**INITIAL G77 AND CHINA INPUTS TO THE ELEMENT PAPER OF THE FFD 4 OUTCOME DOCUMENT**

**General Principles**

1. There should be no backtracking on previous commitments made in Addis, Monterrey, or Doha.
2. The same action areas as the Addis Ababa Action Agenda must be maintained as a minimum.
3. The FFD4 outcome document must maintain the distinction between climate and development finance and focus on development finance. Emphasizing that climate finance must be new and additional to development finance.
4. All three dimensions of sustainable development should be treated equally and no one dimension should be highlighted above others in the action areas.
5. The document must be inter-governmentally negotiated with line-by-line text-based negotiations.
6. **GLOBAL FINANCING FRAMEWORK (INCLUDING CROSSCUTTING ISSUES)**
7. Closing the Financing for development gap, including financing and investment for Sustainable Development, which remains wide.
8. Reaffirm that eradicating poverty in all its forms and dimensions, including extreme poverty, remains the greatest global challenge and the overarching objective of the 2030 Agenda for Sustainable Development and an indispensable requirement for sustainable development.
9. Strengthening social protection systems to reduce inequalities and eradicate poverty.
10. Recognizing the severe setbacks in the fight to end hunger and the need to intensify efforts to achieve food security.
11. Enhance support to address the diverse needs and challenges faced by countries in special situations, in particular African countries, the least developed countries, landlocked developing countries and small island developing States, and countries in conflict and post-conflict situations, as well as the specific challenges faced by middle-income countries and ensure no country or person is left behind.
12. Support the development of quality, reliable, sustainable, and resilient infrastructure, in particular in developing countries, in a manner that has the greatest social, economic and environmental benefits.
13. Support inclusive and sustainable industrial and business development, including micro-, small and medium-sized enterprises, sustainable infrastructure development and digital development in developing countries.
14. **Action Areas**
15. **Domestic Public Resources**
16. Recognize that domestic resources are first and foremost generated by economic growth, supported by an enabling environment at all levels.
17. Calls upon the international community to scale up support for related technological institutional and human capacity building to developing countries to optimize the efficiency of their tax systems, including to explore digitization as a tool.
18. Reduce illicit financial flows, with a view to eventually eliminating them, including by combating tax evasion, tax avoidance and corruption through strengthened national regulation and supervision, and increased international cooperation.
19. Reduce tax avoidance.
20. Create a more enabling environment at the global, regional and national levels to increase the mobilization of domestic resources and enhance the capacities, institutions and systems of developing countries at all levels to achieve this goal, including through international support, to increase investment in sustainable development;
21. Promote inclusive and effective international tax cooperation, which will allow countries to contribute significantly to national efforts to achieve Sustainable Development, as it enables countries to effectively mobilize their domestic resources.
22. Reinforce the commitment to strengthening the inclusiveness and effectiveness of tax cooperation at the United Nations, and stress the need for countries to continue to engage constructively in the process towards developing a United Nations framework convention on international tax cooperation.
23. Support developing countries to catalyse increased private sector investment in sustainable development, including by promoting inclusive and innovative finance mechanisms and partnerships and by creating a more enabling domestic and international regulatory and investment environment, and through the catalytic use of public financing.
24. Increase domestic revenue through public-private partnership to scale up investment to achieve fast and inclusive economic growth.
25. Invites Member States to consider the recommendations of “The High Level Panel on International Financial Accountability, Transparency and Integrity for Achieving the 2030 Agenda” during the preparatory process for the Fourth International Conference on Financing for Development.
26. Emphasise the need for more concerted support to strengthen the financial sectors in developing countries, particularly in terms of the banking sector, and the development of domestic capital markets.
27. **Domestic and international private business and finance**
28. Reaffirm that flows of private international capital, particularly foreign direct investment, along with a stable international financial system, are vital complements to national development plans and policies and public financing for sustainable development.
29. Address development financing gaps and low levels of foreign direct investment faced by landlocked developing countries, small island developing States, many middle-income countries, and countries in conflict and post-conflict situations.
30. Enhance transparency and reform of credit ratings agencies to help increase opportunities for developing countries to access long-term private investments and credit flows for sustainable development to have fair credit ratings for all.
31. Scale up support for financial inclusion and capacity of developing countries, including in mobile banking, digital payments, platforms and tools, e-commerce, microfinance, entrepreneurship.
32. Reaffirm the importance of remittances, which do not replace ODA, FDI and other financial flows for development, and enhance efforts to reduce remittance costs to less than 3 percent of amounts transferred by 2030.
33. Strengthen support for entrepreneurship, innovation and MSMEs in developing countries, through access to financing facilities, markets, technology transfer, capacity-building, among others.
34. Improve information on investment opportunities through deeper partnership between the private sector, investors, governments, development banks and development institutions.
35. Recognise that while the mobilisation and enumeration of private sector resources may ensure additional flows of development finance, these are not suitable for all sectors and countries, and are thus not a substitute for traditional ODA.
36. Emphasise the need for more innovative risk-sharing and de-risking instruments which are vital in mitigating investment risks and attracting private capital to development projects.
37. **International Development Cooperation**
