

## Contributions of Colombia to the Elements Paper of the IV International Conference on Financing for Development 2025

1. We are concerned that the global economic outlook remains fragile, with growth prospects subdued, which further threaten actions to rescue the achievement of the Sustainable Development Goals (SDGs). The negative socio-economic impacts of the Covid-19 pandemic, rising inflation and slow economic growth, tightening monetary and financial conditions, unsustainable debt burdens, increased pressure on food, energy and the adverse impacts of climate change have disproportionately affected developing countries and continue to undermine their efforts to make necessary investments to achieve the SDGs in the remaining time.

### I. Domestic Public Resources

2. We recognize that domestic resources are first and foremost generated by economic growth, supported by an enabling environment at all levels. Sound social, environmental and economic policies, including countercyclical fiscal policies, adequate fiscal space, good governance at all levels, and democratic and transparent institutions responsive to the needs of the people are necessary to achieve our goals.
3. We recognize that tax policy can contribute to addressing global challenges and achieving SDGs by including elements of progressivity in the tax system. Strengthening tax revenues that will support the fight for equality and social and climate justice by maintaining a sustainable fiscal position and strengthening the fight against evasion, abuse and avoidance. However, for the sufficiency and progressiveness of tax collection to be sustainable over time, it is necessary to establish tax coordination mechanisms at the international level to reduce the risks of arbitrage and unfair competition between countries.
4. We urge the incorporation of environmental and climate considerations in fiscal programming instruments, such as fiscal rules and national fiscal frameworks. The increase in the frequency and intensity of physical phenomena associated with climate change requires including climate and environmental implications in fiscal scenarios in order to build public finances that are resilient to climate change.
5. We recognise the importance of ensuring local sustainable taxonomies are interoperable with other taxonomies. Comparability and interoperability imply that taxonomies must be based on similar guiding principles, have similar design and structural elements such as objectives, classification systems for sectors and activities and methodologies used for defining eligibility.

## II. Domestic and International Private Business and Finance

6. We recognise the importance of private business and investments as major drivers of productivity, inclusive economic growth, and job creation. We reiterate the need to strengthened international cooperation to explore the full range of policy tools to overcome impediments to private investment for sustainable development. We will continue to take concrete actions to encourage and scale -up long term affordable private finance for the achievement of Sustainable Development in its three dimensions – economic, social and environmental – in a balanced and integrated manner.
7. We note that after a marginal increase in global FDI flows in 2023 following a decline in 2022, FDI flows have decelerated, revealing disparities in both geographical and sectoral distribution. We note with concern that the annual energy investment needs of developing countries make up for more than a half of the annual SDG investment gap and most of the investments in renewable energy during the last decade has gone to developed countries, making it critical to lower the cost of capital for renewable energy investments in developing countries and to support them more in their investment planning and project preparation.
8. We reiterate the need for strengthened international cooperation to explore the full range of policy tools to overcome impediments to private investment for sustainable development. We commit to take steps to ensure and improve the access of micro-, small and medium-sized enterprises to finance, including trade finance, and increase their participation in international trade and investment and the digital economy as well as promote financial inclusion for the poor, women, young entrepreneurs, older persons, persons with disabilities, indigenous people and rural communities.
9. We encourage the adoption of Open Finance policies which have the potential to increase competition in the financial sector by enabling new companies to develop innovative services based on users' financial data. Open Finance can provide access to information to promote credit placement in traditionally underserved populations and sectors, particularly through the development of alternative scoring methodologies by traditional financial institutions and fintechs. Finally, it can also improve the user experience by offering more personalized services tailored to their needs.

## III. International Development Cooperation

10. We reaffirm that Official Development Assistance (ODA) remains the main channel for international cooperation and stress its paramount importance in supporting the sustainable development needs of developing countries, in particular countries in special situations and those facing specific challenges. We note with concern that the target for developed countries to provide 0.7% of their GNI in ODA has not been met once since its formal approval more

than 50 years ago. We also note that a significant portion of ODA is dedicated to in-donor services to refugees, which is not consistent with long-term and sustainable approach to financing for development to achieve 2030 Agenda targets. We urge developed countries to fulfil their unmet ODA commitments to developing countries, in keeping with their previous undertakings, and to scale up those efforts to play a meaningful role in eradicating poverty in all its forms and dimensions, and to increase their flows of ODA to 0.7 percent of GNI to developing countries and 0.15-0.20 per cent of GNI to LDCs, as called for in target 17.2 of the Sustainable Development Goals, while recognizing ODA remains important for many middle-income countries.

11. We look forward to the urgent establishment of an independent high-level expert group by the Secretary General and the initiation of a United Nations-led intergovernmental process in consultation with relevant stakeholders, including the UN Statistical Commission, international financial institutions, multilateral development banks, credit rating agencies and regional commissions, in line with their respective mandates, on measures of progress on sustainable development that complement or go beyond gross domestic product to have a more comprehensive approach to international cooperation and inform access to concessional finance.
12. We reiterate that international development cooperation, especially North-South cooperation, remains a fundamental catalyst to sustainable development. We emphasize that North-South cooperation is the main channel of development financing, with South-South cooperation as a complement to, rather than a substitute for North-South cooperation.

