**Intervention by Delegation of the Republic of Indonesia**

**Third Preparatory Committee Meeting of the Fourth International Conference on Financing for Development**

**New York, 10-14 February 2025**

***Section: Global Financing Framework***

1. Indonesia calls for stronger language on the advancement of the reform of the international financial architecture, such as one in paragraph 2.

We see that current architecture is outdated and incapable of responding to present and future challenges, therefore we call for stronger language to reflect emphasize the need for a fairer global financial system that ensures developing countries have a stronger voice in decision-making, particularly within international financial institutions.

1. We also support the mention of the figure for the SDG financing gap, which accounts for $4 trillion at this moment.

This will help us to monitor our progress on how, at the end, this document will help us narrow the financing gaps between developed and developing countries that in our view shall become the core of the Financing for Development agenda.

1. In Para 4, we are of the view that “deepening digital divide” could be an alternative to replace “rapid technological change” to align with the context of the paragraph. Digital transformation shall be one of the catalysts to accelerate the achievement of sustainable development. It is unfortunate that deepening digital divide continues to persist.
2. Lastly, we are of the view that the commitment to aligning our efforts with the SDGs should be mentioned in this subsection.

***Section: Realization of Sustainable Development***

1. Addressing poverty is fundamental to achieving sustainable development as it remains the greatest challenge, therefore we are of the view that the eradication of poverty should be positioned more prominently in the document.

To achieve sustainable development, Indonesia reaffirms that ensuring universal and inclusive social protection must be a priority. As efforts to strengthen social protection mechanisms continue, we call for predictable, concessional, and countercyclical financing from international financial institutions. This is crucial to ensure that financing for social protection remains uninterrupted, especially during economic shocks, pandemics, and climate-induced crises.

1. We wish to express our appreciation to the cofacilitators in recognizing the importance of addressing the diverse needs and challenges faced by countries in special situations as well as the specific challenges faced by middle-income countries in para 10. We wish that the cofacilitators maintain the insertion of middle-income countries in the subsection and the whole document when discussing developing countries.
2. We believe that FfD4 shall provide opportunities to ensure the enabling environment in promoting economic growth, including by tapping into new and emerging sectors, building upon each country’s potential.

In this regard, we wish to propose an insertion of element on creative economy in this subsection, including by ensuring affordable finance, capacity-building, research, experience-sharing and technical assistance. Given its increasing contribution to the achievement of sustainable development, not only that the sector generates income and decent jobs but also supports the acceleration of socioeconomic development and promotes inclusion, economic diversification, innovation and multiculturalism.

1. We wish to request a more balanced approach, by adding some provisions in this paragraph, in which rationalizing the fossil fuel subsidies also needs to ensure a just energy transition and shall not exacerbate energy poverty.
2. We welcome the proposal that recognizes the importance of developing municipal bond markets to strengthen subnational finance on para 29l. It is our view that this instrument plays a critical role in supporting local development. In this connection, we need to inject reference on the importance of technical assistance, capacity building, and enhanced policy alignment between local and nationals to ensure that subnational financing mechanisms contribute more effectively to national development priorities.

***Section: Domestic public resources***

1. We are of the view that element on increasingly digitalized economy could add important substance in this paragraph. We believe that the rapid digital transformation of the global economy has created unprecedented opportunities, but it has also exposed significant gaps in our international tax framework. It is our view that we need to adequately capture the value created by digitalized businesses that operate across multiple jurisdictions without a significant physical presence. The missing element potentially results in tax base erosion for many countries, particularly developing economies. Therefore, we believe that adding the element will help ensuring fair taxation in the digital era that can contribute to stronger domestic resource mobilization, reduce inequalities in tax collection, and provide much-needed fiscal space for countries to achieve their SDGs.
2. We thank the cofacilitators that the zero draft also highlights the importance of national development bank’s roles in resource mobilization to support sustainable development. We wish to underscore some additional sectors to be included in the areas where we would like to seek the role of the national development banks will play more, as reflected in the last part of paragraph 32. In this connection, we wish to add connectivity, disaster risk reduction as well as water and sanitation.

