June 2025

REFORMING THE INTERNATIONAL FINANCIAL ARCHITECTURE: WHERE DO WE STAND?

Progress report on the Pact for Prosperity, People and the Planet (4P)

Foreword

"**No country should have to choose between fighting poverty and saving the planet**" is the motto of the Pact for Prosperity, People and the Planet (4P), an initiative launched by world leaders at the Summit for a New Global Financing Pact hosted by French President Macron in June 2023 with the aim of contributing to a reform of the international financial architecture which is as **urgent** as it is **necessary**.

Established in the aftermath of the Second World War, the Bretton Woods institutions, alongside the traditional international finance bodies more broadly, now need to respond to the challenges of the 21st century, which call for **an in-depth reform of the ways in which international development policies are implemented, conceived, and financed**.

The current **geopolitical upheaval** has torn the international community apart and reduced cooperation between nations to an absolute minimum, with the result that many **Global South** countries are now challenging the substantial efforts they are being asked to make, given what they legitimately perceive as a lack of representation and support in return.

Faced simultaneously with an **unprecedented increase** in **poverty** and **inequality**, historic levels of debt service, the proliferation of **climate and health crises**, and the global repercussions of both armed (Ukraine, Middle East, Sudan, and many others) and **diplomatic conflicts**, developing and emerging countries are entitled to want their voices to be heard, and their needs met. These countries find themselves having to choose between investing in the fight against poverty, providing quality education and health services, facing the shocks of climate impacts and developing their energy transitions; all while **repaying their external debt**.

These challenges affect not only developing and emerging countries; they also threaten international stability and the protection of our planet, impacting all nations across every hemisphere.

However, many Western countries are turning away from their responsibility of international solidarity, choosing a short-sighted national retreat over the defense of **multilateralism**—the only viable path to addressing major global challenges—just as the United Nations marks its 80th anniversary.

Two years after its launch, to what extent have the goals set out in the 4P for an increase in concessional financing been taken on board by the international community? In this report, Focus 2030 sets out to answer this question, analyzing a number of publications from institutions, international solidarity stakeholders, and civil society experts.

The results are mixed, to say the least. While some cautious reforms have been implemented or are being considered, their tangible impact on the most vulnerable populations is still awaited. Moreover, the withdrawal from multilateral institutions, initiated in January 2025 by the United States—the world's largest economic power, which holds a *de facto* veto power in many decisions—raises concerns about a slowdown in progress. The current pace of progress will neither allow developing countries to mobilize the resources they need to implement their individual development pathway nor, consequently, enable the international community as a whole to achieve the Sustainable Development Goals within the set timeframe.

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Introduction

It has been nearly three years since the call from Mia Mottley, Prime Minister of Barbados, who voiced the aspirations of billions of people for a comprehensive reform of financing mechanisms for global development and the fight against climate change. This appeal, outlined in the 'Bridgetown Agenda', has since led to numerous initiatives, including the Summit for a New Global Financial Pact, a high-level international meeting convened by France in June 2023.

Recognizing the **unprecedented fiscal squeeze for poorer countries** facing overlapping health, social and geopolitical crises, the Summit for a New Global Financing Pact was intended to encourage reforms capable of meeting the **dual challenge of poverty reduction and climate transition in these countries**.

Participants at the Summit[1] identified a series of reforms and initiatives to be implemented over the next two years. It is against this backdrop that Focus 2030 has carried out this follow-up study, providing an overview of work undertaken so far within the international financial institutions. This second edition provides an overview of these reforms, in the run-up to the 2nd anniversary of the Summit and on the eve of the 4th International Conference on Financing for Development, to be held in Seville in early July.

A necessary and urgent reform

The ripple effects of the Covid-19 pandemic, the wars in Ukraine and the Middle East and the many other ongoing conflicts have undermined the significant progress made in human development in recent decades. The number of people living below the extreme poverty line has risen for the first time in twenty years, from 684 million in 2019 to 757 million in 2020, and has not returned to its pre-pandemic level.[2] And, for the first time in a century, global life expectancy fell[3].

Developing countries have suffered the economic consequences of these shocks more severely than others. Low-income countries saw a set-back of 8 to 9 years in the fight against poverty, compared with an average of 3 to 4 years globally[4]. In parallel, efforts to combat climate change are not in line with the level of ambition set out in the Paris Agreement: 2024 has been the warmest year on record and the first to exceed the 1.5°C rise in global temperature compared to pre-industrial levels, only 10 years after COP21. The consequences of rising temperatures are already evident in developing countries, which are home to 97% of those affected by the most extreme weather events in the last 30 years[5]. All this, despite the fact that the poorest 50% of the world's population accounts for just 12% of greenhouse gas emissions[6] .

These challenges, combined with rising inflation and historically high interest rates, have exacerbated a particularly alarming debt crisis in developing countries, limiting their ability to finance essential public policies. Over 2020-2022, debt service has exceeded health spending in 46 developing countries, and in 15 of them, debt repayment has surpassed spending on education[7]. According to UN Trade and Development, 54 developing economies spent more than 10% of their national income on debt servicing costs in 2023[8] .

Achieving the 2030 Agenda, adopted in 2015 by all UN member states, was already a huge challenge. The goals now appear entirely beyond reach. The latest UN Sustainable Development Goals Report shines a spotlight on the lack of progress made, halfway to the deadline: only 20% of the SDG targets are on track to be achieved by 2030[9]. An estimated USD $4 trillion is necessary to overcome these challenges and achieve the SDGs in developing countries[10],

