

Consideration of the draft outcome document of the Conference

Domestic and International Private Business and Finance

Tuesday, 11 February

3:00pm – 6:00pm

Co-Facilitators,

Establishing an enabling environment, ensuring fair competition and fostering public-private partnerships can bridge the financing gap and accelerate sustainable development by unlocking additional private capital and leveraging innovative financing instruments.

We would like to share the following recommendations for your consideration.

On Paragraph 34:

- It may be ensured that nothing in the document, in any way, creates, or appears to create, any rights, obligations or expectations with respect to investment policy, liberalization of investment or related market access. (For instance, in para 34, 34 (b), (c) and (e))
- In para 34 (g) **financial health**, being a broad concept, extending beyond the scope of financial inclusion may be replaced with financial inclusion.
- In para 34 (h), DPI may not be characterized as an emerging technology as it is widely recognized as an innovative digital technology solution.

Paragraph 35

- A key impediment to EMDEs' access to international markets is the poor sovereign ratings from the Credit Rating Agencies (CRAs). The CRAs continue to exhibit stickiness in EMDEs ratings and are very slow to account for improvements that the EMDEs make in their policy landscape. Enhanced engagement with credit rating agencies is, therefore, of utmost importance to improve the flow of private capital to development financing. **This aspect should also be suitably incorporated in para 35(k).**

Paragraph 36

- The MSME sector, being the backbone of economic activity in developing countries, requires additional incentives, access to capital, and capacity-building initiatives to effectively adopt and achieve sustainability targets. Additionally, the compliance burden on early-stage startups and MSMEs must be acknowledged when advocating for legislative interoperability. This should be clearly reflected in this section.
- Secondly, we support impact investment as a tool to leverage private capital by combining concessional and philanthropic capital to de-risk investment. Given the diverse range of projects and approaches among SIDS, LDCs, and EMDEs, impact measurement standards should avoid overly prescriptive, one-size-fits-all approach and instead must accommodate country-specific circumstances.
- In para 36 (e), we underscore the importance of the ISSB standards in providing mechanisms to address proportionality and promote interoperability. It is crucial to preserve flexibility in implementing these standards to account for country-specific circumstances. We call for the text to reflect the same.
- We emphasize that while some alignment and interoperability in sustainable finance policies and regulations is desirable to attract international finance, imposing standardized approaches should be avoided, given the diversity of national circumstances and development priorities. Accordingly, Para 36 (g) should be suitably rephrased.

Thank you.