STATEMENT OF THE GROUP OF 77 AND CHINA
AT THE THIRD SESSION OF THE PREPARATORY COMMITTEE FOR THE FOURTH INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT DURING ITS CONSIDERATION OF THE DRAFT OUTCOME DOCUMENT OF THE CONFERENCE:
DOMESTIC AND INTERNATIONAL PRIVATE BUSINESS AND FINANCE
TUESDAY, 11 FEBRUARY 2025

Co-Facilitators,

The Group thanks the Co-Facilitators for taking into account the Group's initial inputs. The zero-draft has more balance than the elements paper.

The mention of reforms at the global level in par.33 and global enabling environment in par.35 are welcome. Attaining the right balance between national and global actions is critical for the Group. We reiterate our position that private resources may not be suitable for all sectors and countries, and thus are not a substitute for traditional ODA.

The Group reaffirms that private international capital should complement and be aligned with national development plans and priorities and this can be better reflected in the text up front. Although there is a call for all blended finance to be aligned with national sustainable development priorities and industrialization strategies and promote country-led ownership, this should apply to all forms of private capital mobilization.

We support the section on remittances in par. 34, and call for its strengthening, as it largely repeats language from Addis. This can be done by reaffirming the positive contributions of migrants to the sustainable development of countries of origin, transit, and destination. We also wish to see more operational and action-oriented text that not only seeks to reduce the costs of sending remittances, but also maximizes their impacts on sustainable development on the ground. We underscore that remittances in no way replace ODA, FDI, and other financial flows, such as climate financing.

Regarding innovative risk-sharing instruments in pars. 34, 35 and 36, we would appreciate more information on their effects in developing countries, good practices. We note some progress of governments in efforts to de-risk investments and develop local markets, and would like to see more concrete examples of successful mechanisms that can be emulated.

We appreciate that MSMEs and their access to affordable credit are reflected in par.34 and look forward to more concrete actions to provide institutional and financing support for MSMEs in developing countries.

We recommend that capacity-building for developing countries be enhanced through concrete programs and targets, possibly on financial inclusion and health, digital technologies, and entrepreneurship.

On the call to scale up FDI, the Group underscores this should apply to all developing countries in par. 35a. FDI should be geared towards structural transformation, diversification of economies, generating higher value products, and decent jobs in developing countries; and help to attain development through bankable projects in infrastructure and other goals. We would like to see more concrete actions outlining what developed countries should do to facilitate the large-scale investment push, including regulatory changes and de-risking.

We believe that actions in 35b to improve information on investment opportunities in developing countries through partnerships should be expanded, made more ambitious, and not only focus on the SDG Investment Forum.

We appreciate points on reform of credit ratings agencies in par. 35, as well as in the debt section.

We appreciate actions directed at MDBs:

- in 35 g on IDA that provides finances to crowd-in private sector investments in low-income countries;
- in 35h on establishing pools of catalytic capital with simplified and transparent access requirements; and development of repositories of guarantee instruments; and
- 35i on enhanced technical assistance to help developing countries prepare and support high-impact infrastructure projects.
- However, we should establish a Private Capital Mobilization (PCM) target to increase the PCM ratio by 2030, to serve as a performance indicator to assess MDB's effectiveness in attracting private investment. We also suggest that concrete targets to increase pools and access to catalytic seed capital for structural transformation be included in the text.

A paragraph in this section should be added calling for financial and technical assistance to developing countries to develop bankable projects.

We wish to caution against a narrative that the private sector will naturally fill-in the development financing gap and unmet commitments if developing countries take on the main burdens to attract private capital through domestic regulatory reforms. The private sector can, must, and does play a role. But despite reforms, many countries still do not see the needed increase in private capital.

Hence, we also caution against prescriptive and conditional actions and one-size-fits-all approaches. Par. 36 d-g, contains recommendations on sustainable finance legislation, adoption of standards, and governance frameworks that need more detailed assessment, including considering unintended consequences on developing countries, noting the need to rephrase par. 36 and its sub-bullets. We do not wish to create even more barriers for developing countries.

In conclusion, success of this section depends on enactment of concrete measures to stimulate private capital flows that support developing countries' national development, country-led plans and programs at the needed scale, speed and quality.