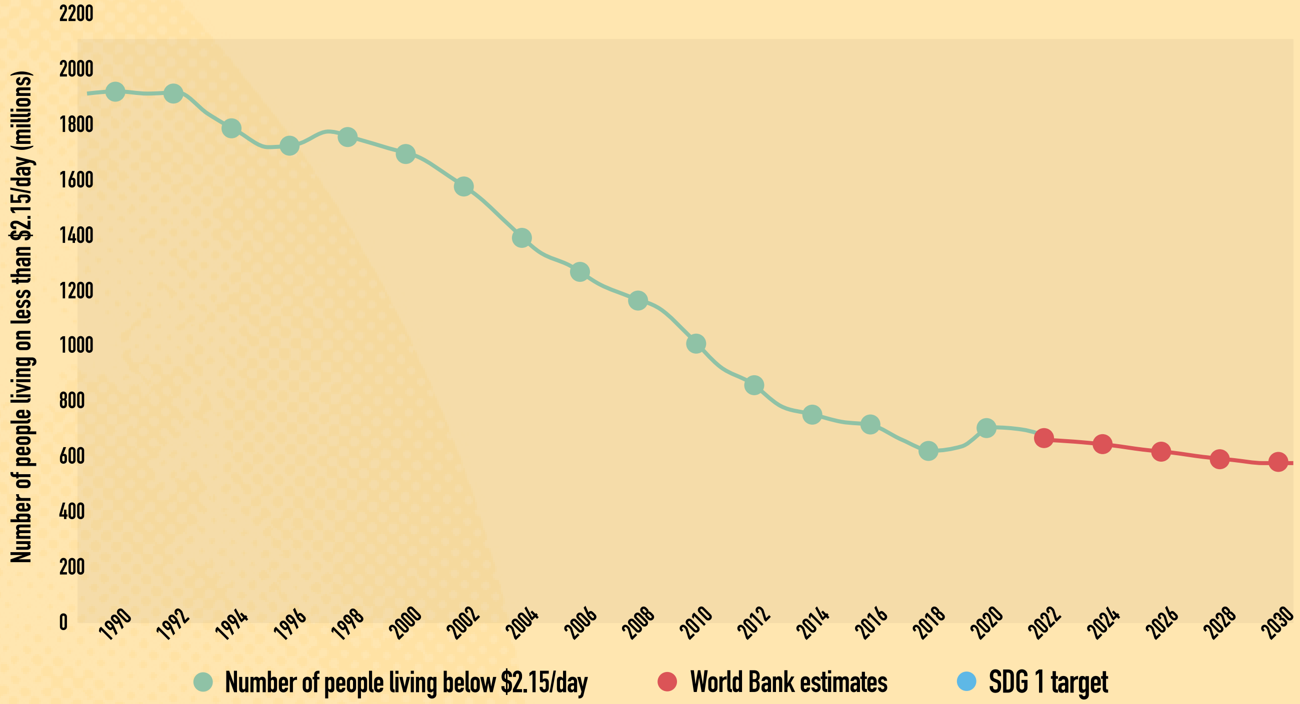
A Secretariat to monitor and coordinate the Pact for Prosperity, People and the Planet (4P)

Created in February 2024 and hosted within the OECD as an independent entity, the Permanent Secretariat supports the 4P community in implementing its commitments. It coordinates the initiatives and coalitions formed since June 2023, facilitates the sharing of information and knowledge between 4P members, organizes 4P Implementation Committee meetings, and monitors progress.

The 4P community now brings together 73 countries collaborating flexibly and voluntarily, through coalitions such as the Coalition on Climate Resilient Debt Clauses (CRDC), the Global Solidarity Levies Task Force, or the Coalition for Paris Aligned Carbon Markets.

In 2025, the 4P Secretariat is supporting the implementation of the 4P Action Plan for 2025 articulated around key priorities: tackling barriers to investments in emerging markets and developing economies (EMDEs) and supporting the reform of multilateral development banks, improving the perception of investment risks in developing countries, promoting debt sustainability and a better integration of vulnerabilities in the allocation of concessional finance.

EVOLUTION OF EXTREME POVERTY GLOBALLY SINCE 1990 AND PROJECTION UNTIL 2030



1 According to the organizers, the Summit for a New Global Financing Pact brought together hundreds of participants, including some 40 Heads of State and Government, leaders of international and regional organizations, presidents of development banks, company CEO's and civil society representatives.
2 World Bank. « Poverty, Prosperity, and Planet Report », 2024.
3 United Nations, Department of Economic and Social Affairs. « World Population Prospects: The 2024 Revision », 2024.
4 Sanchez-Paramo, Carolina, Ruth Hill, Daniel Gerszon Mahler, Ambar Narayan, et Nishant Yonzan. « COVID-19 leaves a legacy of rising poverty and widening inequality ». World Bank (blog), 7 October 2021.
5 The Loss & Damage Collaboration. « The cost of delay: Why finance to address Loss and Damage must be agreed at COP27 », 2022.
6 World Inequality Lab. « World Inequality Report 2022 », 2022.
7 United Nations Conference on Trade and Development. « A world of debt Report 2024 », 2024.
8 United Nations Conference on Trade and Development. « A world of debt Report 2024 », 2024.
9 United Nations. « Progress towards the Sustainable Development Goals », 2025.
10 OECD, United Nations Development Program. « Closing the SDG Financing Gap in the COVID-19 era », 2021.

19 times the amount mobilized through official development assistance (ODA) from the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC)[11].

Reforms identified

Faced with these overlapping crises, which highlight ever-increasing global inequalities, the solutions identified at the Summit for a New Global Financing Pact consist of mobilizing new financing and optimizing existing financing to expand fiscal space for developing countries. In line with several other similar calls to action, such as the United Nations Secretary-General's Sustainable Development Goals Stimulus plan[12], the Bridgetown 3.0 Initiative[13], and the V20 group's Accra-Marrakesh Agenda[14], the aim is to ensure that developing countries do not find themselves having to "choose between fighting poverty and fighting for the planet".

To this end, several areas for reform have been identified, aimed at meeting past financial commitments, maximizing existing financing mechanisms and mobilizing new sources of financing for development and climate, as well as agreeing on debt management for those countries struggling the most. The Summit for a New Global Financing Pact saw a number of announcements testifying to progress in this direction, including the implementation of debt suspension clauses in World Bank loan contracts in the event of a climate catastrophe, the restructuring of Zambian debt, and the establishment of a Partnership for a Just Energy Transition between Senegal and the G7 countries.

Nevertheless, the outcome of the Summit is above all long-term, with the publication of the Pact for Prosperity, People and the Planet (4P) declaration, supported by 73 countries. 4P identifies four guiding principles for eliminating poverty and protecting the planet[15], accompanied by a roadmap[16] setting out a number of measures to be implemented at multilateral fora in 2023 and 2024 (G20 Summit, SDG Summit, Annual Meetings of the World Bank Group and the International Monetary Fund, COP28, etc).

The purpose of this report is to take stock of the commitments made at the Summit for a New Global Financing Pact, as set out in the 4P and the proposed roadmap. The commitments can be categorized into the following five areas of action:

- **Reform international financial institutions (IFIs)**, specifically the World Bank Group (WBG) and the multilateral development banks (MDBs), to adjust the governance of the international financial architecture, enhance cooperation between stakeholders and address vulnerabilities more effectively, and, ultimately, improve the way the Bretton Woods institutions and development banks work, in line with the SDGs.

- **Optimize existing financing**, by maximizing leverage and directing resources towards sustainable investments.