38. Reinvigorate North-South Cooperation as the main channel of development finance, with developed countries bearing the primary responsibility for financing for development.
39. Express concern at cuts in ODA by developed countries and recognise the trillions owed to developing countries in terms of unmet ODA commitments.
40. Call upon developed countries to meet the 0.7% of GNI ODA target to developing countries and the 0.15-0.20% target for LDCs by agreeing collectively or individually to a timetable for achieving their obligations.
41. Stress the need for a transparent and inclusive multilateral process under UN auspices for agreeing on a common understanding of parameters and objectives of ODA flows.
42. Enhance the quality and impact of international development cooperation, including by halting and reversing aid fragmentation, accelerating the untying of aid, adhering to the principle of country ownership and aligning development cooperation flows with developing countries priorities, needs and plans.
43. Encourage MDBs to implement the recommendations and actions identified in the G20 MDB Roadmap towards Better, Bigger, and More Effective MDBs.
44. Call on MDBs to continue increasing their financing capacity through a full range of measures, including capital increases.
45. Improve MDB lending terms, enhance coordination across the MDB ecosystem and scale up provision of concessional finance and grants, including by fully implementing the recommendations from the Group of 20 independent review of multilateral development banks’ capital adequacy frameworks and ensure MDB should focus on projects on sustainable development that are in line with needs and priorities of developing countries.
46. Adopt more inclusive and efficient metrics that go beyond GDP to inform access to international cooperation and to expand the basis on which country needs and access to concessional finance are determined.
47. Develop new approaches to improve access to concessional finance for developing countries.
48. Recognize the need to scale up disaster risk reduction financing instruments for developing countries.
49. Commit to reverse the trend of increased concessional loans at the cost of grants towards a more balanced approach that does not further burden developing countries with debt that cannot be sustained.
50. Call for promoting local procurement, in ODA in developing countries and systematic reporting on the values of contracts awarded to companies in different countries.
51. Look forward to the establishment of an independent high-level expert group by the Secretary General and the initiation of a UN-led intergovernmental process following the completion of the expert groups work on measures of progress that complement and go beyond GDP.
52. **International trade as an engine for development**
53. Emphasize that international trade is an engine for inclusive economic growth and poverty eradication and that it contributes to the promotion sustainable development, structural transformation and industrialization, particularly in developing countries, and stressing that the significance of the principle of special and differential treatment for developing countries in harnessing the developmental benefit of international trade, to facilitate the integration of their economies to the multilateral trading system.
54. Stregthen the universal rules based, non-discriminatory, open, fair, inclusive, predictable equitable and transparent multilateral trading system, with the WTO at its core, including through the fulfilment of long-standing pending negotiating issues, such as comprehensive agricultural trade reform and working toward the necessary WTO reform, strengthening the special and differential treatment for developing countries as a multilateral principle and ensuring transfer of technology to deliver on sustainable development.
55. Conclude the necessary reform of the WTO to improve all its functions, preserving the centrality, core values and fundamental principles of the WTO, and restore the Appellate body to ensure a fully and well-functioning dispute settlement system accessible to all members.
56. Emphasize the importance of facilitating the accession of developing countries to the WTO, recognizing the contribution that their accession would make to the rapid and full integration of those countries into the multilateral trading system.
57. Agree that sustainable development requires enhanced access to information, markets and finance as well as capacity building, affordable digital solutions and non-discriminatory trade facilitation, stable and well-functioning industrial and supply and highlighting the need for the developing countries to become part of global value chains, ensuring support to MSME sectors in respective countries, and enhancing trade facilitation.
58. Eliminate immediately all laws and regulations with extraterritorial impact and all other forms of coercive economic measures, including unilateral sanctions, against developing countries and emphasize that such actions not only undermine the principles enshrined in the Charter of the UN and international law but also severely threaten the freedom of trade and investment.
59. Emphasize that the goal of protecting and encouraging investment should not affect our ability to pursue public policy objectives and emphasizing the importance of provision of capacity building to developing countries in order to benefit from opportunities in international trade and investment agreements.
60. Recognize that one of the key obstacles to achieve sustainable development goals is the lack of trade finance in many developing countries and lack of trade finance results that missed opportunities to use trade as an engine for development and encourage the multilateral development banks to improve the accessibility of trade finance.
61. Recognize that international trade offers opportunities, but also requires adequate space for developing countries to implement the appropriate required policies and formulate their development strategies, and call for an increase in Aid for Trade to developing countries, promote development objectives including food security and industrialisation and emphasize the need to review and reform investment treaties aimed at making them more balanced and beneficial for developing countries and supporting their efforts to pursue sustainable development.
62. Express concern about trade restrictive measures imposed under the guise of environmental protection as they hinder free and fair trade, and violate the principles of Nationally Determined Contributions (NDCs), and Equity and Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC), in light of different national circumstances, thus negatively impacting developing countries.
63. Support the efforts of developing countries that produce critical energy transition minerals to achieve value addition and economic diversification.

