January 2025

More and better development financing

What can the Fourth International Conference on Financing for Development achieve?

The Fourth International Conference on Financing for Development (FfD4) will take place in Seville in June 2025. This is against the backdrop of massive delays in the implementation of the 2030 Agenda for Sustainable Development, not least due to deficits in development financing. The Sustainable Development Goal (SDG) financing gap, which was estimated at US$ 2.5 trillion in 2015, has not been closed or reduced over the last decade. Instead, it has grown to over US$ 4 trillion annually. In addition, the decade since the adoption of the final declaration of the Third International Conference on Financing for Development – the Addis Ababa Action Agenda (AAAA) – has been characterized by multiple crises: the COVID-19 pandemic, the growing climate crisis, a global sovereign debt crisis and escalating conflicts. There is no end in sight to the worsening crises.

Expectations are high that the FfD4 conference will produce concrete results against this difficult backdrop. A substantial SDG stimulus should initiate a race to catch up on the 2030 Agenda. At the same time, the summit is intended to reform the international financial architecture so that its ageing institutions can meet the challenges of the present and future, increase their legitimacy. In particular, it is also focusing attention on supporting developing countries more effectively in development and crisis management. For many, Seville is seen as a 'make or break' moment for multilateralism. The fate of the 2030 Agenda, which cannot be implemented without more and better development financing, will be decided here. Moreover, it will also test the extent to which the international community is prepared to cooperate constructively to tackle global problems, while supporting its weaker members in a spirit of solidarity.

The Financing for Development (FfD) process is better suited to this than any other global policy format. It is the only multilateral process that takes a holistic approach to structural reforms of the international financial architecture. The broad mandate of the conference ranges from taxes to debt, including private and public financial resources, both domestic and international. In addition, the conference brings together all the United Nations Member States. All 193 states will sit at the negotiating table, which is the procedural prerequisite for making decisions that have worldwide validity and global legitimacy.

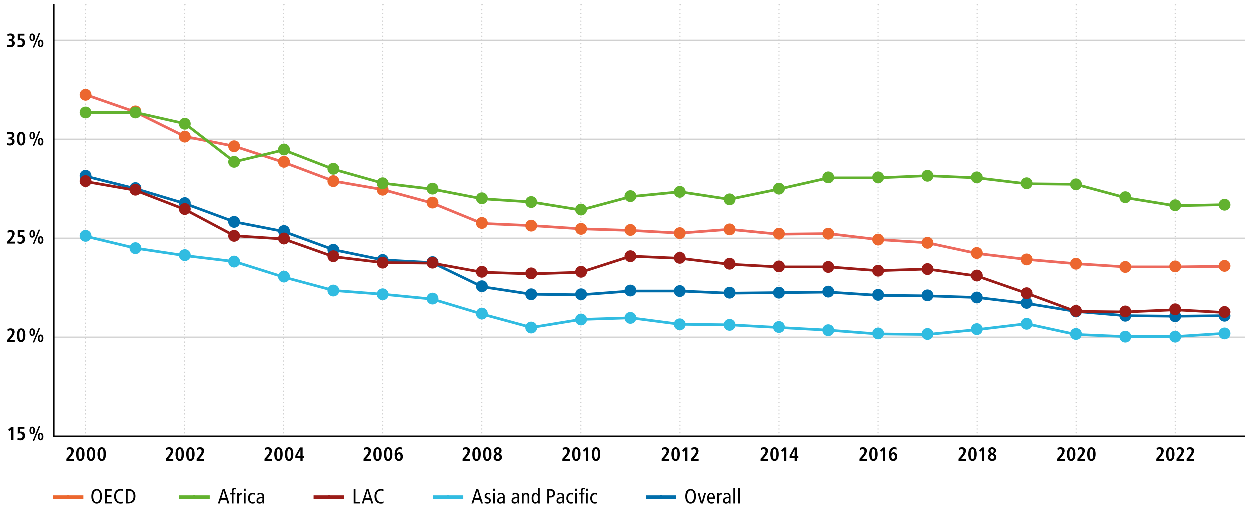
In the system of global economic governance, the FfD negotiations are regarded as the political process that offers developing countries the highest degree of democratic co-determination and decision-making power. In this respect, it makes particular sense to focus on the needs of the Global South and on poverty reduction, i.e. to create funding and financial institutions for those who have been left furthest behind in the development process. International institutions such as the World Bank and the International Monetary Fund (IMF) are closely involved in the process, which should help to ensure coherence in the international institutional structure.

For this briefing paper, various analyses by experts and position papers by stakeholders in the FfD process were scrutinized. As a summary, the central challenges of the FfD process are outlined, along with practical action options that can be considered and adopted at the Sevilla conference.