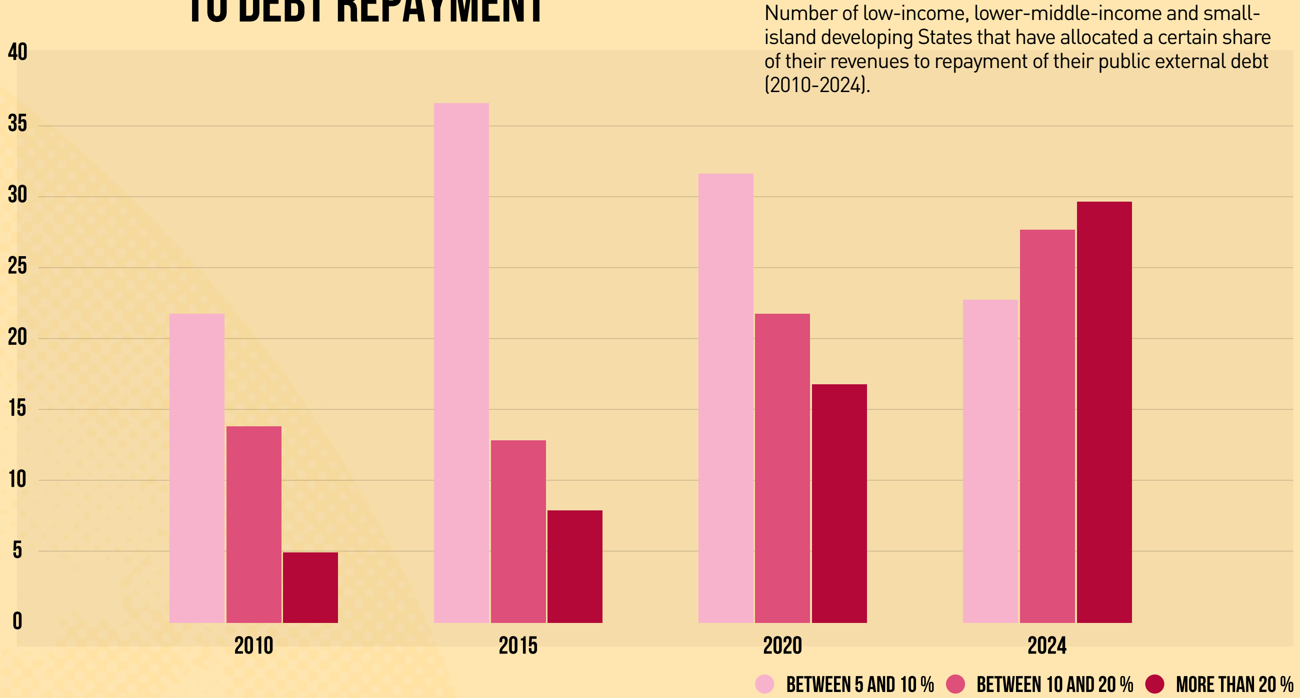
- **Increase the availability of concessional resources for climate and development**, by reallocating unused Special Drawing Rights (SDRs), identifying new sources of international taxation, using hybrid capital, and ensuring that rich countries meet their past commitments on official development assistance and climate financing.

- **Accelerate debt treatment** by implementing the G20 Common Framework, introducing suspension clauses for external shocks, and improving coordination of restructuring processes.

- **Mobilize private financing**, through better orientation of funding and ex-ante coordination.

Progress, regression or stagnation was assessed for each thematic action area listed, providing a detailed analysis of the evolution of commitments between June 2023 and April 2025. Ultimately, the purpose of this assessment is to provide an overview of the reform of the international financial architecture to guide future efforts and decision-making in support of development and climate. Updates on further progress and key milestones are added regularly to the dedicated section of the ***Focus 2030 website***.

PERCENTAGE OF COUNTRIES' INCOME ALLOCATED TO DEBT REPAYMENT



METHODOLOGY

To compile this report, 40 commitments were identified from the Pact for Prosperity, People and the Planet (formerly Paris Pact for People and the Planet) and the proposed roadmap resulting from the Summit for a New Global Financing Pact.

To assess the progress made on these commitments, consultations as well as an extensive review of documents, official statements and analysis from specialist organizations were carried out in order to provide the most detailed overview possible of the progress made since June 2023.

11 OECD. « International aid falls in 2024 for first time in six years, says OECD », 2025.
12 United Nations Secretary-General. « SDG Stimulus to Deliver Agenda 2030 », 2023.
13 Bridgetown Initiative. « Bridgetown Initiative on the reform of the international development and climate finance architecture », 2024.
14 V20. « Accra-Marrakech Agenda », 2023.
15 « Paris Pact for People and the Planet (4P) », 2023.
16 Présidence de la République française. "Proposed roadmap to build on key milestones of the international agenda as a follow-up to the Summit"

Progress by thematic action area

Caption :

- significant progress
- encouraging but insufficient progress
- minor progress
- no progress or regression

01

Reforming international financial institutions

Transforming the international financial architecture's governance

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Transform the governance of the international financial architecture to make it more efficient, more equitable, and fit for the world of today

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

G20 : The African Union has been made a new permanent member of the G20.

FMI : The IMF has added a 25th chair to its Executive Board, reserved for sub-Saharan Africa, operational since November 1, 2024.

NEXT STEPS

IMF: *The IMF's 16th General Review of Quota was completed in December 2023. While the proportion of quota shares held by emerging and developing countries is becoming less representative of their place in the global economy, the IMF Board of Governors approved a 50% increase in quota shares to be distributed among members in proportion to their current quota shares. Discussions on a possible review of quota distribution have been postponed to the 17th General Review of Quotas. First proposals are expected in the summer 2025.*

International Bank for Reconstruction and Development (IBRD): *The IBRD shareholding review is currently scheduled for 2025.*

Enhancing cooperation between stakeholders

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

MDBs outline a first set of proposals to enable them to function more effectively as an ecosystem

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

The heads of 10 Multilateral Development Banks (MDBs) issued the Marrakech joint statement in 2023, on the strengthening of their collaboration for greater impact in five fields : **1.** scaling up financing capacity, **2.** boosting joint action on climate, **3.** enhancing country-level collaboration, **4.** strengthening co-financing, and **5.** catalyzing private sector engagement.

At COP28, MDBs issued a joint statement setting out measures to scale up climate finance and enhance results measurement, strengthen country-level collaboration, and increase co-financing and private finance mobilization.

To implement these joint statements, the leaders set out in a Viewpoint Note in April 2024 the actions to be taken in 2024 and beyond, followed by a progress review in November 2024.

The World Bank has also signed partnerships with a number of regional development banks, such as the Inter-American Development Bank and the Islamic Development Bank.

The World Bank and the IMF have declared their determination to strengthen their collaboration in order to bring concrete benefits to the populations, businesses and institutions of their member countries. They also announced that they would strengthen their collaboration in the field of climate action.

Reforming the World Bank Group

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

The World Bank Group continues its reforms to better equip the Bank to tackle global challenges in a timely manner and on the desired scale (balance sheet optimization, increased risk-taking, recapitalization)

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

On the occasion of the 2024 Annual Meetings, the World Bank Group summarized ongoing reform efforts in a report to the Development Committee.

The World Bank has adopted a new vision and mission - to create a world free of poverty on a livable planet - aimed in particular at addressing eight global challenges: adaptation and mitigation; fragility and conflict; pandemic prevention and preparedness; access to energy; food and nutrition security; water security and access to water; enabling digitalization; and protecting biodiversity and nature. It has also adopted a new scorecard to measure the impact of its actions through 22 indicators, compared with 153 previously. In addition, it has put in place measures to increase the IBRD's financial capacity by $150 billion over 10 years: it has launched a hybrid capital instrument, created a portfolio guarantee mechanism, adjusted its loan-to-equity ratio, eliminated certain fees and commissions, and lowered the pricing of certain loans.

