficient and equitable health and education budgets, and school meals programs aimed at improving the life-chances of children. | We commit to allocate adequate financing to ensure inclusive, equitable and quality education and health care systems and urge the international community to enhance support to achieve this. Recognising that poverty, hunger, and educational disadvantage interact, we will deploy all measures at our disposal - social protection, safety nets, more efficient and equitable health and education budgets, and school meals programs aimed at improving the life-chances of children. We also call for increased investment in culture to advance sustainable development. |
| 22 | The imbalance between climate finance for mitigation versus adaptation is a widely recognized issue and should be highlighted in this paragraph as a necessary course correction. | Climate change is one of the greatest challenges of our time, but we are falling short of attaining climate goals. Climate change adversely affects sustainable development globally as it exacerbates disasters and extreme weather events. We will take urgent actions to adapt to and build resilience against climate impacts, improve access to climate finance, provide new and additional financial resources that seeks a balance between mitigation and adaptation, and facilitate the transfer of technology to address the global climate change challenge while fully consider country-driven strategies. |
| 24 | Suggest broadening the scope to highlight the needs and effectiveness in investing in early action and disaster preparedness. | More frequent and intense disasters are taking a heavy toll on people, the planet, and prosperity, eroding collective progress toward the SDGs, exacerbating social inequalities and compromising debt sustainability. Recognizing the cost-effectiveness and lifesaving impacts, we commit to scale up investment in early warning early / anticipatory actions, disaster risk preparedness and reduction to safeguard development gains from disasters. |
| 34 | The section does not mention the importance of sovereign wealth funds and pension funds. | We will support demand-driven technical assistance and capacity development programmes for domestic financial sector development aligned with this approach, particularly for countries in special situations. We call on MDBs to assist developing countries in fostering business-friendly environments for sustainable development that enable enterprises to thrive, expand across borders, and attract private capital.   We acknowledge the importance of development of policy incentives and regulatory frameworks to drive sovereign wealth funds and pension funds towards SDG investments and thus channeling a larger portion of their investments into SDG-linked investments. |
| 35)b)5) | The section mentions the role of MDBs as guarantors/insurers but does not explicitly mention first-loss protection. | We call on MDBs to establish pools of catalytic capital seeded by development banks, development finance institutions, foundations and philanthropies, with standardized, simplified and transparent access requirements. We support the development of repositories of guarantee instruments, building on the World Bank Guarantee Platform. We acknowledge the need for MDBs to scale up de-risking through first-loss protection to mitigate risks and enhance investment appeal of SDG-linked investments.  We call on MDBs to provide enhanced technical assistance in a coordinated manner, including through the establishment of a Pooled Technical Assistance Platform, to help developing countries, particularly countries in special situations, originate, prepare and support high-impact infrastructure projects. |
| 38 (d) | This paragraph should emphasize that development assistance in the context of humanitarian needs is a crucial pathway to reducing future humanitarian demands. Rather than negatively framing it as ‘without impacting commitments to development assistance,’ it should focus on how every dollar of support can generate multiple benefits across the humanitarian, development, and peace (HDP) nexus. | We commit to work with developed countries to scale up assistance for humanitarian emergencies and needs, ~~without impacting commitments to~~ acknowledging development assistance for long-term sustainable development to build resilience and address root causes are critical in reducing future humanitarian needs, hence importance to assess the synergies and complementarities between different sources of humanitarian, development and climate finance. |
| 39 | The importance of Nationally Determined Contributions (NDCs) need to be mentioned.  It’s also important to highlight that financing for adaptation and resilience is a small percentage of overall climate financing and as climate extremes continue to grow, intensifying existing crises for developing countries, urgent action is required to invest in long-term adaptation and resilience-building strategies. | …we reaffirm the importance of accelerating action in this critical decade on the basis of the best available science, reflecting equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances and in the context of sustainable development, as reflected in the Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs) and efforts to eradicate poverty…  …Adaptation financing needs are particularly urgent in developing countries, especially LDCs and SIDS, which remain disproportionately affected by the impacts of climate change while with the least financial means and technical capacities to respond, adapt and build resilience. |
| 39)a) | Section fails to mention importance of attracting capital from sovereign wealth funds and pension funds in achieving the ambitious goal of USD 1.3 trillion. These actors have access and ability to deploy significant amounts of capital to SDG-linked investments, and therefore development of a plan or policies to incentivize them would be welcomed. | In accordance with the decision at the 29th Conference of Parties (COP) of the UNFCCC, we recognize the call on all actors to work together to enable the scaling up of financing to developing countries for climate action from all public and private sources to at least $1.3 trillion per year by 2035. We also recognize the goal of at least $300 billion per year by 2035 for developing country Parties for climate action, with developed country Parties taking the lead. We encourage developing country Parties to make contributions, including through south-south cooperation, on a voluntary basis.  New paragraph: We support the development of incentive mechanisms to crowd in capital market actors such as sovereign wealth funds and pension funds in order to reach the target of USD 1.3 trillion of climate financing by 2035. |
| 39 (b) | The need for more predictable and flexible funding and the importance of ensuring local ownership is missing. | We will enhance effective mobilization of new and additional predictable and flexible grant-based or highly concessional finance and non-debt creating instruments for just and equitable transitions, biodiversity conservation, and restoration, supported by a strengthened international financial architecture to meet agreed targets. We will prioritize local ownership and channel finance at the local level with the aim to ensure it reaches the communities most in need in the most effective way. |