BRIEFING

Chapter 1: Taxes

Figure 1: Average statutory corporate tax rates, by region, 2000–2023



Source: Financing for Sustainable Development Report 2024, p. 49

Domestic tax revenues are the most important source of funding for public goods, infrastructure and social security. However, developing countries have significantly lower per capita tax revenues than Organisation for Economic Co-operation and Development (OECD) member states. This is partly because gross national income (GNI) is lower, but also because tax revenues on average only account for 22 percent of GNI, compared to 34 percent in OECD countries. No further progress has been made in increasing the tax ratio since 2010.

This is also due to the fact that governments continue to fail to take effective action against tax evasion and harmful tax competition. This has led to a reduction in statutory tax rates, with corporate tax rates worldwide falling from just over 28 percent in 2000 to just over 20 percent on average in 2023 (graph 1). OECD countries have lowered corporate tax rates more than African countries, thereby intensifying the pressures of tax competition. Tax evasion and tax competition are global problems that require global solutions.

According to a study by Gabriel Zucman commissioned by the G20, the super-rich also take advantage of avoidance options and pay far lower tax rates than average income earners. Moreover, in many countries, income from capital is taxed at a lower rate than income from work. This means that the potential of the tax system to reduce inequality and combat poverty is not being sufficiently utilized. This has sparked global debates about more progressive tax systems geared towards redistribution, which could be achieved through introducing wealth taxes or financial transaction taxes.

Internationally coordinated measures can help minimise tax arbitrage between different locations. Creating more efficient institutions for international tax cooperation was already fiercely debated at the FfD3 conference in 2015.

Priorities for the Sevilla Conference

Progressive taxation: At the FfD3 conference, the international community committed to enhancing revenue administration through modernized, progressive tax systems (paragraph 22). The FfD4 conference can build on this and on the preliminary work of the G20 process under the Brazilian presidency in 2024. FfD4 should specify that that the aim of tax system reforms, in addition to generating public revenue is also to reduce inequality between and within countries through redistribution, especially with regard to gender. FfD4 should define multilaterally coordinated steps to introduce or expand wealth taxes and capital gains taxes, financial transaction taxes and progressive environmental taxes.

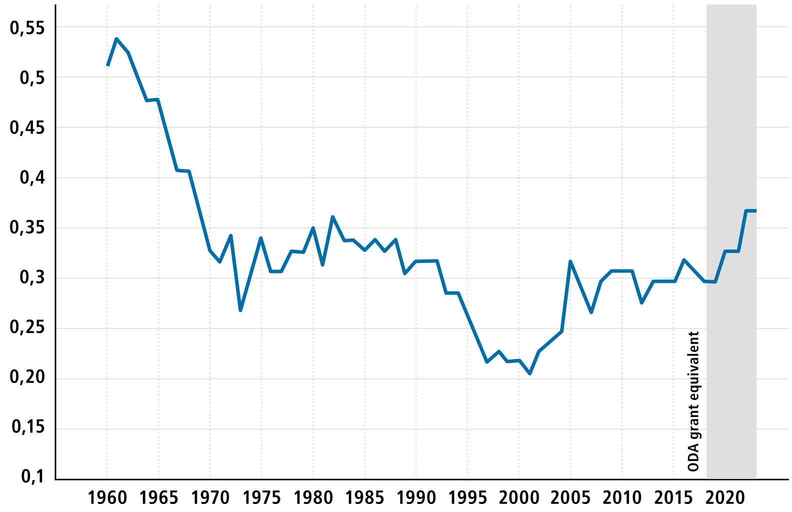
UN Tax Convention: In 2025, negotiations will begin at the United Nations for a UN Framework Convention on International Tax Cooperation, which is intended to ensure more effective and fairer tax systems worldwide by means of various protocols. This new dynamic in the area of international tax cooperation is seen by many as one of the main successes of the FfD process to date. FfD4 should ensure that this reform process is sustained until substantial results are achieved. In the outcome document of the Seville conference, the international community as a whole should commit to engaging constructively in the process of developing the new UN convention and, as laid out in the Terms of Reference for the process adopted by the UN General Assembly in 2024, to adopt a tax framework convention including two thematic protocols by 2027. FfD4 should recommend that these protocols deal first with corporate taxation, promoting unitary taxation of transnational enterprises, and second with the promotion of multilateral cooperation in the area of progressive taxation.