At COP28, the World Bank announced that it would devote 45% of its annual financing to climate-related projects (compared with 35% previously), i.e. $40 billion. Some countries have expressed concern, however, that this expanded mission of the World Bank could divert funds and attention away from its poverty alleviation mandate.

In February 2024, the World Bank announced a major overhaul of its guarantee activities.

In April 2024, the World Bank shared a report with rating agencies on the capital requirements of development banks. This $2 trillion guarantee, if included in the risk assessment, could enable the World Bank alone to lend an additional $500 billion without jeopardizing its AAA rating. The report reviews callable capital procedures and governance, shows that the probability of a call on callable capital is extremely low, and reports on the strong response capacity of shareholders should such a call prove necessary. The report, along with those published by other MDBs, has been well received by rating agencies. The Bank has introduced a "reinforced callable capital", i.e. a portion of its callable capital that could be mobilized in the same way as equity capital, and released more rapidly should the Bank's credit rating be called into question. Shareholders can now subscribe to this mechanism.

NEXT STEPS

While discussions on adapting the World Bank's operating and financial model continue, the president of the World Bank Group Ajay Banga indicated at the 2024 Annual Meetings his intention to "embark on the next phase of the Bank's mission: ensuring job creation—and employment—are not the byproduct of our projects but an explicit aim of them." Civil society organizations believe that the World Bank's Evolution Roadmap reforms are "stalling", calling for an external evaluation of the Bank's practices, and that the measures taken to date have failed to benefit countries and populations.

Some countries, including the United States, are opposed to recapitalizing the World Bank.

In July 2024, the World Bank and IMF launched a consultation (the "Bretton Woods at 80 Initiative") to develop a long-term vision (20-30 years) of the global economy, international cooperation and the role of the Bank and IMF.

Reforming multilateral development banks

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Regional development banks implement relevant reforms to their strategic visions, incentive structures, operational approaches, and financial capacity

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

In July 2023, G20 members presented a roadmap for implementing the report of the Independent Review of the Capital Adequacy Frameworks (CAFs) of the Multilateral Development Banks (MDBs). According to a July 2024 progress report, the CAF review will increase MDBs' lending capacity by $357 billion over 10 years, through the optimization of financial balance sheets and the mobilization of new capital resources.

In 2023, India's presidency of the G20 mandated an Independent Expert Group on Strengthening MDBs to develop a roadmap for adapting the MDB ecosystem to current realities. Released in July and October 2023, the two volumes of the panel's report set out recommendations for better, bigger and more efficient MDBs. The measures envisaged would triple MDBs' lending capacity by 2030, and mobilize five times as much private capital. In April 2024, however, the panel noted in an assessment of progress in implementing reforms that, despite some progress, their pace is insufficient to have a significant impact on sustainable development. In particular, it identified five areas where urgent action was needed.

In parallel, the heads of 10 MDBs stated in their Marrakech and COP28 declarations that they had identified measures that could enable them to collectively mobilize an additional $300-400 billion over the next decade, representing a 30% increase on pre-Covid-19 pandemic commitment levels. In April 2024, they outlined their action plan for 2024 and beyond, and presented a progress report in November 2024.

In their 2024 Rio Declaration, G20 leaders endorsed the G20 Roadmap for Better, Bigger and More Effective MDBs. This action plan comprises 12 recommendations, broken down into 44 short- and medium-term actions.

At COP29 in Baku, the MDBs announced their goal of allocating $120 billion in annual climate finance for low- and middle-income countries by 2030, up from $75 billion in 2023.

For more details on the reforms undertaken by various multilateral development banks, consult the *MDB Reform Tracker* set up by the Center for Global Development.

NEXT STEPS

In a September 2024 report, the OECD notes that current reforms risk falling short of initial expectations. They would only enable the mobilization of around 35 billion additional dollars per year, seven times less than the 260 billion called for by the G20 group of independent experts to achieve the Sustainable Development Goals. The OECD estimates that this represents a cumulative shortfall of $755 billion by 2030, underlining the need for new solutions, including additional contributions from MDB member countries.

According to Fitch, the 12 largest MDBs could collectively lend an additional $480 billion without affecting their ratings.

Taking better account of vulnerabilities

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Presentation of a first Multilateral development banks' report outlining proposals to develop a common definition of vulnerability and to present eligibility frameworks for the use of concessional resources beyond low-income countries

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

A High Level Panel tasked with developing a Multidimensional Vulnerability Index has submitted a proposal for the index, adopted by the UN General Assembly in July 2024. The resolution "invites development partners" such as multilateral development banks and international financial institutions "to explore using the multidimensional vulnerability index, as a complement to existing policies, to inform their development cooperation policies and practices, taking into account the priorities of those countries interested in its use".

During an event organized by Ferdi on the margins of the 2023 Annual meetings, representatives of the World Bank and the African Development Bank indicated that «the operational inclusion of such a [vulnerability] index in the allocation models of their concessional funds is not yet clearly considered at this stage».

At the World Island Forum that was hosted by France in the margins of the UN Ocean Conference in Nice in June 2025, the 4P launched a Roadmap to better integrate multidimensional vulnerability in concessional finance allocation.

The 4P joined the Beyond-GDP coalition, launched at the FfD4 Conference in Seville in June 2025, to take into account in the development cooperation system a multidimensional metric that defines: the criteria for measuring sustainable development, the allocation of international cooperation for development, and the provision of appropriate instruments to support countries that are in transition towards higher income levels but still face significant challenges regarding inequalities and vulnerabilities.

Proposed roadmap
Summit for a New Global Financing Pact

The IMF and the World Bank report on progress toward better integration of climate vulnerability into debt sustainability analyses

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

In a statement issued on September 7, 2023, Kristalina Georgieva, Managing Director of the International Monetary Fund, and Ajay Banga, President of the World Bank Group, announced «enhanced collaboration»: «Today we need to further consolidate our collaboration, particularly in the areas of climate change, the resurgence of high debt-related vulnerabilities and the digital transition.»

In August 2024, the IMF published a guidance note for IMF and World Bank staff, which complements the 2017 Debt Sustainability Framework for Low-Income Countries. The note aims to integrate better consideration of climate change risks and public debt vulnerability into debt sustainability analyses for low-income countries.

The final report of the Expert Review on Debt Nature and Climate under the 4P umbrella launched in April 2025 provides new evidence on the interlinkages between debt and climate vulnerabilities and provides a clear recommendation on the integration of climate and nature considerations in debt sustainability analyses.

NEXT STEPS

An evaluation of the debt sustainability framework has been launched by the IMF and the World Bank, to be finalized in the spring of 2026.