**F.Addressing systemic issues**

1. Urgent and more ambitious reform of the international financial architecture, including international financial institutions and their governance structure, to be equitable, and responsive to the financing needs of developing countries to enhance their effectiveness, and to broaden and strengthen the voice, and participation and representation of developing countries in international economic decision making, norm setting and global economic governance, including with the aim to accelerate the achievement of sustainable development.
2. Reform and recapitalize the MDBs to meet the financing needs of all developing countries through concessional finance and grants.
3. Rechannelling of unutilized quotas existing and newly allocated Special Drawing Rights (SDRs) from developed countries to developing countries most in need of liquidity and to regional development banks.
4. Issue a new general allocation of SDRs, with distribution to developing countries according to their needs
5. Call for realignment of quota shares to better reflect member’s relative positions in the world economy while protecting the quota shares of the poorest members in IFIs.
6. Develop by June 2025 possible approaches as a guide for further quota realignment, including through a new quota formula, under the 17th GRQ.
7. Temporarily suspend IMF surcharges for countries at high risk of or in debt distress until a further comprehensive review of this policy is carried out.
8. Adopt a new approach to debt sustainability analyses that puts development at its center.
9. Reform the credit rating system to ensure accuracy of risk assessment, transparency and encourage investment in the sustainable development priorities of developing countries.
10. Establish an UN-convened technical assistance programme with the aim of providing indicative sovereign credit rating opinions for the member states among the 54 developing countries that do not currently have sovereign ratings.
11. **Science, Technology, and Innovation**
12. Enhance international cooperation in science, technology and innovation and foster equitable access to research and innovation opportunities, to address the persistent STI divides between developed and developing countries.
13. Ensure effective coordination between technology and other sectors, between public and private actors and across all levels to steer technological change towards addressing pressing development challenges.
14. Recognise the importance of developing the digital competencies of public officials and institutions of developing countries.
15. Facilitate pooling of training resources, where possible, provide suitable educational and working conditions and opportunities for the workforce, and mobilize public and private funds in support of capacity-building to address rapid technological change and take actions to prevent brain drain in developing countries.
16. Ensure an efficient, adequate, balanced and effective intellectual property framework which encourages access to science, technology and innovation by developing countries, including through better use of existing and exploring further potential flexibilities.
17. Deepen public-private partnerships in developing countries that encourage investment and entrepreneurship, develop local innovation ecosystems and promote decent work, and ensure that innovation can reach global markets.
18. Eliminate unfair practices, such as anti-competitive behaviours that could hinder technological development and innovation worldwide, in particular in developing countries, and call upon the international community to foster an open, non-discriminatory, fair and inclusive environment for scientific and technological development.
19. STI policies should guide technological development to be labour-complementary rather than labour-replacing, and direct resources to education and training, social protection, and compensatory mechanisms to equip workers with the appropriate skills and support for transition, especially the digital one, and mitigate the potential negative effects of digital technologies, particularly AI, on labour markets.
20. Support the development, deployment and use of emerging and open-source technologies and support policies towards open science and open innovation and know-how and co-development of technologies for the achievement of the Sustainable Development Goals, in developing countries.
21. Encourage socioeconomic conditions and build institutional capacities to enable the adoption and development of financial innovation and technology, noting fintech’s potential for facilitating greater financial inclusion and stability, while ensuring relevant safeguards against anti-competitive behaviour, consumer privacy, and financial integrity.
22. Scale up voluntary funding for the Technology Facilitation Mechanism and the Technology Bank for the Least Developed Countries, and will consider innovative ways they can strengthen the science, technology and innovation capacity of developing countries for structural transformation and productive capacity development.
23. Reduce barriers for developing countries to adopt frontier technologies such as Artificial Intelligence, through encouraging region or country specific development, output and use of such technologies
24. Recognise the importance of financing to unlock the full potential of digital technologies, including new and emerging ones such as AI, for sustainable development.
25. Call for the creation of a multilateral fund to stimulate innovation and cooperation, facilitate shared global research, technology transfer and best practices such as through joint innovation challenges, and enable developing countries to benefit from new and emerging technologies.