Illicit financial flows: Illicit financial flows (IFFs) from tax evasion, corruption and other criminal activities cost countries in the Global South hundreds of billions of US dollars every year. FfD4 should decide on the establishment of a global asset register that clearly identifies the beneficial owners of companies and assets and thus enables their taxation. In addition, countries should commit at FfD4 to a more comprehensive exchange of tax information so that tax loopholes can be identified and closed. The obligation for companies to submit country-by-country reports on how they meet their tax obligations should also be extended to wealthy individuals.

SDG budgeting: There is also a need for optimization on the expenditure side in order to use fiscal resources efficiently and effectively for sustainable development and poverty reduction. According to the UN Secretary-General, countries around the world currently spend US$ 7 trillion a year on implicit or explicit subsidies for fossil fuels. Recently, there has also been a worrying increase in arms and military spending. At FfD4, the international community should collectively commit to better aligning spending policy with the SDGs and systematically embedding gender and environmental aspects into budget planning.

Chapter 2: International public finance

Figure 2: ODA as percent of GNI 1960–2023, DAC member states



Source: OECD

International public finance such as Official Development Assistance (ODA) and public climate finance is the only type of funding that represents a sustainable financial transfer from richer to poorer countries and can be used specifically for political objectives. They are an irreplaceable source of development financing, particularly in the area of providing public goods.

The member states of the OECD Development Assistance Committee provided a total of US$ 223.7 billion in ODA in 2023, which corresponds to 0.37 percent of their gross national income. This means that, collectively, they have only achieved just under half of the 0.7 percent target that was already set in 1970. Concord's EU AidWatch Report states that the undelivered ODA of European donor countries alone has accumulated to as much as € 1.5 trillion since 1970. As far as the funds actually available for development financing in the Global South are concerned, the gap is significantly larger. The official figures are substantially inflated. For example, expenditure for refugees in donor countries can also be accounted for as ODA, even though this does not constitute a financial transfer and has no direct development impact. The corresponding US$ 100 billion target for climate financing is also only achieved by inflating the data. Despite the commitment that climate financing should be additional, donors often account for expenditure twice, as ODA and as climate financing.

Although increases are necessary, the trend in many countries is pointing in the wrong direction. Major donor countries such as Germany, France, the UK and Sweden are planning cuts, and the EU institutions have reallocated € 2 billion of approved development funds to border protection in 2024.

There have also been setbacks in the implementation of the principles on effective development cooperation adopted at the four OECD high-level forums since 2003. Donors are increasingly circumventing countries' own systems, reducing project volumes or using ODA funds to enforce security policy and their own economic interests instead of consistently aligning them with the SDGs. The data situation for assessing the effectiveness of international ODA has deteriorated because there has been no systematic monitoring for a long time. The effectiveness agenda no longer enjoys the political backing it had at the beginning of the FfD process in the 2000s. This further reduces the impact of ODA funds, which are already too scarce.

Priorities for the Sevilla Conference

The FfD4 conference is a unique opportunity to reach agreements on public development finance in a universal format. It should set significant standards in both the quantity and quality of development cooperation.

Stabilization through legalization of development cooperation: The conference can agree on better incentives to achieve the 0.7 percent target. A key problem that has emerged is that ODA is only a politically agreed binding – not a legally binding – expenditure item in the national budgets of donors. In times of austerity and budget cuts, ODA is therefore one of the items that is cut most quickly and disproportionately. Some donor countries have national ODA legislation that has positively influenced the level and stability of ODA payments. FfD4 can mandate the negotiation of a legally binding multilateral agreement on international development cooperation that sets a binding 0.7 percent target. The contributions to the EU budget, which are made reliably and predictably by the EU member states, can serve as a model.