Proposed roadmap
Summit for a New Global Financing Pact

The Financial Stability Board updates its roadmap for addressing the financial risks from climate change

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

After a first version published in 2021 and a first progress report in 2022, the FSB published a second progress report of its Roadmap for Addressing Financial Risks from Climate Change in July 2023. This report includes an analysis of progress observed in international initiatives on 4 themes: disclosures, data, vulnerabilities analyses, and regulatory and supervisory practices and tools.

NEXT STEPS

The progress report includes a series of key actions and specific deliverables for the years 2023 and 2024 on the four main themes identified. The next progress report will be published in 2025.

02

Maximizing existing financing for climate and development

Promoting sustainable investment

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Networks of financial institutions (such as FiCS, Glasgow Financial Alliance for Net Zero, One Planet Sovereign Wealth Funds) develop and adopt a common framework for alignment on SDGs, which would include the promotion of tools for ex-ante assessment of environmental, social and governance risks and SDGs impacts

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

At the 2023 Finance in Common Summit (FICS), members of the International Development Finance Club (IDFC) adopted a common framework of implementation components for public development banks' alignment with the SDGs. The IDFC brings together 27 national and regional development banks. In particular, the common framework encourages the use of ex-ante impact assessment tools on the SDGs, applied to all activities financed by the public development banks, such as the SDG Adjusted Return Tool (SART) developed by Natixis-CIB and the Sustainable Development Analysis and Opinion (SDAO) mechanism developed by AFD.

At the 2025 FICS, the European Think Tanks Group unveiled an «SDG alignment framework for Public Development Banks», detailing four operationalisation principles along with practical steps to implement them.

NEXT STEPS

IDFC has called upon other public development banks, as well as stakeholders in the wider financial community, to join its efforts and take into account the elements of the common framework for SDG alignment.

Fostering investment in infrastructure projects

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Through the Africa Green Infrastructure Alliance (AfDB) and the Global Infrastructure Facility (World Bank)

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

These mechanisms are looking for more funding. At COP28, African and global institutions and countries collectively pledged USD 265 million to the Alliance for Green Infrastructure in Africa (AGIA).

In addition, the financial institutions involved in the working group on sustainable infrastructure investments set up ahead of the Summit for a New Global Financing Pact are working to develop and implement mechanisms to encourage such investments.

NEXT STEPS

AGIA is seeking to mobilize $500 million in the long term. This amount will be leveraged to invest up to $10 billion in green and resilient infrastructure in Africa.

Bringing voluntary carbon markets in line with the Paris Agreement

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Explore possible global frameworks to ensure convergence between existing initiatives aimed at strengthening the integrity of voluntary carbon markets around common high-level standards

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

Launched at the Summit for a New Global Financing Pact, the Call to Action on Paris-aligned Carbon Markets brings together 31 countries (the 27 members of the European Union, Barbados, Canada, the Cook Islands and Ethiopia). Following an event organized on the sidelines of COP28 and a consultation launched in May 2024, a task force of experts will be set up to support the development of carbon markets, and specific contributions will be prepared for the 4th Conference on Financing for Development in June 2025.

Simultaneously, after nine years of negotiations, COP29 resulted in the adoption of the rules governing international carbon markets, i.e. the trading of greenhouse gases impacts as part of Article 6 of the Paris Agreement. While this agreement was long overdue, many civil society observers have criticized its imperfection.

At COP28, the World Bank published its Engagement Roadmap for High-Integrity Carbon Markets. It aims to scale liquid and transparent carbon markets, including through working with private and public sector partners, and introducing common frameworks for organizations validating and verifying credits.

Through the Carbon Market Platform, G7 countries are discussing options to promote environmental integrity enhancements in both voluntary and compliance carbon markets, in line with G7 Principles and the Call to Action on Paris-aligned Carbon Markets.

NEXT STEPS

The Supervisory Body responsible for implementing the new carbon credit mechanism under the Paris Agreement will have to ensure that the new rules are adopted in accordance with science, human rights and international law, and will continue to be accountable to the Parties.

Proposed roadmap
Summit for a New Global Financing Pact

The OECD and the IMF present possible measures to support increased price transparency and effectiveness for domestic markets, including through further analysis of effective carbon prices

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

The OECD published a working paper on the role of carbon pricing in transforming pathways to reach net zero emissions, with insights from current experiences and potential application to domestic food systems. It notably provides insights to improve the contribution of carbon pricing in pathways to net zero, regarding demand- and supply-side changes, policy sequencing and better international cooperation.

The Platform for Collaboration on Tax (a joint initiative from the IMF, the World Bank, the OECD and the UN) released a report on carbon pricing markets in September 2023 which analyses existing tools and databases and provides a new typology for a comparative analysis of carbon price metrics in OECD and developing countries.

In October 2024, the World Trade Organization (WTO), the IMF, the OECD, the United Nations Convention on Trade and Development (UNCTAD) and the World Bank jointly published a report outlining common approaches to carbon pricing. In particular, the report proposes a common definition of carbon pricing indicators, in order to improve the comparability of data and enhance the accuracy of carbon price analyses.

NEXT STEPS

The joint report by the WTO, the IMF, the OECD, UNCTAD and the World Bank stresses the need to obtain data disaggregated by sector and product in order to calculate effective carbon prices more accurately.

03

Mobilizing more financing for climate and development

Exploring new avenues for international taxes

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Establish a working group to study the possibility of generating new financial resources through taxation

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

France, Kenya and Barbados, supported by the European Climate Foundation, have taken up the proposal to set up an international working group to propose options for international levies on activities contributing to current disruptions, in order to mobilize additional and new funding for climate action and global public goods.

The Global Solidarity Levies Task Force was launched at COP28 under the 4P umbrella and now brings together 17 partner countries and organizations and observers. At COP29, the task force launched the Coalition for Solidarity Levies, enabling its members to express support for solidarity levies. It also released its first progress report, unveiling a series of policy options for taxes on shipping, aviation, fossil fuels, financial transactions, and carbon pricing, and announcing the study of additional options such as levies on crypto-currencies and plastics production, or the taxation of the ultra-rich. The task force carried out consultations and impact analyses, and presented concrete policy proposals at a ministerial meeting in the margins of the 2025 Spring meetings.

At the same time, the G20, under Brazilian presidency, commissioned a report from economist Gabriel Zucman to study the introduction of a global 2% tax on billionaires, which he deemed feasible and likely to raise up to $250 billion a year. The G20 countries agreed in July 2024 to work on the subject, although a clear roadmap on its implementation has not been considered.

NEXT STEPS

The Coalition is exploring various options, including levies on aviation (especially on premium travel and private jets), the fossil fuel sector, and/or financial transactions. It will also launch a consultation on principles for use of revenues, as well as a call for proposals on mechanisms for revenue distribution.

The Coalition calls on other countries to join it, in order to build a coalition of the willing on a solidarity levy by COP30.