***Section: domestic and international private businesses and finance***

1. On para 34c, we wish to include “blue bond” alongside other types of bonds. We have seen increasing contribution from Blue Bond, including closing the financing gap. The recent figures show that from 2018 to 2022, the blue bond contributes to a cumulative value of approximately $5 billion in financing the SDGs.
2. We thank the cofacilitators for including remittances. We wish to underscore the importance of financial literacy and enhanced access to financial services to improve financial inclusion and obtain maximum benefit from the initiatives, including attaining financial health. We also support the efforts to reduce remittance costs.
3. On foreign direct investment, especially in paragraph 35a, we support the proposal to scale up FDI in developing countries. We are of the view that the listing of initiatives could be expanded to, among others by also taking into account middle income countries.
4. On paragraph 35d: We are of the view that the notion of the first sentence should be reformulated to maintain a positive tone in its overall context. We believe that quantity and degree of leverage are still of importance, while also share the needs to call for higher quality outcomes, focusing more on sustainable development. Therefore, our suggested edit to the first sentence to “We call for the scaling up of blended finance in terms of quantity and its impact to the sustainable development”. We believe that catalyzing both aspects, quantity and quality, conveys the messages more appropriately.
5. On paragraph 35f, Indonesia welcomes the proposal to enhance blended finance as means to address the financing gap. We note the idea on standardization of blended finance instruments to create effective and replicable structures. However, given the diverse economic conditions, regulatory frameworks, and development priorities across countries, we would like to seek further clarification on why standardization is necessary. How can it accommodate country-specific needs and avoid limiting flexibility in structuring financing solutions?

***Section: International development cooperation***

1. International development cooperation is vital to achieving the 2030 Agenda, particularly for developing countries. However, we see a concerning decline in long-term investments in sustainable development, particularly to developing countries, alongside fragmentation and misalignment with national priorities. ODA remains far below the 0.7% GNI target, with a declining share reaching developing countries. Commitments from developed countries must be met. It is also crucial to increase ODA for long-term priorities without diverting funds to humanitarian emergencies at the expense of sustainable development.
2. Further, South-South cooperation is growing, but we wish to reiterate our support that it shall complement rather than replace North-South cooperation. To this end, the primary responsibility to mobilize resources through the international development cooperation framework shall still be in the hands of the North. In this regard, we strongly support the input on the reformulation of numbers of paragraphs to clearly distinct between the commitments of developed and developing countries.
3. On effective development cooperation, Indonesia underscores that the FfD4 must set concrete targets to close persistent gaps in international development cooperation. Fragmentation, uncoordinated financing, and unpredictable resource flows continue to hinder development impact. Without stronger commitments to effectiveness, we risk further inefficiencies and a failure to mobilize resources at the scale needed to achieve the SDGs. A more effective development cooperation architecture is therefore essential. Additionally, robust monitoring is also crucial to track progress.
4. Strengthening Development Cooperation Forum and the broader FfD process as well as leveraging initiatives such as global partnership on effective development cooperation offers us wider opportunities to improve effectiveness of development cooperation and data-driven reporting on financing flows and its impacts, as well as promoting mutual learning.