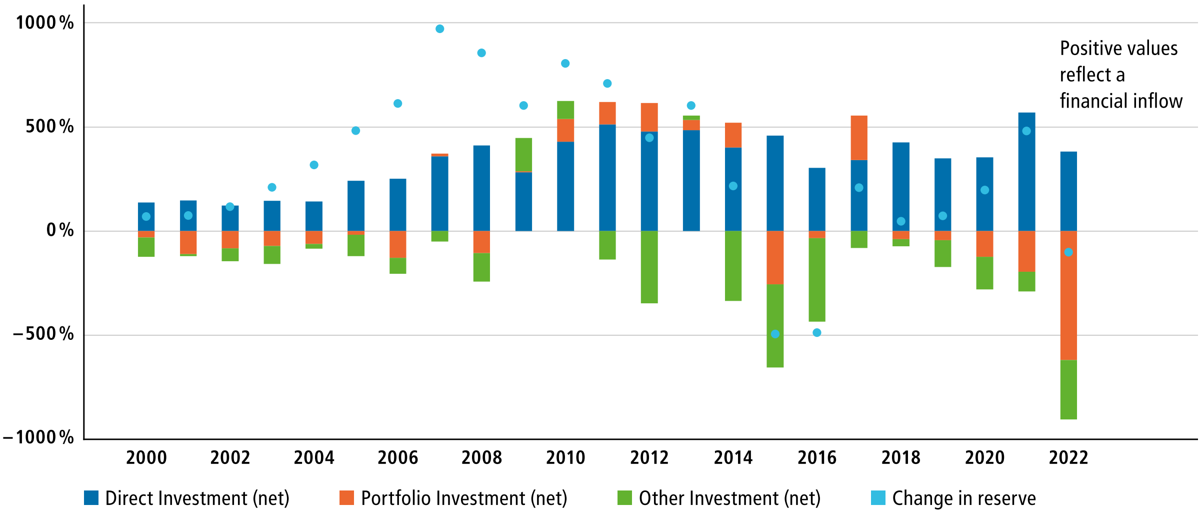
Clarity in ODA reporting: Donor countries should make a collective commitment that they will no longer include expenditure that does not constitute actual development finance in the ODA quota. In particular, these include the costs of accommodating refugees in their own countries. Some countries, such as Luxembourg, already do this, albeit voluntarily, which leads to distortion and a lack of comparability of donor efforts. The additionality of climate finance to traditional development finance must also be ensured. As the two cannot always be clearly separated operationally, the FfD4 conference should set a new target for the total amount of ODA and climate finance that combines the 0.7 percent target with the new collective quantified goal (NCQG) for climate finance.

Improve the effectiveness of development cooperation: The first FfD conference in Monterrey already put this topic on the agenda and was decisive for international agreements such as the Paris Declaration on Aid Effectiveness, which showed measurable success in the 2000s. FfD4 should work towards a new multilateral consensus on the principles and practices of high-quality and effective development cooperation.

Complete the reform of the multilateral development banks (MDBs): The share of ODA channelled through multilateral institutions has increased in recent years. For many developing countries, the multilateral development banks (MDBs) are the most important source of external funding, especially the World Bank. The reform of MDBs has gained momentum in recent years, with the aim of creating bigger and better banks. FfD4 could agree a package of measures to strengthen the MDB reform agenda: Governance reforms would ensure that MDBs are more responsive to needs if they give more say to the countries in which MDBs operate. In addition, there should be a stronger focus on the creation of public goods. There needs to be a shift away from the primacy of private sector promotion (private-finance first approach) towards a human rights-based approach, in order to improve access to education and health services for vulnerable sections of the population and thus improve the poverty eradication focus of MDB financing. More lending in local currencies can reduce debt crisis risks for project countries. Where project countries are heavily indebted, MDBs must also be able to participate in debt relief.

Chapter 3: Private investments

Figure 3: Net financial flows to developing countries, 2000–2022 (in billion USD)



Source: Financing for Sustainable Development Report 2024, p. 166

Private investment is seen as playing an important role in filling the huge SDG financing gap of more than € 4 trillion per year in developing countries and making a substantial contribution to climate financing. It is controversial which sectors and areas are suitable for private investment. Privately financed measures must inevitably generate a flow of revenue in order to meet investors' expectations of returns. This is rarely the case for goods and services that should also be accessible to the poorest.

At the FfD1 conference in Monterrey in 2002, the debate was still focused on strengthening foreign direct investment. Some countries have developed successfully with the help of these investments by transnational corporations in the real economy, the most prominent example being China. However, for investments to benefit the host country and its population, effective national as well as multilateral regulations are needed that promote technology transfer, strengthen local value creation, provide for binding human rights and environmental due diligence obligations and safeguard workers' rights. There are still huge gaps here.

In the course of financialization, there has also been a shift in discourse and policy towards portfolio investments in the FfD process. Particularly since the adoption of the 2030 Agenda, attention has been drawn to the huge sums of investment capital managed by private pension and investment funds, currently in excess of US$ 100 trillion. The Sustainable Finance Agenda aims to channel larger shares into sustainable sectors (so-called SDG alignment). With the help of incentives and guarantees, larger sums are are to be directed to developing countries.

In practice, private investors demand higher returns when they invest capital in the Global South. The high cost of capital has a negative impact on growth and transformation, as fewer projects are profitable. The high repatriation of profits has led to a net outflow of money from private investments in developing countries in recent decades (graph 3). This means that portfolio investments have decapitalized the Global South instead of making a positive contribution to financing for development.

Remittances – money sent home by migrant workers – are not only a vital source of external financing for developing countries but also one of the most sustainable and significant in scale. According to the World Bank, their volume amounted to US$ 656 billion in 2023, which is almost three times the (highly inflated figures for) ODA.