Proposed roadmap
Summit for a New Global Financing Pact

Adoption of a revised International Maritime Organization strategy including a levy on greenhouse gas emissions from the international shipping sector

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

In July 2023, the member states of the International Maritime Organization adopted a revised, non-binding strategy to decarbonize maritime freight. The strategy includes the introduction of a tax on the sector's greenhouse gas emissions, which currently account for 3% of global emissions.

At the 83rd meeting of the Marine Environment Protection Committee (MEPC) in April 2025, which deals with environmental issues under the jurisdiction of the International Maritime Organization (IMO), member states approved the "IMO Net-zero Framework", including mandatory greenhouse gas emission limits and emissions pricing.

From 2028, ships will be taxed according to their greenhouse gas emissions. Ships that continue to use fossil fuels will have to pay a charge of $380 for their highest emissions, plus an additional charge of $100 per tonne of emissions above a predefined threshold. Ships will also be able to trade carbon credits among themselves.

These measures could reduce the sector's emissions by 8% by 2030, and mobilize some $10 billion a year for a new IMO Net-Zero Fund.

NEXT STEPS

These measures are due to be formally adopted in October 2025, for entry into force in 2027.

Reallocating special drawing rights

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

G20 countries reallocate at least 20% of their SDRs to vulnerable countries

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

In August 2021, the IMF made a general allocation of USD 650 billion in Special Drawing Rights (SDRs) to support its member countries in managing the economic consequences of the Covid-19 pandemic. However, as SDRs are distributed among member countries proportionally to their IMF quota, and by extension their weight in the world economy, the richest countries received the largest proportion. In October 2021, G20 countries therefore pledged to reallocate the equivalent of USD 100 billion in SDRs to the most vulnerable countries. In January 2025, 31 countries collectively pledged to recycle $111.6 billion in SDRs. More specifically, $92.7 billion were promised by G20 countries. However, effective reallocation to the most vulnerable countries is still tied to IMF instruments, which have certain limitations.

NEXT STEPS

Advanced economies are encouraged to deliver on their reallocation pledges. In addition, the IMF's trust funds for reallocating SDRs are limited to a total capacity of $80 billion. Leaders should instead explore other possibilities for recycling SDRs such as the AfDB/IDB proposal to channel SDRs through regional development banks (see infra).

In addition, many stakeholders, such as the 68 member countries of the V20, are calling for a new allocation of SDRs.

Proposed roadmap
Summit for a New Global Financing Pact

Close the USD 1.2 Bn financing gap of the IMF's Poverty Reduction and Growth Trust (PRGT)

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

IMF Member States can redistribute their SDRs via two IMF trust funds: the Poverty Reduction and Growth Trust (PRGT), and the Resilience and Sustainability Trust (RST).

At the 2023 Annual Meetings, the IMF announced that it had met its resource mobilization target of USD 3 billion (SDR 2.3 billion) for PRGT grant resources.

Proposed roadmap
Summit for a New Global Financing Pact

USD 60 billion contributions to the IMF's Resilience and Sustainability Trust

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

At the Summit for a New Global Financing Pact, the IMF announced a 50% increase in the capacity of the RST, to USD 60 billion. As of January 2025, USD 46.8 billion in SDRs had been pledged to the RST, and USD 40.6 billion had actually been received. 21 countries have formally requested recourse to the RST, including 13 African countries, and 18 countries have, as of October 2024, actually received disbursements from the Fund.

NEXT STEPS

An interim report on the RST was published in May 2024, noting that increased resource mobilisation will be required to meet the demand from countries eligible for the Fund. A full evaluation of the RST is planned for 2026.

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Reallocating special drawing rights

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Assessment of all available options to put the PRGT on a sustainable footing

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

An IMF assessment outlining reform options for the PRGT was published in October 2024. It proposes, among other things, to maintain an annual lending envelope of SDR 2.7 billion, to introduce a new interest rate mechanism to better reflect heterogeneity among low-income countries, and to update the list of countries eligible for the PRGT. To ensure the Fund's financial stability, the evaluation recommends a five-year suspension of PRGT administrative repayments to the IMF's General Resources Account, as well as the deployment of internal IMF resources to generate additional resources.

All of these proposals were approved by the IMF Executive Board on October 21, 2024.

Proposed roadmap
Summit for a New Global Financing Pact

Progress on SDRs reallocation through the MDBs (AfDB and IDB)

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

As early as in 2022, the African Development Bank (AfDB) and the Inter-American Development Bank (IDB) have developed technical solutions for reallocating SDRs via regional development banks. They designed a hybrid capital instrument enabling advanced economies to lend SDRs to MDBs, allowing the latter to count them as equity and use them to borrow on the financial markets - at affordable rates thanks to their AAA rating - with a leverage effect representing 3 to 4 times the initial SDR resources. A number of countries have expressed interest in this mechanism: France, Japan, Spain, or the United-Kingdom.

Yet, the European Central Bank has been opposed to European countries transferring their SDRs via institutions other than the IMF, arguing that this might not preserve the SDRs reserve asset characteristics and would run counter to the European Union's monetary financing ban, which prevents central banks from financing government spending.

The IMF has since indicated that the AfDB proposal complies with its rules on SDR reserve asset characteristics. Indeed, under this proposal, SDR reserve asset status is protected by a «liquidity support agreement» (LSA), with 25% of the hybrid capital instrument committed to the LSA so that shareholders can withdraw it should they need access to liquidity.

In May 2024, IMF Executive Board member States approved the AfDB and IDB proposal. The IMF nevertheless imposed a cumulative ceiling of 15 billion SDRs reallocated across all multilateral development banks. The European Central Bank continues to oppose any reallocation of SDRs outside the framework of the RST and PRGT, and the US Congress has not authorized any reallocation of US SDRs at this stage.

NEXT STEPS

Ahead of the 4th International Conference on Financing for Development, some stakeholders are calling for a rethink of the reallocation of SDRs via MDBs, with a view to considering other mechanisms that could satisfy all stakeholders. Indeed, MDBs have a much greater leverage effect than IMF trust funds.

Developing the use of hybrid capital

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Presentation of a World Bank study on existing hybrid capital pilot projects and first lessons-learned

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

In April 2024, the World Bank launched a pilot hybrid capital instrument, i.e. a bond that generates interest but whose characteristics also make it an equity instrument. Launched in conjunction with a portfolio guarantee platform, these two instruments have received commitments of more than $11.7 billion from 15 countries, with a leverage effect that could increase the IBRD's financial capacity by $72.5 billion over the next ten years.

NEXT STEPS

The World Bank has indicated that the pilot project will be implemented over the 2024-2025 fiscal year.

Delivering on past commitments

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Commitment by donor countries to meet funding targets (International Development Association, Green Climate Fund, Asian Development Fund, African Development Fund, International Fund for Agricultural Development, etc.)

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

Green Climate Fund (GCF): At the end of 2024, 34 countries collectively pledged $13.6 billion to finance activities of the GCF over the 2024-2027 period. However, the $3 billion contribution from the United States has yet to be approved by Congress.