#### **IV. International Trade as an Engine of Development**

13. Advance the development of a global registry of maritime trade vessel owners: the absence of this piece of information limits law enforcement efforts. The currently existing registries are national and are not rigorous enough to establish which company is entirely responsible for what happens on certain vessels. When vessels are involved in illicit species trafficking or other illicit activities, authorities do not have the ability to track down those responsible. A global registry, facilitated by the International Maritime Organization, could resolve this difficulty.
14. Take measures to address commercial smuggling and its relation with illicit financial flows, including by addressing the distortion of prices of traded goods: the lack of a system that allows sharing information in real time between the customs authorities of an exporting port and their counterparts in the importing port on the final prices of traded goods opens the door to price distortion. Customs at importing ports cannot verify whether the price of the imported good matches the price that was recorded at the time it was exported. The alteration of prices leads to customs collecting tax for a price different from the real value of the exported good. It is estimated that the losses for developing countries due to this practice amount to 1.6 trillion dollars annually.

## V. Debt and Debt Sustainability

15. We reiterate the need for multilateral debt mechanisms to fully address sovereign external debt distress and provide an effective, efficient, equitable, comprehensive and predictable mechanism for managing debt crises in a way that is aligned with the development needs of all developing countries, in particular in low- and middle-income countries. We recognize the need to consider a concrete tool to incentivize, encourage, or ensure private creditors participation in debt treatments alongside the official sector to ensure comparable treatment of creditors.
16. We recognize that if urgent steps are not taken, there is a high probability of a series of debt defaults. To avoid this, we propose the following measures:
  - a) Multilateral actions and coordination should be strengthened to address the long-term debt vulnerabilities of developing countries. Debt relief must be coordinated in a process, including under the auspices of the United Nations and consider not only ability to pay, but also development needs.
  - b) Further strengthen the G20 Common Framework for debt treatment beyond the DSSI (Common Framework) and call to implement it fully in a transparent, predictable, timely, orderly, and coordinated manner, including to increase the fiscal space of countries in debt distress and encourage greater private sector participation through more clarity in assessing comparability of treatment, while also noting that more needs to be done to respond to the need of countries not covered by current initiatives, including middle-income countries.
17. Private creditors should participate in debt relief initiatives. We recognize the need to consider a concrete tool to incentivize, encourage or enforce private creditors participation in debt treatments alongside the official sector to ensure comparable treatment of creditors. MDBs should provide adequate measures to ease the multilateral debt burden by enhancing positive net flows to debt distressed countries.
18. We take note that austerity policies alone are inappropriate when scaled up investments in the SDG's are urgently needed. Market based solutions have not provided sufficient relief in a situation of great external stress. One such initial step could be multilateral debt mechanisms to fully address sovereign external debt distress and provide an effective, efficient, equitable and predictable mechanism for managing debt crises in view of the development needs of developing countries.

19. We welcome the policy recommendations of the United Nations Conference on Trade and Development contained in the report A/79/209 to scale-up the use of debt-swaps for Sustainable Development Goals, including for climate and nature, and calls for the development of a multilateral strategy, building on these recommendations, aiming at simplifying and improving the design, transparency and financing of debt swaps, and including concrete measures to support developing countries to overcome challenges associated with the costs of transaction, technical assistance, information-sharing, credit enhancement and risks, among others.
20. We encourage the consideration of the use of state-contingent debt instruments, including climate resilient debt clauses, where appropriate, to provide breathing room to countries hit by shocks with direct impact on its GDP growth prospects such as natural disasters or macro-economic shocks.
21. We note that credit ratings play an important role in international capital markets as they provide creditors with assessments of a debtor's relative risk of default. Inaccurate ratings can impact the cost of borrowing and the stability of the international financial system, as demonstrated during the 2008 global financial crisis. Given the wide reach of private credit rating agencies and their decisive role in either facilitating or hampering progress on debt treatment and affecting the cost of borrowing, note that member states may consider the feasibility of establishing public rating agencies.
22. We recognize that debt challenges of developing countries remain elevated and debt services burdens could crowd out vital investments and constraints progress towards the SDGs. We are concerned that high debt service burdens can hamper implementation of the SDGs.

## **VII. Science, Technology, Innovation and Capacity Building**

23. We stress the important role of science, technology and innovation as pillars, enablers and catalysts to support sustained, inclusive and sustainable economic growth, accelerating the full and effective implementation of the 2030 Agenda and the Addis Ababa Action Agenda. We emphasise the importance of adopting science, technology, and innovation strategies to promote innovation-driven development, economic recovery, and poverty eradication. We note that the strategic deployment of science, technology and innovation has the potential to resolve and minimize trade-offs among the Sustainable Development Goals and targets.
24. We resolve to take action to enhance the ability of developing countries to benefit from science, technology and innovation. We commit to addressing the major structural impediments developing countries face in engaging with and accessing new and emerging technologies, including scaling up the use and nurturing innovation-based environment of open science, open data, digital public goods, affordable and open-source technology, research, education and literacy and development, including through strengthened partnerships between developed and developing countries, and strengthening their

productive capacities. We also commit to protect scientific and technological development from technological monopolies and other unfair practices, and to work towards a fair, inclusive and effective governance of data.

25. We reaffirm our commitment to open and equitable scientific collaboration, and recognize the important contributions that open science makes in the development of solutions to address global challenges. We call for the strengthening of science and innovation ecosystems connecting national and local governments, the public and private sectors, academia, research centers and civil society, taking into account national legislation and contexts. We advocate for the development and use of science, technology and innovation ethically and responsibly, and the strengthening and expansion of research and development infrastructures.
26. We highlight the importance of data and monitoring for the effective follow-up, implementation and evaluation of the Addis Ababa Action Agenda and the outcomes of the IV International Conference on Financing for Development.