Priorities for the Sevilla Conference

Business and human rights: There is still a lack of a multilateral regulation for the human rights due diligence obligations of transnational corporations. Since 2014, the United Nations has been negotiating a binding agreement on business and human rights ('UN Treaty'). Private sector investments could thus be better bound to human rights due diligence obligations and environmental and social standards. At the same time, a patchwork of plurilateral and national regulations such as the German Supply Chain Act or the European Corporate Sustainability Due Diligence Directive has emerged. The FfD4 conference could serve as a catalyst for strengthening the Geneva process and agreeing a roadmap for the timely conclusion of multilateral negotiations.

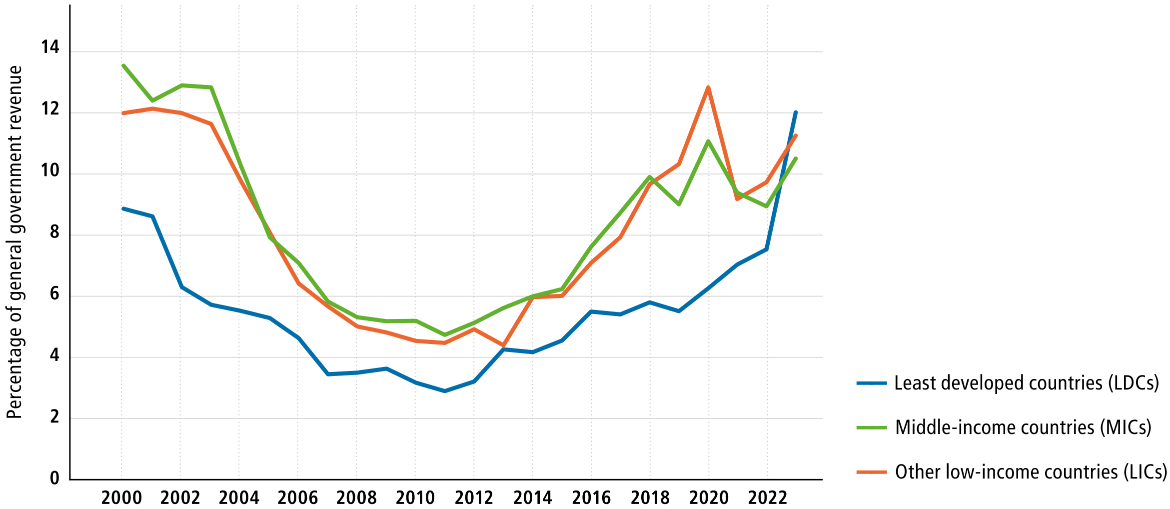
Promote industrial policy: Countries that can demonstrate development success have ensured, through adequate regulation, that private direct or portfolio investments make a positive contribution to development. However, many developing countries have been forced to open up indiscriminately to foreign investment in recent decades. In the development discourse, there are increasing calls for a return to an active industrial policy. Such an approach aims to direct investments towards strategic economic sectors and enhance their social benefits through effective regulation. FfD4 can recommend the active application of industrial policy measures, harness instruments such as the Integrated National Financing Frameworks (INFFs) for their application, and initiate processes to reform international agreements on patents (World Trade Organization TRIPS Agreement) or dispute settlement (Investor-to-State Dispute Settlement – ISDS) in order to better align multilateral frameworks with the requirements of sustainable development.

Remittances from migrant workers: The international community has already committed to reducing the cost of remittances to 3 percent in the 2030 Agenda. At 6.2 percent, the average costs are currently more than double. Failure to meet this target means that migrant workers generated extra profits of US$ 21 billion for the private financial sector in 2023, with a corresponding amount lost to their families. FfD4 could oblige banks and other financial institutions to reduce fees, or create alternatives for remittances through the system of public development banks.

Review of private sector promotion: Since the FfD3 conference, there has been a boom in blended finance instruments in development cooperation – instruments that are intended to mobilize private investment with the help of public funds. The results have been disappointing. There has also been an increase in public-private partnerships (PPPs), including in sensitive areas of public services such as education and healthcare infrastructure. In addition to the exclusion of less solvent users, there have been human rights violations. The IMF warns that guarantees to private investors in PPPs have often created contingent liabilities, ultimately exacerbating debt problems of the countries concerned. FfD4 could oblige bilateral and multilateral institutions to critically review their toolbox, particularly in private sector promotion.