International Fund for Agricultural Development (IFAD): At the end of 2023, 48 countries pledged $1.076 billion to IFAD's 2025-2027 work program, short of the $2 billion target.

Asian Development Fund: Its fourteenth replenishment was held in Georgia in May 2024. 31 countries pledged $2.5 billion, supplemented by financing from the Asian Development Bank to reach $5 billion, an increase of 22% on the previous replenishment.

International Development Association (IDA): The 21st replenishment of IDA (IDA21) was held in December 2024 in South Korea. Donor countries pledged $23.7 billion, which will be catalyzed by the World Bank to reach a final replenishment of around $100 billion. While this was the largest replenishment to date, it represents a 5% reduction in real terms compared to IDA20, and falls short of the target of $105 billion set by the World Bank and the $120 billion requested by African leaders. In addition, the United Kingdom's pledge remains under review, while the United States' is expected to be downsized.

NEXT STEPS

African Development Fund : *The 17th replenishment of the Fund should take place in 2025. It will aim to reach 25 billion dollars, through the mobilization of funds from donor countries and additional resources from financial markets. Several countries, including Kenya, Gambia, Liberia, Sierra Leone, Sudan and Ghana have already announced contributions of up to $27 million.*

Proposed roadmap
Summit for a New Global Financing Pact

Dedicate 0.7% of DAC countries' GNI to official development assistance

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

In 1970, the countries of the OECD's Development Assistance Committee (DAC) committed within the framework of the United Nations to devote 0.7% of their gross national income (GNI) to ODA each year. In 2024, however, ODA represented only 0.33% of the GNI of DAC members, and 22 donor countries have reduced their ODA compared to 2023.

This downward trend is growing stronger in 2025. In addition to the titanic cuts undertaken by the United States, many DAC countries have announced substantial reductions in their ODA. Donor Tracker estimates that for 2025 alone, ten European countries have announced cuts of $18 billion compared with 2023, including $9.2 billion for Germany, $2.6 billion for France and $2.2 billion for the UK. The OECD estimates that total ODA will drop between 9% and 17% from 2024 to 2025.

Proposed roadmap
Summit for a New Global Financing Pact

Set up a loss and damage fund

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

On the first day of COP28, Parties to the Paris Agreement agreed on the modalities to launch a new Loss and Damage Fund, following more than three decades of efforts from developing countries to implement such a mechanism. The operational text adopted does not set any financial targets for its replenishment, despite the estimated financial needs for loss and damage amounting to between 290 and 580 billion dollars per year until 2030. Contributions will therefore remain voluntary. In December 2024, pledges of US$745 million were made by donor States and the European Union. On June 10, 2024, the Board of Executive Directors of the World Bank agreed to assume the role of Trustee of the Fund for an interim period of 4 years. The Fund's Board of Directors will be hosted by the Philippines.

NEXT STEPS

Although some commitments have already been made, new financing will have to be guaranteed to enable the Fund to operate and be sustainable over time. The Board of Directors has included in its work plan the development of a resource mobilization and fundraising strategy, to be completed by 2025 at its sixth meeting.

The Fund will be replenished periodically every four years, and will also be able to receive financial contributions on an ongoing basis.

The first disbursements from the Fund are not expected before 2025 at the earliest.

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Delivering on past commitments

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Allocate USD 100 billion in climate finance each year from 2020 onwards

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

At COP15 in Copenhagen in 2009, developed countries pledged to mobilize USD 100 billion a year from 2020 onwards to help developing countries tackle and adapt to climate change. However, by the 2020 deadline, donor countries fell short of more than USD 16 billion. Two years after this deadline, the commitment was finally reached - and exceeded - in 2022, reaching $115.9 billion.

Observers such as the Center for Global Development have nuanced these figures, estimating that the amount mobilized in 2022 was closer to $107 billion. According to Oxfam, which has reviewed the climate finance pledges made by industrialized countries for 2019-2020, only a quarter of the amount was provided in the form of grants, and only a third of the amount can be considered as real transfers to developing countries.

At COP29, the States Parties agreed to triple climate investments for developing countries to $300 billion a year by 2035, from public, private, bilateral and multilateral sources. This decision was strongly criticized, with independent experts and developing countries estimating the contribution required from developed countries alone at $600 billion a year, and the total sum to be mobilized at $1,300 billion.

NEXT STEPS

The agreement reached at COP29 calls for the adoption of a roadmap by COP30, in 2025, in order to reach the 2035 target of $1,300 billion per year.

Proposed roadmap
Summit for a New Global Financing Pact

Public and private donors provide additional support to the Global Shield against Climate Risks in climate-vulnerable countries

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

During the first board meeting of the Global Shield that took place on November 15, 2023, the board adopted a Country Prioritization Framework. This document provides principles and a process to prioritize access to the Global Shield based on three criteria: poverty, climate and disaster risk, and readiness. The document also comes with a technical annex.

Between 2023 and 2024, the preparation of climate risk preparedness programs in several countries eligible for Global Shield support (Pakistan, Ghana, Tonga, Marshall Islands, Fiji, Senegal, Costa Rica, etc.) accelerated, and five new countries were added to the list of eligible countries.

Since its creation, the Global Shield has received financial commitments of around 300 million euros.

NEXT STEPS

Donors should increase their financial support for the Global Shield, to enable it to expand its activities, increase the number of countries it supports, and deepen national risk preparedness programs in these countries.

Strengthening domestic tax policies

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Through the OECD

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

An Outcome Statement on a two-pillar solution to Address the Tax Challenges Arising from the Digitalisation of the Economy was approved by 140 members of the OECD's Inclusive Framework's Task Force on the Digital Economy (TFDE) on July 11, 2023. This two-pillar solution establishes a new framework for international tax and a detailed plan for implementation. Pillar one applies to large multinationals and will reallocate certain amounts of taxable income to market jurisdictions (Amount A) and simplify existing transfer pricing rules (amount B); pillar two aims to ensure that income is taxed at an appropriate rate and provides several mechanisms to ensure this tax is paid.

The OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) then released the text of a new multilateral convention updating the international tax framework to co-ordinate a reallocation of taxing rights to market jurisdictions, improve tax certainty and remove digital service taxes (Amount A).

The final report of the Inclusive Framework on Amount B was published in February 2024. Among other things, it defines the scope of this approach and a pricing framework.

With regard to the second pillar, a Subject to Tax Rule (STTR) and a Multilateral Agreement to facilitate the implementation of the STTR were approved by the members of the Inclusive Framework in September 2024. This optional convention aims to guarantee a minimum level of taxation for cross-border payments.

In a December 2023 communiqué, a group of independent experts mandated by the UN Human Rights Council highlighted the risks of discrimination that the Two Pillar Solution could engender, particularly in terms of gender, ethnicity and race. They also warned of its possible repercussions on the tax revenues of countries in the South, believing that it could undermine their taxing rights. The experts called on OECD members to engage in good faith in the negotiations for the adoption of a framework convention under the aegis of the United Nations.