**III. Emerging issues**

1. Deepening financing divides between developed and developing countries.
2. Increasing Climate and disaster related risks.
3. Uneven spread of industrialisation.
4. Persistent and rising inequalities.
5. Rapid technological change and digitalization.
6. Cuts in official development assistance and declining in-country programable aid and grants.
7. Return of protectionist industrial and trade policies, including non-tariff barriers in developed countries.

IV. **Data, Monitoring and Follow-up**

1. Note that the gap between risk perceptions and actual risk can be bridged by utilizing good data, which is critical for enabling SDG-aligned investment, encourage the use of innovative data collection methodologies, technologies and sources for developing policy relevant information, which provide opportunities to generate real-time information and complement official statistics.
2. Note the heterogeneity and inconsistencies in data on financing.
3. Continue to strengthen efforts to collect, analyse and disseminate relevant and reliable data, disaggregated by sex, age, disability and other characteristics relevant in national contexts, to ensure greater data accuracy and comparability and for better monitoring and policymaking.
4. Call for strengthened investment and collaboration with national and international statistical agencies, including through public-private partnerships, to improve the quality and integrity of data, and strengthened capacity-building and financial support in developing countries through North-South, South-South and triangular cooperation to enhance data systems and capacity.
5. Accelerate efforts to pursue interoperability, where appropriate, between voluntary non-financial and sustainability data by the private sector, to encourage robust data on private enterprise’s impact on the SDGs, while reducing fragmentation and reporting burdens, taking into account national circumstances and contexts.
6. Emphasize the importance of strengthening the ECOSOC ffd forum and the high level dialogue on financing for development to establish more systematic links between the UN and the international financial institutions, multilateral and regional development banks, private and commercial creditors and credit rating agencies to enhance coordination and engender robust discussion on financing for development,

**V. Overarching reflections**

1. Urgent reform of the financing at all levels is required to enable developing countries to address the financing challenges that they face in pursuit of their national development goals and Sustainable Development.
2. Strengthen and revitalize global partnerships and multilateralism to close the financing gap and rebuild trust.
3. Easy access to long term financing for all developing countries.