**Draft Intervention on behalf of the LDC Group on Domestic and International Private Business and Finance, Third Preparatory Committee Session of FfD4**

**11 February 2025, 3-6 PM**

Thank you, Co-Facilitators.

I am making this intervention on behalf of the group of Least Developed Countries (LDCs). We align ourselves with the statement made by Iraq on behalf of G77 and China.

We appreciate the draft's recognition that private investment in sustainable development has not met expectations, contributing to a widening SDG investment gap. For LDCs, this gap is particularly acute.

We support the inclusion of language on the need for systemic change at both national and global levels to better align private sector activity with sustainable development objectives.

However, we believe this section could be further strengthened to address the specific needs and challenges of LDCs. We propose the following additions and enhancements:

**Intervention on Paragraphs 33 and 34**

Capital Market Development:

We call for increased support to develop domestic capital markets in LDCs, including through technical assistance and capacity building. This should include support for issuing green bonds, social bonds, and other innovative financing instruments aligned with sustainable development. As of 2022, only a handful of LDCs have issued sovereign green bonds. We need dedicated assistance to develop the necessary regulatory frameworks and market infrastructure.

Risk Management and Local Insurance Markets:

We emphasize the importance of developing comprehensive risk management and insurance markets in LDCs. This is particularly crucial for smallholder farmers and SMEs to protect against climate impacts and other shocks. We request specific commitments from development partners to support the creation of affordable and accessible insurance products in LDCs.

MSMEs and Access to Credit:

The draft rightly highlights the need to expand access to affordable credit for MSMEs. For LDCs, we stress the importance of strengthening the entire MSME ecosystem, including the local banking sector. We call for dedicated capacity-building programs and enhanced local currency financing options for MSMEs in LDCs.Digital Public Infrastructure:

We strongly support the inclusion of language on leveraging digital technologies for financial inclusion. For LDCs, we call for specific commitments to support the development of digital public infrastructure, including digital ID systems, payment platforms, and data exchange frameworks. This is essential for expanding access to financial services and fostering innovation in our economies.

Remittances:

We appreciate the commitment to reduce remittance costs to less than 3% by 2030. However, we urge more ambitious action for LDCs, where remittance costs remain significantly higher than the global average. We call for targeted interventions to bring remittance costs for LDCs below 3% by 2027, including through support for digital remittance solutions and enhanced competition among money transfer operators.

**Intervention on Paragraphs 35 and 36**

Foreign Direct Investment:

We note with concern that LDCs receive only less than 2% of global FDI. To address this, we call for:

* Developed countries to implement tax incentives and risk mitigation mechanisms for their companies investing in productive sectors in LDCs.
* Enhanced technical assistance to LDCs for investment promotion and facilitation.
* Support for LDCs to negotiate fair and balanced investment agreements that protect policy space for sustainable development.

We strongly urge the full and timely operationalization of the International Investment Support Center for LDCs, as called for in the Doha Programme of Action. This Center is crucial for providing technical assistance and investment-related support to LDCs.

Blended Finance:

While we appreciate the inclusion of blended finance in the draft, we note with concern that only 6-7% of blended finance currently flows to LDCs. We call for a specific target to direct at least 50% of blended finance to LDCs by 2030. Additionally, we urge development partners to:

* Increase the use of local currency lending in blended finance transactions to mitigate currency risks for LDC borrowers.
* Enhance support for microfinance institutions in LDCs to expand their reach and impact.
* Ensure blended finance initiatives are aligned with national development priorities and promote country ownership in LDCs.

Additional Elements:

We propose the inclusion of the following additional elements in this section:

* Enhanced capacity building for LDCs to negotiate complex contracts, particularly in extractive industries and infrastructure projects.
* Commitments to address the specific challenges faced by landlocked LDCs and small island LDCs in attracting private investment.
* Support for LDCs to leverage diaspora finance through innovative instruments and platforms.
* We call for stronger language on de-risking in line with the Doha Programme of Action, which commits to incentivize additional financing and investment in quality, reliable, sustainable and resilient infrastructure, and facilitate efforts to channel long-term sustainable investment to LDCs.
* We also highlight the importance of referencing the commitment to increase deployment of digitally enabled and fintech solutions that can be directly linked to livelihood improvement and economic activities, especially in remote low-demand areas, to help close the access gap and bridge the last mile.

Strengthening Existing Language:

We call for strengthening the following elements already present in the draft:

* More concrete commitments on reducing the cost of capital for investments in LDCs, including through enhanced use of guarantees and other risk mitigation instruments.
* Specific targets for increasing the share of long-term, patient capital flowing to LDCs.
* Stronger commitments to support LDCs in building resilient and sustainable infrastructure, recognizing its critical role in attracting private investment.
* LDCs will not have the technical, institutional and financial capacity to implement these measures. LDCs development status and circumstances, therefore, must be taken into account in these measures

In conclusion, we believe these additions and enhancements will significantly strengthen the outcome document's ability to address the unique challenges and opportunities faced by LDCs in mobilizing private finance for sustainable development.

We look forward to working constructively with all partners to realize these ambitious yet necessary commitments.

Thank you, Co-facilitators.