| 39 (c) | Recommend to refer to the official name of the Loss and Damage Fund | We will ~~decide to~~ urgently scale up contributions to the Fund for Responding to Loss and Damage ~~Fund~~ to respond to the increased scale and frequency of loss and damage and ensure inclusive design and rapid and equitable allocation of funding both at national and sub-national levels in developing countries that are particularly vulnerable to the adverse effects of climate change in responding to loss and damage. |
| 39 (d) | Recognizing the range of financing instruments is important, would be good to better define what falls under this category – climate resilience fund for instance is not an instrument. Would also be good to recognize the category of countries who are experiencing protracted conflicts and fragility, as mentioned in Para 10.  Important to categorize the these climate financing instruments under “innovative finance” | We commit to ensure that developing countries that are particularly vulnerable to the adverse impacts of climate change receive additional and sufficient climate finance to support mitigation, adaptation and resilience-building, avert, minimize and address loss and damage, including via innovative financing instruments (e.g. carbon finance, risk insurance, catastrophe bonds, ~~climate resilience funds~~, and debt swaps, adaptation benefit mechanisms, payments for ecosystem services) that can adequately respond to their needs and priorities, including ocean and mountain economies, countries in fragile, conflict and high humanitarian needs contexts, and commit to increase capacity building at the country level to access climate finance |
| 39 (e) | Highlighting the need for multilateral funds to be better fit for purpose. | We encourage multilateral and vertical climate and environmental funds to enhance alignment with national needs and priorities, and complementarity across the funds; harmonize and simplify application and execution, and monitoring and reporting requirements, eligibility criteria and administrative procedures; remove access barriers for developing countries |
| 48)a) | The text could make more prominent reference to existing documents and proposals; The suggested working group on responsible borrowing and lending suggested in 48a already exists and is coordinated by UNCTAD. It has produced the “principles on responsible borrowing and lending”, which the draft calls for. There is also another key document, the “Roadmap and Guide to Sovereign Debt Workout Mechanisms”, also published by UNCTAD in 2015, which covers much of what the present draft outcome calls for. Both documents are [here](https://eur03.safelinks.protection.outlook.com/?url=https%3A%2F%2Functad.org%2Ftopic%2Fdebt-and-finance%2FSovereign-Lending-and-Borrowing&data=05%7C02%7Cmoustafa.badr%40wfp.org%7Cc03ea4493ffe4ce57c3608dd41df709b%7C462ad9aed7d94206b87471b1e079776f%7C0%7C0%7C638739150091265563%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiIwLjAuMDAwMCIsIlAiOiJXaW4zMiIsIkFOIjoiTWFpbCIsIldUIjoyfQ%3D%3D%7C0%7C%7C%7C&sdata=RonyF%2B9hVKqnRqWAzs1i40pMQzWqmAf69%2B4K4SmiPdw%3D&reserved=0). | We request the United Nations Secretary-General to support the efforts of the working group coordinated by UNCTAD which has produced principles on responsible borrowing and lending, as well as the recommendations produced in the ‘Roadmap and Guide for Sovereign Debt Workout Mechanisms’ published by UNCTAD in 2015.  We commit to enhanced parliamentary oversight and strengthened public investment management systems, with the aim to increase transparency and accountability over domestic and external debt issuance and use. We will scale up capacity building to support developing countries better manage their public debt, including domestic debt, and effectively invest borrowed resources. |
| 49)a) | The paper lacks the emphasis on the alignment between debt sustainability and SDG financing. | We call for an institutional home within an existing facility of an international financial institution to provide such support in a systematic manner. This strengthened facility would: coordinate liquidity support from multilateral and bilateral creditors; coordinate development of term sheets for net present value-neutral rescheduling; offer a range of financial and legal tools to facilitate or incentivize liability management and reduce the cost of capital; support scaling up debt swaps, when appropriate, and maximizing their impact, including by simplifying their design, reducing transaction costs and increasing efficiency; provide countries with technical assistance, capacity support and legal advice, including cost-benefit analysis and the effective use of financial instruments such as debt swaps and dealing with sophisticated creditors; and engage with credit rating agencies to address concerns over adverse rating impacts of official debt programs. We support the stronger coordination between creditors, debtors and implementation organizations on the topic of debt swaps and the development and use of standardized agreements and processes to streamline negotiations |
| 50)e) | The document could take up the most recent call by World Bank Chief economist Indermit Gill, who wrote in the foreword to the International Debt Report 2024: “*Sovereign borrowers deserve at least some of the protections that are routinely*  *afforded to debt-strapped businesses and individuals under national*bankruptcy *laws. Private creditors that make risky, high-interest loans to poor countries ought to bear a fair share of the cost when the bet goes bad”.* | Building on existing work, the review of the sovereign debt architecture envisioned in the Pact for the Future and the United Nations Secretary-General’s update on progress and proposals, we will initiate an intergovernmental process at the United Nations, with a view to closing gaps in the debt architecture and exploring options to address debt sustainability, including but not limited to a multilateral sovereign debt mechanism.   We acknowledge that bringing debtor protection for sovereigns to the same standards that domestic private and corporate debtors enjoy is a key challenge for a sustainable global financial architecture. |
| 52 | Recommend the inclusion of language here around standardized impact reporting requirements and ESG-aligned investment guidelines and policies. | Solutions are urgently needed, including those related to global governance, the global financial safety net, international aspects of financial regulation, the international monetary system and global macroeconomic coordination and coherence. Our successful implementation of these actions reflects our commitment to rebuild trust in multilateralism. We acknowledge the need for MDBs and private sector actors to harmonize ESG requirements or policies and approval processes for common investment/impact goals to scale funding into SDG-linked investments. |