Chapter 4: Global debt crisis

Figure 4: Debt service on external public debt 2000–2023



Source: Financing for Sustainable Development Report 2024, p. 142

The debt situation in developing countries has deteriorated massively in the decade since the FfD3 conference in Addis Ababa. This is because many countries in the Global South were forced to rely on private credit financing at standard market conditions – both for regular development financing and to mobilize additional funds in response to the multiple crises. This was made possible by the high level of liquidity on the financial markets. The IMF states that more than half of the low-income countries (LICs) now have a high debt crisis risk or are already in default. Comprehensive debt relief is essential to create the fiscal space needed both to finance development and to respond to the climate crisis.

The composition of debt has changed due to the boom in private lending. The share of public foreign debt of LICs to private creditors has risen from 9 percent in 2000 to 25 percent in 2022. Private loans in particular cause high interest costs, as private creditors demand a multiple of the interest rate they charge industrialized nations. This means that the interest costs for LICs as part of their government revenue have almost tripled in a decade. The UN warns that almost half of the world's population now lives in countries that have to spend more tax revenue on interest than they can use for education or health services.

The outlook for 2025 is negative, partly because developing countries now have to catch up on debt service payments that were deferred during the COVID-19 crisis by means of a debt moratorium. This is a negative consequence of the fact that creditors were not prepared to undertake comprehensive restructuring and debt relief at the time, which could have led to a sustainable solution.

There is also a lack of effective mechanisms for preventing and managing debt crises in the international institutional structure, with debt restructuring coming too late or on too small a scale due to a lack of effective procedures. The 'Common Framework' agreed by the G20 in 2020 was intended to provide a remedy, but has failed to speed up the process, and to involve private creditors and multilateral development banks in comprehensive solutions.

Priorities for the Sevilla Conference

Debt crisis prevention and management is an area of international economic relations where effective multilateral institutions are lacking and governance gaps are severe. The FfD4 conference is an opportunity to close gaps and build new institutions. In addition to the incremental approach of building some of the innovations mentioned below one by one, a package solution by means of a UN framework convention is also an option in this area. The following elements are essential:

State insolvency regime: For private or corporate insolvencies, there are insolvency courts that can make binding decisions for all parties, and there is applicable insolvency law that serves as a predictable basis for debt restructurings. This makes fair, speedy and sustainable solutions possible. To date, there has been a lack of comparable institutions for sovereign insolvencies. An 'International Debt Workout Mechanism' was already considered at the FfD1 conference in Monterrey (paragraph 60), but was not subsequently created. In its 2021 coalition agreement, the German government supported an initiative for a codified international sovereign insolvency procedure that includes all creditors and implements debt relief for particularly vulnerable groups of countries (p. 121). The FfD4 conference could give a clear mandate to create such a multilateral insolvency regime and define the process and timeframe for it.

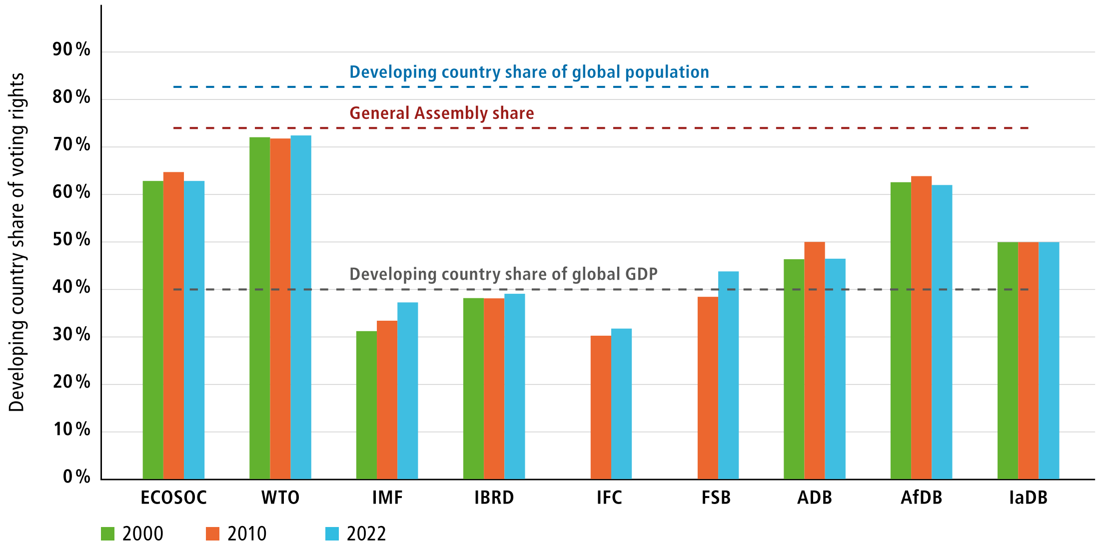
Responsible lending and borrowing: The prevention of debt crises has so far only been regulated by voluntary principles, with no effective mechanisms to ensure compliance by either creditors or debtors. These include the UN Conference on Trade and Development (UNCTAD) Principles on Responsible Lending and Borrowing and the G20 Operational Guidelines on Sustainable Financing. The FfD3 conference already decided to create a "global consensus" on the development of principles for responsible lending and borrowing. FfD4 should renew this, ensure a higher level of commitment and define both the next steps and a binding timeframe for this.

