

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

Domestic and International Private Business and Finance

Wednesday, 4th December 2024

Intervention

Thank you Chair.

Private sector financing serves as a catalyst in bridging the SDG financing gap by providing innovative solutions, technological rigor and vital capital. Despite the widespread focus on the agenda, the actual flow of private capital to low-income and emerging markets for development financing is still a trickle.

The stickiness and procyclicality associated with sovereign ratings for low-income and emerging market economies limit their access to affordable market finance. Global coordination is needed to ensure that the sovereign rating agencies rectify fundamental problems in their rating models so that private sector gains confidence to fuel the much needed capital in EMDEs and we look forward to recommendations around this important aspect in the Outcome document.

For developing countries, what is important is the cost of capital. The MDBs, DFIs and RDBs can play an important role in accelerating private investment in sustainable projects by offering measures such as de-risking, credit enhancement, guarantees, and local currency investment to reduce the high cost of capital in developing countries and attract long term investment.-

Additionally, to create a more enabling environment for private financing, it is crucial to streamline regulatory processes, enhance legal protection for investors

and ensure fair competition and promoting financial inclusion through digital technology and financial literacy.

Moreover, strengthening support for entrepreneurship, innovation particularly for MSMEs in developing countries, in terms of improved access to financing, markets, technology transfer and capacity-building, remains crucial to fostering private investment.

We welcome the ongoing efforts at the UN and support the call for increased investment flows to developing countries for financing their development.

Thank you.