***Section: International trade***

1. On paragraph 43 on multilateral trading system, we wish to request a reformulation to a part of the paragraph that reads “Bilateral and regional agreements have added complexity and incoherence of the system”. We are of the view that the bilateral and regional agreements have a complementary role in the multilateral trade system.
2. On the Trade in critical minerals and commodities, Indonesia extends our appreciation to the cofacilitators for the inclusion of critical minerals into this subsection. Given their immense potential for achieving sustainable development, particularly to many developing countries, stronger provisions are needed to support the sector. This includes among others, measures that enhance financial mechanisms, such as risk-sharing instruments, concessional financing, and capacity-building programs, as well as the transfer technology, The provisions help developing countries in refining and processing critical minerals to obtain benefits from the value addition of the resources.
3. Further, we wish to propose some edits. In the last sentence of paragraph 46, Indonesia proposes the inclusion of the word “capacity” so that the revised sentence would read “...developing countries often lack the capacity and financial resources to invest in sustainable extraction…”.
4. On 46a, we would like to propose additions to impactful investments and transfer of technology to the list of provisions in supporting value-added activities, to help resource-endowed countries.
5. On 46b, we are cognizant of the source of the language of this paragraph. We would like to request the complete referencing of the source into this paragraph, to have a better and comprehensive understanding that this provision will not create additional burden for developing countries. In this regard, we wish to add part which mentions that “the framework should not be used as a unilateral trade barrier”.

***Section: Debt and debt sustainability***

1. On paragraph 47, we welcome the notion that debt, when managed properly, can significantly contribute to sustainable development by financing long-term investments in infrastructure, health, education, and climate resilience. However, many developing countries face constrained fiscal spaces, not solely due to over-borrowing but also due to unforeseen crises, economic shocks, climate disasters, and geopolitical instabilities.
2. On paragraph 48c, on the proposal to establish a single global central debt data registry, we take note that the proposal aims to enhance transparency by improving debt disclosure, which can contribute to better risk assessment and well-informed policymaking. However, we seek further clarification to better understand the proposal in several aspects:
3. Institutional Hosting – What governance structure and oversight mechanisms are envisaged to ensure impartiality, credibility, and inclusivity?
4. Potential Impact to Developing Countries – Transparency should empower countries, not lead to disproportionate financial constraints. In this regard, how will the mechanism safeguard against unintended consequences for developing countries?

These elaborations will be instrumental in ensuring that the initiative is designed in a manner that is fair, balanced, and beneficial for all, particularly for developing economies.

1. On Paragraph 50, we support the call for a more inclusive, efficient, and development-oriented approach to debt restructuring, and to also highlight the importance of strengthening the Common Framework that accelerates debt relief for countries in distress, as well as to take into account the importance of debt-for-climate swaps, which allows countries to channel debt repayments into projects that support green energy transitions, disaster resilience, and poverty reduction.
2. Further on the debt architecture, we support efforts to develop a more enhanced, flexible, and fair debt architecture that ensures:
3. Developing countries can access timely, concessional, and countercyclical financing to maintain fiscal stability and social progress.
4. Sustainable debt management strategies that align with long-term development goals without compromising economic resilience.

***Section: science, technology and innovation***

1. Indonesia continues to recognize science, technology, and innovation (STI) as critical enablers in accelerating the achievement of sustainable development. However, we believe that continued technological gaps persist between developed and developing countries, which continue to limit developing countries to benefit from the full potential of STI to drive financial inclusion and sustainable development.
2. In this connection, we are of the view that in addition to mention persistent inequality, it is also important to emphasize that there is deepening technological gaps between developed and developing countries. In paragraph 58, we propose to add “and deepening technological gaps” after the word “persistent inequality”.
3. On international cooperation in STI, we are of the view that fostering an enabling ecosystem through international support that nurtures innovation and talent within developing countries shall be prioritized. We call for enhancing international support in building capacities of developing countries to retain talent and prevent a brain drain through providing suitable educational and working conditions and opportunities for the workforce. Strengthening local innovation ecosystems will help developing countries to leverage STI for development effectively where skilled professionals can also contribute to the economy.
4. Lastly, we welcome the section on digital technology for financial inclusion and financial health. Financial and digital literacy are critical enablers of sustainable and inclusive economic growth. We believe that in addition to ensuring access to financial services to promote financial inclusion; we also need to equip individuals with the necessary knowledge to utilize financial and digital advancement for their financial health. Enhancing financial and digital literacy will empower individuals to make informed financial decisions, safeguard financial health, and contribute meaningfully to economic development.