Risk mitigation and fair risk distribution: One of the main causes of payment defaults is that countries are hit by shocks, such as climate and environmental disasters, pandemics, economic crises or conflicts. These severely restrict the debtor's ability to pay. It is likely that the frequency and strength of such shocks will increase in the future. To date, the risk of shock absorption has been borne by debtors, as rigid repayment plans do not allow debt service to be adjusted to changing conditions. However, the first creditors – such as the World Bank – have begun to include climate and pandemic clauses in loan agreements, clauses that allow payments to be modified in the event of shocks. Building on the preliminary negotiations on the topic at the UN Summit of the Future, FfD4 should reach a multilateral agreement to integrate state-contingent debt clauses into future loan agreements of all creditors.

Credit law and human rights: In order to avoid legal disputes and sanctions, governments tend to meet their payment obligations to creditors in full when budgets are tight, while providing insufficient funding for other areas such as education and health. This practice of allocating funds, which is unsuitable for sustainable development, is considered a key reason for the failure to implement the SDGs so far. In its Guiding Principles on External Debt and Human Rights, the UN Human Rights Council has established the primacy of human rights over debt servicing and has obliged governments to allocate funds accordingly. To make this happen, governments need reliable data on how high the debt service can be without violating their obligations with regard to human rights and sustainable development. To this end, methods for debt sustainability analyses must be modernized accordingly. FfD4 could mandate this reform and confirm the primacy of human rights.

Chapter 5: Systemic issues

Figure 5: Representation of developing countries in international financial institutions and norm-setting bodies



Source: Financing for Sustainable Development Report 2024, p. 163

The international financial architecture is suffering from a backlog of reforms; central institutions such as the IMF and the World Bank date back to 1944 and have not been fundamentally overhauled since then. This results in both effectiveness and legitimacy problems. Developing countries are only weakly represented in the relevant institutions. While the share of votes of the 45 least-developed countries (LDCs) in the UN General Assembly is 23 percent, it is only 3.5 percent at the IMF. Not a single LDC or LIC is a member of the G20 or of the OECD, which is relevant for international tax cooperation, or of central institutions for financial market regulation such as the Financial Stability Board.

The consequence is that the decisions of these institutions do not reflect the needs of developing countries and, conversely, the decisions meet with little acceptance among LDCs and LICs. In the run-up to the UN Summit of the Future, the UN Secretary-General therefore characterized the international financial architecture as "outdated, dysfunctional and unjust".

Key problems are that the IMF currently has neither the financial strength nor the user-friendly procedures to provide countries with sufficient liquidity quickly in times of crisis.

As a stopgap measure, developing countries hold expensive currency reserves, conclude a patchwork of bilateral swap agreements or even prefer regional alternatives – the African Union, an African Monetary Fund – from which they hope to receive more needs-oriented services. In addition, there continues to be a financial divide on the global financial markets, as the Interagency Task Force on Financing for Development prominently noted in its 2022 report: while countries in the Global North enjoy virtually unlimited access to capital on favourable terms, some developing countries have no access at all or extremely costly options, due to high risk premiums. This renders financing development projects unprofitable and quickly leads to over-indebtedness.

Priorities for the Sevilla Conference

The FfD4 conference has been explicitly mandated by the UN General Assembly in Resolution 78/231 to support the reform of the international financial architecture. This offers a good opportunity to adopt a dedicated development perspective, for which G20 summits are structurally less well positioned. There is need for action in the following areas in particular:

IMF Special Drawing Rights: The allocation of IMF Special Drawing Rights (SDRs) worth US$ 650 billion was the international community's most significant response to the liquidity needs during the COVID-19 crisis. However, the measure also revealed the shortcomings of the instrument: SDR allocations come too late due to protracted negotiations and they are neither fair nor needs-based (e.g. Germany received a higher amount than all African countries combined), and redistribution after allocation faces legal hurdles in many places. FfD4 could mandate a reform process that allows for rapid and needs-based SDR allocation in the future.

