

## Talking points on The Elements Paper for The Outcome of The Fourth FFD

### 1. Domestic Public Resources:

**Thank you chair for giving me the floor,**

We would like to thank you for your efforts, and extend our support to this process, towards an inclusive and successful outcome.

Saudi Arabia would like to share general views on the introduction before addressing the first section on domestic public resources:

- While we appreciate all the efforts done on the paper, however we believe that many elements of the document go beyond national sovereignty. Thus, we request that the overall efforts be framed **“taking into account national circumstances, needs, and priorities, in an inclusive and balanced manner.”**
- In the first paragraph of the document, we need to ensure that all sources of financing referred to in the Addis agenda be mentioned, including ODA.
- It is essential to ensure proper alignment and cooperation with respective institutions and go beyond the original mandate.
- We strongly oppose calls to replace existing financing mechanisms under different forums with outcomes of the FFD, we must respect those forums and their mandates.
- Finance obligations and commitments under various forums, including those under the UNFCCC, shall be maintained. This forum is not the appropriate platform for renegotiating these issues or expanding its scope. The negotiation process shall be respected.
- On issues of human rights, we need to ensure alignment with the United Nations agreed language, and not further complicate the process-

On Section 1 of the elements paper:

- We believe that mentioning that fiscal policy universally disregards the SDGs is inaccurate, as many countries do in fact align with SDGs, particularly in areas such health, education, and climate action, Integrating SDGs, into the budgeting process.
- On point C, it is worth mentioning that the threshold recommended by the world bank is “for countries with low tax-to GDP levels to aim for levels around 15%” and not above. We do not agree with including such an absolute recommendation, particularly that it might put undue pressure on countries with capacity constraints
- On point J, we cannot single out specific SDGs, we need to be inclusive in our approach.
- We ask for the full deletion on point K for the following reasons:
  - All these related commitments have their negotiations forums such as the IMO, ICAO and UNFCCC.
  - This defies economic logic. Gains and losses are a function of production cost and market movements. The well-known economic

theory of comparative advantage is all about cost competitiveness. Thus, we should not include any recommendation to any top-down global tax or levies in this document.

- Why are we singling out a single commodity, while ignoring many others?
- Any recommendation of a top-down nature in this document defies its core goal, ensuring financing for development.
- We reiterate, our earlier statement, all actions proposed must take into account different national circumstances, needs, priorities, and capacities. Recognizing the different approaches and pathways taken by all countries towards achieving their development goals.
- On L, we cannot duplicate nor go beyond existing efforts under the UNFCCC, therefore we would recommend deleting carbon pricing mechanisms from the text
- On M, we need to use agreed upon text when referencing subsidies, including by adding text such as phasing out those “that encourage wasteful consumption, while providing targeted support for the poorest,”
  - Having an equal treatment of subsidies and tax incentives across all sectors is needed, including agriculture and renewable technologies. Therefore, we would ask for the deletion of references to “agriculture and fossil fuel subsidies”
- Overall, we should respect ongoing negotiation processes, and not prejudice or preempt any of its outcomes.

We extend our support to this process, towards an inclusive and successful outcome.

## **2.Domestic and International Private Business and Finance:**

**Thank you Chair,**

**We would like to raise three important points that apply not only to this section but the elements paper as a whole;**

- Building on our previous comments, any recommendation of a top-down nature in this document defies its core goal, ensuring financing for development.
- Additionally, any call global taxonomy should take the different national circumstances, be bottom-up in nature and should be negotiated by all members and to be inclusive.
- On the private sector accountability, the private sector is not a party in international agreements or frameworks and therefore cannot be accountable to them. The private sector is only accountable to the governments of the jurisdictions within which they operate.

Thank you

### **3. International Development Cooperation**

**Thank you Chair,**

- Relevant to the document as a whole, we do not look to mix between climate financing and development financing, rather, each matter shall be tackled separately.
- We would like to raise a critical point, the text in its form is not aligned with the UNFCCC and its Paris agreement. We call for further alignment, while respecting the different mandates between both the FFD and UNFCCC.
- With regards to taking into consideration the outcomes of the UNFCCC COPs, we request to consider the provisions and principles, including the principle of common but differentiated responsibility, a principle that should be reflected when discussing climate related issues.
- We should not prejudge or preempt any ongoing discussions related to climate change.
- When discussing climate finance instruments, we require further clarity on the mentioned mechanisms. Nonetheless, all instruments and mechanisms must be inclusive of all pathways, approaches, and technologies.
- With regards to the MDBs and the system of public development banks, it is important to ensure adherence to specific mandate and governance structure of each MDB. This also applies to all relevant areas in the text.
- Finally, issues related to NDCs are discussed elsewhere and is not relevant in the context of the FFD.

Thank you.

