

1. A global financing framework (including cross-cutting issues)

- Belgium supports an approach to update, strengthen and accelerate the AAAA, considering current challenges, emerging issues, new developments and practices in FFD, as well as progress made in other fora or organizations. All stakeholders, especially civil society, must be able to participate meaningfully. We see this as a unique opportunity to have an inclusive and holistic conversation on many pressing and interdependent issues, to catalyze action towards the implementation of the SDGs by 2030.
- It is essential to promote coordination and dialogue among the main actors of the international financial architecture and to ensure coherence, complementarity and synergy with other ongoing discussions (G20, COP, IMF/WB Annual Meetings) and global frameworks in support of sustainable development - inter alia on human rights, gender equality, biodiversity, climate change, education, health and social development - with a view to building a multilateralism adapted to the realities and challenges of the 21st century.
- We underline the interdependence of the economic, social and environmental dimensions of sustainable development. Sustainable development, peace and human rights are inextricably linked. Preserving our planet must be at the core of our efforts. All financing must be scaled up to address the triple planetary crisis of climate change, biodiversity loss and pollution. FFD4 must reflect a unified vision across the humanitarian, development and peace nexus, including conflict prevention and disaster risk reduction.
- Democracy, good governance and the rule of law are essential for sustainable development. A whole-of-government approach is needed. The AAAA represented an important step in the inclusion of sub-national levels of government. This recognition, among other things as a function of achieving the SDGs, should remain present and, where possible, be further strengthened and made more concrete.
- In order not to jeopardize coordination, recent progress and ongoing discussions, the preparatory process for FFD4 should not pre-empt or undermine other decision-making processes and decisions to be taken by relevant governance bodies within or outside the UN.

2. Action areas

a. Domestic public resources

- Domestic public resources have a central role to play in filling the SDG financing gap. The FFD4 outcome document should emphasize the importance of fair and progressive tax systems and fiscal policies, the fight against corruption, sound public expenditure policies and transparent budgeting aligned with the SDGs and the Paris agreement. It should foster the creation and strengthening of modernized and transparent tax systems, improved equitable tax policies and more efficient tax collection.

- Creating more efficient and effective public finance management systems that respond to citizens' needs for essential public services is essential. Budget credibility and predictability, transparent budget preparation and execution, effective internal control and external scrutiny are essential to foster investor confidence.
- Fiscal policies and public financial management instruments are powerful tools to reduce poverty and advance SDGs, including gender equality, digital transformation, environmental protection and the fight against climate change. Gender-responsive budgeting and tax reforms are important to promote gender equality and economic empowerment of women. Considering domestic priorities and capacities, we encourage further use of green budgeting and taxation policies as a means to encourage sustainable investments.
- International support for domestic resource mobilization, through knowledge sharing, capacity building and technical assistance, should be seen as complementary to national efforts, but also as catalytic investments to close the SDG financing gap for which concessional finance should be allocated.
- We also strongly support the goals of inclusive, fair and effective international tax cooperation. We remain committed to the ongoing work of the OECD/G20 Inclusive Framework, which seeks to reform the international tax system, including a two-pillar solution and a growing membership of tax jurisdictions with global benefits.
- We support the strengthening of regulatory frameworks and enforcement mechanisms to combat tax evasion, corruption, terrorism financing and money laundering. It is important to continue developing global standards and initiatives such as the Global Forum on Transparency and Exchange of Information for Tax Purposes. Greater efforts should be made to ensure full compliance with domestic tax obligations, including by multinational companies.

b. Domestic and international private business and finance

- Belgium supports enabling business environments, to promote the sustainability of investments. When looking into regulatory frameworks, initiatives undertaken at EU level such as the Corporate Due Diligence Directive or the Taxonomy on Sustainable Finance could serve as an example. Also, we consider capacity building in developing countries as another important way to help them overcome barriers to private investment and access other sources of finance.
- De-risking well-identified investments using guarantees, blended finance and innovative instruments could mobilize additional financing for sustainable development considering the specificities of respective countries. However, it is primordial to engage further with the private sector to align incentives and investments with ecological and sustainability standards as well as to work on risks perception.
- BE supports efforts to develop new frameworks for when and how to scale up leveraging private finance to maximize sustainable development impact – with a sense of realism, however, around expectations about the volume to be expected – and design of innovative instruments to make sure that the private partner is not overcompensated.

