With reference to the preparative process for the 4th Conference on Financing for Development please find Sweden´s input to the co-facilitators´ for the FfD4 Elements paper. Sweden’s contribution is presented in addition to and complementary to the input offered by the European Union, to which Sweden aligns itself.

Continued efforts to reform the international financial architecture to ensure it is fit for purpose is crucial. The effectiveness and scale of financing needs to increase to achieve the Sustainable Development Goals (SDGs) and to implement the Paris Agreement. Efforts to mobilize private financing and facilitate increased domestic resource mobilisation should be intensified, as ODA and public financing alone will not suffice. We acknowledge calls to make the international financial architecture more representative of today’s world. To ensure legitimacy of the institutions the voice of the poorest and most vulnerable members must be protected.

We believe that the following perspectives would benefit the outcome of the fourth international Financing for Development Conference in Sevilla in June 2025.

A prerequisite to our efforts to achieve sustainable development is that transparency can be ensured, clear targets and goals can be formulated and results measured.

**1. The importance of national ownership in guiding and driving reforms**

* It is critical that **national governments drive reforms** to ensure the fundamental conditions for investments and economic development, through effective and inclusive institutions, respect for human rights and the rule of law. This entails establishing a conducive domestic investment climate, including transparent regulatory requirements and freedom from corruption. Good governance is a prerequisite for poverty reduction and sustainable growth.
* Nationally owned and driven processes to strengthen sustainable institutions is a key component of sustainable development.
* FfD4 should reinforce the need for a**lignment of international support with national financing priorities**. By enhancing coordination among country platforms for MDBs and other partners, countries can use integrated financing, including INFFs, to align multilateral and bilateral donors, development banks, and the private sector. Such alignment will support national priorities, scale up resources and technical assistance in support of national plans.
* Many countries face severe capacity constraints in implementing institutional reforms and in making the most of new financing instruments, such as blended finance, sustainability bonds, debt swaps, etc. This calls for an urgent **scaling-up of technical assistance, capacity building and institutional development** efforts to align technical support with the financing priorities articulated through country-led INFFs and or in connection to country road maps.
* FfD4 should recognize the critical need to support countries in **strengthening their financial planning and policy frameworks** for achieving the SDGs, emphasizing the importance of country leadership in building sustainable national financing ecosystems.
* By reinforcing country leadership in financing policy, the reform of the international financial architecture can become more responsive, coherent, and effective in addressing the unique needs and challenges of each country. **National and international financing architecture** need to be mutually supportive.
* FfD4 should highlight the **importance of treating finance policy as a holistic issue** to drive development. Without inclusive and well-structured mechanisms for meaningful engagement with the private sector and civil society, financing strategies will not sufficiently reflect the diverse needs of key development stakeholders.

**2. The importance of catalytic ODA and promoting innovative financing solutions**

* The **catalytic potential of ODA** must be further strengthened.

Steps to strengthen **domestic resource mobilisation** for SDGs and climate action should be further elaborated in FfD4 outcomes:

* The importance of support to **reforms for domestic resource mobilisation,** including technical cooperation, with the aim of achieving improved tax policy and more efficient systems to increase tax revenues and prevent tax evasion, and promoting good governance, should be promoted.
* **Incentivising, mobilising and scaling up private finance** to complement public domestic, bilateral and multilateral resources is key to achieve the SDG:s.
* ODA should increasingly be targeted to **promote catalytic approaches** to mobilize the private sector, eg. blended finance, green/sustainable bonds and strengthened incentives for the private sector to operate in developing economies.
* Work to adapt of countries' budgets to sustainable development, which has the potential to attract SDG investments, is key.
* The scaling-up of **mobilization of private capital through blended finance** and standardized solutions is crucial, as well as engaging private sector for new financing solutions (e.g.: SDG bonds). ODA can also support development of financial markets and regulatory environments to attract further investment in SDGs and climate action.
* The outcome of the FFD4 should emphasize the need to enhance the use/encourage further use of guarantees to de-risk investments. Green bonds are important as well as SDG-sovereign bonds, linking countries budgets to sustainable development, including climate, but also biodiversity and social SDGs.
* FfD4 should support the development of new markets, institutional conditions and business models for the green transition, including market development, policy changes, voluntary technology transfer on mutually agreed terms as well as the phasing out of harmful subsidies and reforms of institutional frameworks for pricing and emissions trading in line with Article 6 of the Paris Agreement and the EU Green Deal.

 **3. Increased and catalytic climate financing**

* **Climate action** should be strengthened and synergies with the SDGs further enhanced. The outcome of COP 29 as regards the financing goal, should be included in the final outcome of the FfD4 conference. Connections to NDCs as a base for developing green sovereign bonds and scaling up climate finance, should be explored.
* Countries should **integrate NDC and INFF into national plans** and processes. INFFs should be used to clarify investment needs also for climate action and thereby functioning as a vehicle for operationalising NDCs. NDCs can, if well developed, be a baseline for attracting climate investments at scale, through for example green sovereign bonds and other green bonds.
* Development finance can contribute to making **financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development**, promoting sustainable development and transitioning away from fossil fuels and other harmful activities.

**4. Enhancing and harnessing the potential of the green and digital transition**

* Green and digital technologies have great potential to transform societies and accelerate their sustainable development. More financing is needed to unlock this potential for developing countries and the implementation of the sustainable development goals.
* Digital technologies have immense potential to transform societies and accelerate their sustainable development Through the Global Digital Compact, UN Member States have committed to closing all digital divides and accelerate progress across the Sustainable Development Goals.
* The Financing for Development Conference in 2025 is an important opportunity to follow up on the commitments of the Global Digital Compact linked to **digitalisation for development**.
* The outcome of FfD4 ought to call on all stakeholders, and in particular the private sector, to deliver on the commitments of the Global Digital Compact in this regard.

**5. Strengthening women's economic empowerment**

* The importance of promoting female entrepreneurship, including market access, micro-credit, education and entrepreneurship in the local business community, as well as women's equal rights to ownership, inheritance and tenure, should be highlighted.

**6. Free trade for sustainable development and partnering with the private sector**

* The need to promote sustainable business and sustainable procurement by multilateral organisations and the UN funds and programs should be recognized. Targets and requirements for multilateral actors to transition to and implement **sustainable procurement** should be highlighted.
* FfD4 should aim to recognize the stable and increased activity and engagement around inclusive digital commerce. **Technology shifts create opportunities** for developing countries to increase trade, but the dynamics of the digital economy also create a risk for them falling behind.
* The capacity of developing countries and businesses to meet increased demands for transparency and sustainability in supply chains should be supported.
* Mobilizing both public and private finance for sustainable development requires **inclusive dialogue and collaboration** including with the private sector and civil society. Transparency, accountability, and effectiveness require strong institutions, trust and meaningful engagement between actors. Strengthening the opportunities for the **business sector to participate**, including with knowledge, innovation, sustainable solutions and financing, in the run-up and preparations for FfD4 is key.
* Important to harness the potential of private sector capacity for green and digital transition including in capacity building and voluntary transferring of technologies on mutually agreed terms.
* FfD4 outcome should highlight the impact of cooperation and partnerships between development cooperation and the private sector, including private finance.