

UK – overarching statement on FfD4 Zero-Draft

FfD4 is a critical moment to set direction on how the international community will narrow the SDG financing gap. Together, we can use FfD4 to send a strong, collective political signal on the necessary and urgent actions required to mobilise more development finance, and to deploy it with greater impact and effectiveness for people and planet. The UK will work in partnership with member states to build bridges and find consensus on shared priorities, continuing the conversation on these vital topics between negotiations.

We can only achieve a genuinely transformational outcome if the document provides a framework to tackle the global and interlinked challenges the world now faces, building on the commitments we made in Addis - from extreme poverty and stagnating growth to the climate and nature crisis, to rising conflict, fragility and vulnerability. We must set a positive vision for a global financial system that delivers for everyone, everywhere. We must bring more urgency to reforming the global financial system - our best opportunity to make progress on achieving the SDGs – and in implementing and updating the wider Addis toolkit to address these challenges.

In terms of **structural and narrative changes**, we would like to see:

- The chapeau to begin with progress made since 2015 and what work is underway; what has changed since 2015 and the challenges we are facing now; with a clear vision for how the commitments made in the outcome document will address these challenges. This strong narrative and story will help the document feel coherent, and tie the actions together, that currently feel quite siloed.
- A new chapter, titled ‘Addressing Global Shocks and Building Resilience’ that covers disaster risk reduction and disaster risk finance, early warning systems and early and anticipatory action measures, climate and nature finance, financing for peace, financing for vulnerability and fragility. We believe this new chapter is vital in ensuring the outcome provides direction on how the system and finance must adapt to tackle the modern challenges facing so many countries. It is a key difference from Addis. We would like to work with others to develop this chapter and the ideas underneath it, and welcome ideas.

We think the text can **go further** to ensure a transformational outcome in the following areas:

- **Debt:** we want the text to send a strong statement of ambition to strengthen the existing frameworks, including pushing for increased commitments on debt transparency, the adoption from all creditors of Natural Disaster Clauses (state contingent debt clauses), expansion and improvements to the G20 Common Framework, better recognition and operationalization of the IMF-World Bank three pillar approach for liquidity challenges, and greater uptake of Majority Voting Provisions. We acknowledge the need to strengthen debtor voice and would welcome discussions on further proposals outside of the proposal for a new convention.
- **Disaster Risk Reduction and Financing:** we want to see more text on developing a more shock responsive development finance system, including through commitments to expand pre-arranged financing, including making greater use of insurance and other forms of contingent finance. We should also encourage MDBs to expand their crisis preparedness and response toolkits and increase the use of pre-arranged financing.
- **Private Capital Mobilisation:** we want to highlight the role of stock exchanges/public markets and deepening local capital markets in mobilising private sector investment. We will also call for language on country ownership in the context of strengthening enabling

environments for business and investment.

- **MDB Reform:** The document should address the positive work over the last decade to shape bigger, better and bolder MDBs. We will encourage them to go further and faster, including to focus efforts on working better as a system and to strengthen the voice of low-income countries. We will push for the scaling up of innovative measures such as guarantees and hybrid capital. We want to see language on the International Development Association (IDA) replenishment and to look ahead to the African Development Fund replenishment.
- **Illicit Finance:** we want to see strong language on Beneficial Ownership Transparency.
- **Fragmentation:** We welcome the strong language on using country systems and platforms to align development assistance behind partner countries' own plans. This should be complemented by a strong political commitment to streamline the development, climate and nature architecture, by tackling the proliferation of funds and initiatives, and strengthening collaboration and coherence across the system (including greater UN-IFI collaboration).
- **Financing for Peace and Fragility and Vulnerability:** recognising that by 2030, up to 85 percent of the world's extreme poor are expected to be in countries vulnerable to conflict or crisis, we would like to see a new section focused on how we must adapt finance to this challenge. This requires strengthening the coherence and effectiveness of the multilateral and financial system for the most vulnerable countries.
- **Growth:** we want to strengthen language on the importance of investing in the drivers of sustainable and inclusive growth (including clean energy transitions). Growth is critical to eradicating poverty and is an area where positive partnerships can be built.
- **Gender:** we support the current language around women and girls and gender equality. We would like to see specific language focused on women and girls under private capital mobilisation, debt and disaster risk finance and on finance for Women's Rights Organisations.
- **Climate-Nature-Development:** we want to see language that recognises the interlinkages between the climate and nature crisis and development challenges, and the benefits of tackling them in a more integrated way, including through Global Financial System reform and national planning and delivery. The evidence shows that addressing interlinkages is vital. This should not dilute the focus on development, or climate, or nature, but enhance progress towards all. This could build on AAAA para 62.

Finally, while the UN has a clear and valuable role in garnering political momentum behind proposals which seek to improve the international development finance system for all member states, we are concerned about potential new mandates that go beyond this established position and risk further fragmenting the development architecture and reducing its effectiveness. We believe our collective focus should be on strengthening and improving existing systems, respecting the mandates of existing institutions and supporting them to deliver the reforms we agree are needed. We would not be able to agree to language that goes beyond the current mandates in the IFIs, OECD/DAC, G20 or Rio Conventions, or that duplicates other processes currently ongoing, or calls to set up new conventions at the UN. We welcome language in the document which proposes ideas and raise political momentum for initiatives and which builds on the UN's role to provide a positive platform for convening and facilitating dialogue.