2nd Session of Preparatory Committee for the Fourth International Conference on Financing for Development (FfD4)

MINISTERIAL SCENE-SETTER

Tuesday, 3rd December 2024

"What are the key financing policy reforms and solutions that the fourth International Conference on Financing for Development should deliver?"

Intervention

Thank you, Chair.

India is honoured to participate in the 2nd session of Preparatory Committee ahead of the Fourth International Conference on Financing for Development. This timely session marks a significant step forward, offering a platform for nations to engage in meaningful dialogue, foster convergence, and collectively address the pressing challenges of financing for development.

While significant efforts are underway to achieve the SDGs, progress is hindered by persistent **challenges** including inadequate financial flows to developing economies, systemic inequalities, climate vulnerabilities, and the lingering impacts of global disruptions.

India firmly believes that overcoming these barriers requires **bold, innovative approaches to resource mobilization, enhanced South-South and triangular cooperation**, and an unwavering commitment to equity and inclusivity as highlighted in the Elements Paper.

Most importantly, **developing countries should be given the policy space to grow and charter their own development pathways.** Imposing standards adopted by developed nations may prove counter-productive, as they may not align with the unique challenges and priorities of developing economies.

India recognizes the **catalytic role of MDBs** in financing the SDGs. Achieving their ambitious objective of helping countries transform their economies requires enhanced coordination, with **country platforms** serving as effective mechanisms while engaging with client countries. **Strengthening the financing capacity of MDBs** through implementing capital adequacy framework measures, leveraging financial innovations to attract private capital, and securing fresh capital contributions from donor countries is critical.

Despite a strong focus on private capital mobilization, **actual flows to low-income and emerging markets for development financing is still a trickle**. A key barrier is the stickiness and procyclicality of **sovereign ratings** by credit rating agencies, which inflate perceived risks and hinder access to affordable market finance, deterring private investment. We believe MDBs are well-positioned to engage with rating agencies and address this issue urgently.

Chair, we look forward to productive discussions on the critical issues and extend our full support and cooperation in finalizing the outcome document with a vision for an equitable and sustainable future for all.

Thank you.

(329 words)

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