UK Statement on II. B. Domestic and international private business and finance, 11 February 2025

Overall, the UK strongly welcomes this chapter but would like to see bolder actions and increased ambition. Specific suggestions are:

Para 34: We support the language to strengthen enabling environments for business and investment. We support the need to address regulatory and policy constraints, and we strongly welcome a focus on country platforms to align investments behind national plans.

Para 34 b): Whilst policy frameworks can follow a set of common principles, these should always be bespoke and specific to the jurisdiction in question. We should also include a reference to protect media freedom.

Para 34 g): We support the reference to financial access and financial health for women and marginalized groups.

Para 34 h): We would like to add references to open banking and finance.

Before Para 35: We would like to add a new paragraph here to highlight the role public markets can play in delivering development and climate finance at scale, complementing private markets, whilst addressing key barriers investors face. We will share specific language.

Para 35 a): We request more detail on the International Investment Support Centre for the Least Developed Countries.

Para 35 (f): We would like to include language on increasing the use of guarantees where appropriate

Para 35 f) bis: We would like a new paragraph which call on the MDBs to expand their crisis preparedness and response toolkits, to improve the shock-responsiveness of the international financial system and expand the availability of pre-arranged finance for vulnerable countries. We will share a proposal.

Para 35 k): We would recommend rewording this paragraph to first explore the impact of credit rating agencies.

New Para 35 k) bis: We would like a new paragraph on the financing gap to achieve gender equality and the role that private capital can play to support this. We will share language.

Para 36 e): We would like to remove the language on sustainability disclosure legislation and double materiality.

Thank you

Annex A: UK language proposals on II. B. Domestic and international private business and finance

Para 34: There is a significant need to further leverage the contribution of the private sector to achieve sustainable development. There has been progress in developing transparent, stable, and predictable investment climates at the national level, but more is needed to strengthen enabling environments for business and investment. We support the need to address regulatory and policy constraints that are linked to specific investments or deals to encourage timely reforms and secure investment and strongly welcome a focus on country platforms for aligning investments and investors behind national plans.

Para 34 a) bis: We encourage Development Finance Institutions, International Financial Institutions and all other donors to scale local currency financing solutions in developing countries, to address foreign exchange (FX) risks that limit the mobilisation of resources towards the SDGs and climate goals.

Para 34 b): We will promote policy frameworks that create enabling environments for investment in sustainable development. We encourage further efforts to improve the business enabling environment, including through enhanced transparency, good governance, protect media freedoms, anti-corruption measures, the rule of law, investor and consumer protection, fair competition, and aligning these with sustainable development.

Para 34 h): We will also leverage emerging secure digital technologies, including digital public infrastructure, Open Banking and Open Finance to deepen financial inclusion, and support investments in development and digitalization of financial system infrastructure in developing countries, particularly in countries in special situations.

Para 35: Foreign direct investment growth has slowed since the adoption of the Addis Ababa Action Agenda in 2015. Many developing countries, particularly countries in special situations, continue to face obstacles to mobilizing private investment. At the same time, investors face challenges when investing in developing countries, including those linked to information availability. Official sector efforts to mobilize private finance have not succeeded in catalyzing private capital at scale nor have they sufficiently focused on sustainable development impact. Robust action is needed to strengthen the global enabling environment for long-term private investment in sustainable development. We also acknowledge that macroeconomic reforms and local capital market development must remain the long-term priorities in order to structurally reduce currency risk and/or to allow developing economies to better manage residual currency risk within their own financial systems.

Para 35 f): We support efforts towards the standardization of blended finance instruments to create effective and replicable structures for different country contexts. We further support utilizing innovative structures in blended finance, including equity instruments and increased use of guarantees where appropriate, to ensure that both risk and rewards are shared fairly between the public and private sector.

Para 35 f) bis: We call on the MDBs to expand their crisis preparedness and response toolkits, to improve the shock-responsiveness of the international financial system and expand the availability of pre-arranged financial instruments for vulnerable countries.

Para 35 g) bis: We recognise the critical role public markets/stock exchanges can play in delivering development and climate finance at scale, complementing private markets, whilst addressing key barriers investors face when investing in EMDEs. We encourage developed countries, to collaborate and streamline their efforts around existing initiatives that aim to deliver innovative outcomes on this agenda.

Para 35 j): We will work with stakeholders to explore the impact credit rating methodologies and existing financial regulation, including capital requirements for guarantees and blended finance mechanisms, to establish if guarantees are valued.

Para 35 k) bis: We recognise the critical financing gap to achieve gender equality, which benefits whole societies and economies. We will support and promote initiatives that unlock private capital for gender equality, particularly for women's rights organizations, including through innovative financing mechanisms.

Para 36 a): We will support and mainstream the take-up of impact investing strategies and innovative financing instruments such as impact fund vehicles, thematic bonds, outcome-based financing mechanisms and innovative investment lenses. We welcome efforts in some jurisdictions to require financial advisors to ask savers' sustainability preferences and call on institutional investors and financial institutions to accelerate adoption. We also commit to explore the development of responsible and inclusive consumer products while eliminating discriminative business practices, such as gender-based price differentiation. We will focus support on strategies and vehicles that demonstrate robust, transparent impact measurement and management practices.

Para 36 d): We encourage alignment of regulatory frameworks to accelerate and mainstream sustainable business behaviour and adopt sustainable business and finance legislation that is country-led and context-specific, supported by capacity building for developing countries. We call for the adoption of national sustainable finance mobilization strategies, integrated into national financing frameworks. We urge regulators to promote transition planning for financial institutions.

Para 36 e): We encourage jurisdictional adoption of the International Sustainability Standards Board's (ISSB) standards on sustainability disclosures to produce a global baseline of company sustainability reporting. While we recognize the ISSB's progress in harmonizing sustainability disclosures, we note that its standards are not designed to cover the private sector's impact on sustainability. To this end, we encourage further voluntary reporting on wider impact, using relevant standards such as the Global Reporting Initiative. We will consider external audit provisions to enhance trust in reported data and provide capacity-building to support developing countries to implement reporting standards successfully, including in understanding any unintended consequences for investment flows.