



Interactive Discussion 2 - Domestic and International Private Business and Finance

The 2nd Preparatory Committee for the 4th FFD

Republic of Indonesia

UN Headquarter New York, Wednesday, 4 December 2024 (3:00 p.m. - 4:30 p.m.)

Supporting domestic and international private business and finance, both at the domestic and international levels, is crucial to improve the enabling environment for their contribution to help achieving the ambitious targets of the SDGs.

Our delegation wishes to highlight two points to add perspectives from what have been presented in the elements paper.

First is developing local capital markets. We recognize that a holistic approach is needed to develop these markets, one that addresses the needs of all stakeholders, including local businesses, investors, and government entities.

On the supply side, this includes enhancing the capacity of local businesses and developing robust financial infrastructure like trading platforms. The improvements on the supply side will inevitably generate the appetite for demand, both by local and global investors, which stimulates the capital market to diversify its offerings.

Introducing innovative financial products, such as green bonds, sukuk, and social impact bonds, will attract investors interested in sustainable and socially responsible investments.

The above-mentioned policies require a supportive enabling environment. We must strengthen and expand various instruments within the framework of cooperation between government and business entities. This is particularly crucial in areas of regulatory reform, governance, and institutional capacity, to ensure that the capital market remains accessible, efficient, and inclusive for all.

Second, we must also turn our attention to the millions of businesses in the informal sector, which are often overlooked but are key drivers of economic activity, particularly in developing countries. Hence, the empowerment of informal sectors must also be at the center of this priority issue.

One way is to enhance and improve access to financial services, by expanding credit availability, and support mechanisms that boost the creditworthiness of underserved sectors. We could strengthen microfinance institutions and provide targeted financial products that cater specifically to these communities.



It is also essential to promote the formalization of MSMEs through technical assistance in financial reporting, access to credit, and capacity building for entrepreneurship—as well as encouraging financial inclusion.

The government could introduce targeted incentives and regulatory support to help these businesses transition into the formal economy, ensuring their participation in national and global markets. This will inevitably help economic growth.

Empowering small businesses and informal sectors is not just a necessity—it's an opportunity to unlock untapped potential.

To conclude, we wish to reiterate that fortifying both domestic and international business and finance landscapes is pivotal for fostering robust economic environments capable of advancing the Sustainable Development Goals (SDGs).