### **4. Science, Technology and Innovation**

**Thank you Chair,**

With regards to the potential of financial technology, we highlight a couple of points:

- First, the global regulatory frameworks for AI and fintech represent an important step in addressing emerging technologies. However, such framework requires flexibility to develop and implement national strategies without top-down global frameworks, that may have an opposite effect and be restrictive in nature.
- Secondly, we recommend to encourage global governance frameworks for AI and fintech that respect national innovation ecosystems and promote capacity building to support equitable technological development.
- This section of the elements paper needs to be inclusive, and take into account different national circumstances, pathways, and approaches. We shall not discriminate against any technological solution or option that may contribute to achieving our sustainable development. This should be an overarching principle in the FFD.

Thank you.

## **5. International Trade as an Engine for Development**

**Thank you Chair,**

With regards to the regional trade integration:

- The focus on African trade initiatives, including the African Continental Free Trade Area (AfCFTA) highlights the importance of regional integration.
- We recommend to expand the narrative to include diverse regional economic groupings and logistics hubs that play significant roles in fostering global trade and connectivity.
- Furthermore, trade in minerals and commodities should include all clean energy sources and avoid limiting the commodities to only minerals. To support development, we must not limit our approaches in the FFD.
- The emphasis on critical energy transition minerals (CETMs) and renewable energy technologies is forward-looking and addresses global sustainability goals. However, we cannot focus solely on one aspect while neglecting the others. Ensuring energy security, economic stability, and prosperity are crucial while addressing our climate plans.
- We must acknowledge the diversity of energy sources and encourage investments in both renewable energy and zero and low-emission technologies, including carbon capture, utilization, and storage (CCUS), in-addition to direct air capture.
- On the recommendations presented by the Secretary general on critical energy transition minerals, we are still in the process of reviewing the proposal made in the report. However, the FFD cannot impose recommendations or commitments on countries that were not negotiated by all.
- The WTO has its own structure and mandates, and it is not clear how can the FFD mandate the WTO or any other international forum? The mandate of the FFD must be clear and not be exceeded.
- Finally, we emphasize the significance of refraining from shifting the focus of the FFD from financing development to imposing obligations on countries.

Thank you.

## **6. Debt, and Debt Sustainability**

**Thank you Chair,**

- We note the proposals for debt clauses, however;
  - It is important to note that such mechanisms may impose rigid conditions that limit fiscal flexibility.
  - The concern is that the debt relief could face challenges if these mechanisms lack adaptability for economies that are transitioning or resource-dependent.
  - Debt sustainability frameworks should provide flexible approaches to account for diverse economic structures, ensuring that they remain inclusive and equitable.
- Strengthening the common framework also requires measures to reduce the stigma associated with debt restructuring and the impact of credit ratings.
- Lastly, the debt sustainability assessments should account for risks other than the climate and nature, for instance, health related. Therefore, references related to climate and nature in the elements paper shall be omitted. Discussion on such topics is taking place elsewhere, and this forum should not prejudge those discussions.

Thank you.

## **7. Addressing Systemic Issues**

**Thank you Chair,**

- The document advocates for quota realignment and redistribution of voting power within the IMF and World Bank to enhance inclusivity.
- IMF Quota reforms should enhance equitable representation while preserving the decision-making influence of all contributors to global financial stability.
- We must ensure full implementation of the IMF Board of Governors Resolution No. 66-2 from the Fourteenth General Review of Quotas in 2010 to honor the commitment to reduce the number of Executive Directors representing advanced European countries in favor of emerging markets and developing economies (EMDEs). Following this change, maintain the resulting regional composition of the IMF Executive Board for balanced representation. These steps, combined with the allocation of 1 percent of the European chairs' quota shares to EMDEs, are crucial for enhancing the representation of EMDEs. Furthermore, realignment should ensure the protection of shares for EMDEs and the poorest members.
- Furthermore, strengthening regional financial safety nets is emphasized as a complementary measure to global mechanisms. While Saudi Arabia actively supports regional financial stability, fragmentation between regional and global safety nets could undermine systemic cohesion.
- The IMF is adequately resourced to the extent that it managed to deal with Covid-19 shock effectively. Moreover, in 2021, there was a significant increase in SDR allocation to boost reserve for all vulnerable countries and increase the capacity to lend of the IMF.
- We support the invitation of issuing new SDRs to help address the developing country debt crisis, only in-case voluntary financial contributions (VFCs) is recognized in quota discussions.
- We need to adopt a phased approach to integrating sustainability, while stressing the importance of ensuring adequate capacity building and regional adaptation.
- We must not risk encountering any unintended economic consequences.

Thank you.

## **8. Data, Monitoring and Follow-up**

**Thank you Chair,**

- With regards to the investment in data and statistical systems, we highlight that strengthening data-sharing platforms and statistical systems is crucial for global development. Therefore, mechanisms must respect national data sovereignty and align with privacy and security standards.
- While the private sector may contribute to Sustainable development, this is a member states driven process, and a balance must be achieved.
- Once again, as stated before; the private sector is not a party in international agreements or frameworks and therefore cannot be accountable to them. The private sector is only accountable to the governments of the jurisdictions where it operates. Moreover, there are already existing initiatives that include and collaborate with the private sector. Therefore, this proposal is redundant and duplicates existing efforts.
- We should not risk prolonging discussions on controversial issues that lack consensus.
- We must not burden developing countries with additional reporting and monitoring mechanisms.

Thank you.