Governance reforms: Developing countries need a greater say in the international financial architecture. Such democratization is particularly relevant in the IMF, which, unlike the World Bank, continues to hold a monopoly position in its field of activity, and in the institutions of financial market regulation. In the run-up to the UN Summit of the Future, the UN Secretary-General recommended that the population size, in addition to economic strength of countries should be taken into account when allocating voting rights at the IMF. FfD4 could commission a systematic review of the governance of the international financial architecture with the aim of strengthening the position of developing countries in relevant institutions on the one hand and reintegrating the international standard-setting of some policy areas into the UN formats on the other, as was recently done in the area of international tax cooperation.

Credit rating agencies: One reason for the high financing costs is poor ratings from the largest rating agencies. The market for this is highly oligopolized and fully privatized, with three private rating agencies taking on the tasks worldwide, although they have hardly any analysis capacity in the Global South. Developing countries are systematically disadvantaged by the rating agencies. FfD4 could take the decision to create an independent but public rating agency that focuses its work more firmly on the interests of indebted countries. In addition to economic criteria, this agency should also take into account the other social and environmental dimensions of sustainable development.

Regulation of private financial institutions: This is primarily significant for the financing conditions offered by private financial institutions, which have become increasingly important in recent years. The way in which private banks and investment funds calculate the risk premiums for public and private borrowers from the Global South is partly the result of regulatory requirements from the Basel Accords, particularly with regard to the risk weighting of investment products. A reform of the Basel Committee on Banking Supervision (Basel Accords) could stipulate that banks accept risk premiums as collateral to be repaid. This could reduce the cost of credit for countries in the Global South without imposing unreasonable losses on creditors' invested capital. FfD4 can mandate a reform of the international regulatory framework for banks.

Chapter 6: Monitoring and follow-up

The conference in Seville is the fourth conference in the UN's FfD process, which can now look back on a tradition of over 20 years. In order to increase its impact, the lessons learned from the process to date should be taken into account. The political effectiveness of the Addis Ababa Action Agenda was weakened, in part, by the fact that its 134-paragraph outcome document addressed numerous crucial policy areas of development finance but lacked clear operationalization. Despite the name Action Agenda, the agreement contains hardly any concrete political commitments, outputs or activities, and has not set any quantified targets or timelines for implementation. This high degree of vagueness challenging to monitor progress and hold state actors accountable. Other international conferences have resulted in clearer agreements.

Steps were already taken after the FfD3 conference to strengthen the follow-up process. The most important elements since 2015 have been the annual Financing for Development Forums of the UN Economic and Social Council and the establishment of the Inter-Agency Task Force on Financing for Development (IATF) to improve the dialogue between international institutions, in particular between the UN system and the international financial institutions. However, the continuing deficits in the financing of sustainable development show that further steps are necessary.

Operationalized outcome document: The FfD4 conference should ensure that the outcome document is designed in such a way that it provides clear guidance to the various stakeholder groups and builds up more pressure to act. This requires clear decisions, deliverables, targets and deadlines for the individual policy measures. The resolutions of the UN conference 'Transforming our world: the *2030 Agenda* for Sustainable Development' in 2015, whose outcome document contained the SDGs in the annex, or the clearly formulated Paris Declaration on Aid Effectiveness from 2005 and the Accra Agenda for Action from 2008 are examples of clearer commitments.

Systematic monitoring of implementation: An operationalized outcome document is also the prerequisite for systematic monitoring of implementation in the years following the FfD4 conference. The resolutions can either be monitored centrally, for example by the Inter-Agency Task Force (IATF), along the lines of the Sustainable Development Goal Reports. Alternatively, or in addition, peer review formats carried out by the member states themselves as contracting parties can also be useful. Examples here are the peer reviews of the OECD Development Assistance Committee or the Universal Periodic Reviews (UPRs) of the UN Human Rights Council.

More effective structures between the FfD summits: The FfD4 conference should decide that newly established thematic working groups with representative member state participation should also work on the operationalization and implementation of individual areas of the FfD agenda throughout the year, between the FfD forums. In addition, policy coherence must be established at the highest political level, as the FfD agenda encompasses the areas of responsibility of various ministries at country level and those of various institutions at international level. In practice, both inter-ministerial and inter-institutional cooperation has left room for improvement. The FfD4 conference should therefore decide that the biennial summits of heads of state and government to coordinate the work of the UN and international financial institutions, agreed in the UN Pact for the Future, should become an integral part of the implementation process.

Imprint

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Author: Bodo Ellmers
Editor: Vicky Anning
Layout: www.kalinski.media
Aachen/Berlin/Bonn, January 2025

published by:

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