c. International development cooperation

- The FFD4 outcome document should reiterate previously agreed targets for sectoral and geographical ODA allocation. Moreover, it should recognize the efforts made by traditional donors to provide ODA and encourage non-traditional donors to increase the quantity and quality of their contributions notably by adopting the principles of aid effectiveness (ownership, alignment, harmonization, results, mutual accountability) outlined in the Paris Declaration to ensure positive impact on partner countries and local populations.
- It should recognize the scarcity of ODA and the need to use it for catalytic actions to bring about the highest impact and most transformative change, such as: creating an enabling environment through capacity building and technical assistance; mobilizing concessional finance to leverage additional financing; and aligning business and financial flows with sustainable development financing at home and abroad.
- Belgium fully supports the concept of “value for money”, improving the efficient and effective use of every resource spent within the international financial architecture, by examining results-oriented implementation models, streamlining processes and procedures, and encouraging institutions to function better and work together as a system and avoid overlap and fragmentation by exploiting their respective comparative advantages.
- It is about shifting the focus of the conversation from money to getting the best value and results for that money. This requires a change in mindset and incentives where we don't necessarily talk about success in terms of approvals, commitments and/or disbursements but in terms of results and development impact. The FFD4 outcome document should foster progress in this area by encouraging communication, coordination and partnership at global and local levels between all relevant players to the FFD agenda, including public regional and multilateral development banks.
- More specifically, while we value the work and progress made on Integrated National Financing Frameworks, the FFD4 outcome document should take steps to increase their inclusiveness, ownership and impact, and engage with other donors' coordination mechanisms to create holistic country platforms with the aim of improving the efficiency and effectiveness of international support and increase synergies with national development plans and budgeting.
- Collectively, MDBs have an important role to play in terms of their transformational capabilities through their financial capacities and ability to provide knowledge policy advice and support global convening. They can lead the way by shaping coordination and explore synergies based on complementarities to ensure an efficient and effective division of labor and a maximization of our development impact; and/or setting up key indicators and objectives related to the coordination such as information and knowledge sharing, design and implementation of common processes and standards, etc.
- Belgium believes that FFD4 offers an opportunity to contribute to a new development paradigm aimed at fighting inequalities between and within countries, addressing common challenges and protecting our global public goods. We need mutually beneficial partnerships that work over the long term and are truly win-win partnerships through sustained engagement. Essential to that transformation is keeping the concept of

international solidarity at the core of our actions and to preserve and expand the use of aid effectiveness principles.

d. International trade as an engine for development

- A rules-based multilateral trade order and integration into global trade and supply chains is a crucial element of sustainable development. A stable, fair, secure, inclusive, transparent and predictable multilateral trading system, with the World Trade Organization as its core, is essential in the current global geopolitical shifts.
- LDCs, especially in Africa, remain persistently marginalised in global value chains and world exports. The international community must continue to support LDCs in harnessing the potential of international trade for sustainable development.

e. Debt and debt sustainability

- The priority should be to improve and step up the implementation of the Common Framework beyond the DSSI, considering lessons learnt. Greater timeliness and predictability can be achieved through better communication about timelines and steps, while the Global Sovereign Debt Roundtable needs to work further on technical issues such as comparability of treatment to build greater common understanding.
- FFD4 presents an opportunity to develop new instruments and mainstream existing instruments such as Climate Resilient Debt Clauses (or those relating to pandemic) to provide relief over the short term for countries facing immediate shocks and crisis, while insisting that this should not be seen as the panacea for all issues.
- FFD4 could also follow up on the proposal to create a registry that automatically checks/reconciles debtor records with creditor records to improve transparency and accountability in the global debt architecture.
- Stronger collaboration between international financial institutions, in particular the IMF and World Bank, to connect short term and long-term issues and identify adequate solutions, can be an important factor in preventing further debt vulnerability and increasing responsiveness. Practices such as the Sustainable Development Financing Policy are welcome and should be pursued.
- Belgium is promoting national anti-vulture Funds legislation along the lines of the Belgian law adopted in 2015.

f. Addressing systemic issues

- As a strong supporter of the leave no one behind and reach the furthest behind first principles, Belgium will ensure that adjustments (whether in terms of voice and representation or resources) to the international financial architecture are not made to the detriment of the poorest and most vulnerable countries: LICs, LDCs and fragile states. The decision to create a 25th seat on the IMF Executive Board dedicated to sub-Saharan Africa is a step in the right direction to increase the weight of African voices.