NEXT STEPS

Negotiations are continuing on the Multilateral Agreement for the implementation of Pillar One Amount A, which is not yet open for signature. No deadline has yet been set.

Jurisdictions concerned by amount B of pillar one can choose to apply the measures included in the final report since January 1, 2025.

Proposed roadmap
Summit for a New Global Financing Pact

Through the United Nations

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

On 22 November 2023, a draft resolution tabled by the Africa Group, proposing a framework for a convention on international tax cooperation, was adopted by the UNGA with 125 countries voting in favour. 48 countries voted against the resolution, mainly OECD members including the United States, the United Kingdom and all EU member states.

The terms of reference for the negotiations and the resolution officially launching the convention process were adopted in August and November 2024, respectively, despite the opposition of 9 industrialized countries and the abstention of the European group.

NEXT STEPS

The Intergovernmental Negotiating Committee will meet three times in 2025, 2026 and 2027, in addition to a session in February 2025 to settle organizational issues. Based on this timeline, the framework convention should be adopted by Member States by the end of 2027.

Information on the committee's work is regularly updated on the dedicated page.

04

Speeding up debt treatment

Implementing the G20 Common Framework for debt treatment

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Progress on countries falling under the Common Framework

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

In November 2020, the G20 launched the G20 Common Framework for Debt Treatment to help the most indebted countries address persistent insolvencies and liquidity problems, in parallel with the implementation of IMF-supported reforms. The Common Framework enables coordination between all creditors from the Paris Club and the G20. While 73 developing countries are eligible for the procedure, only four countries have requested debt servicing under the Common Framework: Chad, Zambia, Ethiopia and Ghana.

Chad: Chad has reached an agreement on debt treatment with its creditors in November 2022.

Ghana: Ghana has reached an agreement on debt treatment with its creditors in January 2024, formalized by a Memorandum of Understanding (MoU) in June 2024. The bilateral agreements to formalize this MoU are expected to be signed soon.

Zambia: announced at the Summit for a New Global Financing Pact, Zambia has since then finalized a debt restructuring agreement with its creditors, signing a Memorandum of Understanding in October 2023 for the restructuring of around USD 6.3 billion in debt. A bilateral agreement has since been signed with France to effectively implement this restructuring. In March 2024, Zambia also signed an agreement to restructure $3 billion in international bonds.

Ethiopia: on July 29, 2024, the IMF approved a four-year, $3.4 billion financing program to support the Ethiopian economy in a series of reforms aimed at restoring the country's fiscal balance. In March 2025, Ethiopia reached an agreement in principle with its official creditors to restructure its debt. The MoU is being drafted.

NEXT STEPS

The challenge is to speed up the implementation of the Common Framework, between the request by a country in difficulty and the signing of a restructuring agreement, as well as to simplify and clarify application requirements. Coordinated solutions also need to be found for countries that are not eligible for the Common Framework, but whose debt situation requires treatment, such as Suriname and Sri Lanka. For example, following an agreement reached in November 2023 on the treatment of Sri Lanka's debt, a MoU was signed between the country and the Paris Club's committee of public creditors and China in June 2024 to treat $10 billion of debt. This agreement was reached outside the Common Framework, Sri Lanka's GDP per capita being considered too high to qualify for this initiative.

Proposed roadmap
Summit for a New Global Financing Pact

Preparation of a user manual on debt restructuring processes with indicative timelines by G20 partners and Paris Club creditors

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

During the 2025 Spring Meetings, the Global Sovereign Debt Roundtable released a document presenting a summary of the key steps, concepts, and processes observed in recent sovereign debt restructurings undertaken in the context of an IMF-supported program, in particular those restructurings undertaken under the Common Framework. It aims to provide country authorities considering a restructuring with a user-friendly summary document.

Better coordinating debt restructuring processes

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Guarantee that debt will be used as a reliable tool to finance sustainable development needs and free up room for maneuver in the event of natural disasters

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

Reform of the general architecture of debt restructuring rules is moving very slowly. The Global Sovereign Debt Roundtable (GSDR), launched in February 2023 and bringing together public, private, multilateral creditors and borrowing countries, aims to improve communication and find common ground between key stakeholders, both inside and outside the G20 Common Framework. It presented a progress report in October 2023, which notes that there has been a positive dynamic in the past months, with slightly shorter deadlines and smoother processes.

Current financing costs have rendered debt servicing unsustainable for many countries, leading to liquidity problems. Solutions must therefore be found to meet liquidity needs. At the third GSDR meeting in October 2024, the World Bank and the IMF presented a three-pillar approach to meet the challenges posed by liquidity pressures in developing countries that have sustainable debt. In particular, this approach aims to mobilize all available tools to prevent these pressures from triggering a debt crisis.

NEXT STEPS

The GSDR will continue its work on how to resolve liquidity issues, as well as on technical aspects such as conditional sovereign debt instruments, or the trade-offs associated with debt guaranteed by private creditors.

Ahead of the 4th International Conference on Financing for Development (FfD4) to be held in June 2025 in Spain, the United Nations appointed a group of experts on the debt crisis, tasked with promoting implementable solutions and galvanizing the public and political support needed to solve this crisis.

Introducing suspensive clauses in the event of an exogenous shock

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Encourage the scale up of debt suspension clauses in the event of climate-related disasters

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

A Call to Action to scale up climate resilience debt pauses was launched as part of the 4P in June 2023, based on the substantial worked carried-out by France and the UK under the UK-led Private sector working group. Currently, 73 countries, both creditors and beneficiaries, including the Vulnerable Twenty (V20) group, have joined this Call.

Following the Inter-American Development Bank's (IDB) inclusion of Climate Resilient Debt Clauses (CRDCs) in their loan contracts in 2021, several other MDBs such as the ADB, AfDB, EBRD, EIB, and IBRD have either implemented or announced their intention to implement debt suspension clauses. The UNDP and the Economic Commission for Africa have also expressed their support for these clauses. For example, the World Bank introduced temporary debt suspension clauses in response to climate shocks, such as earthquakes and tropical storms. These clauses cover both existing and new loans to 45 small island states and territories, with 21 of these states having activated the clause so far.

This momentum from MDBs has been met with strong and growing demand from borrowing countries. By the end of 2024, through the IDB, seven countries in Latin America and the Caribbean (LAC) were utilizing these clauses, covering a total portfolio of $3.2 billion.

Similarly, creditor countries such as Spain, France and the UK have been increasing the use of those clauses in their bi-lateral loans.

The 4P gathered at the Finance in Common Summit in February 2025 to renew a commitment towards debt pause clauses.

NEXT STEPS

MDBs continue to collaborate and engage in technical work to scale up the use of these clauses. Bondholders are also looking at the scale up of those clauses to their debt capital markets.

At the FfD4 Conference in Seville, Spain will launch a Debt Pause Clause Alliance to further expand the number of bilateral, multilateral, and private lenders committed to offering debt pause clauses, such as climate resilient debt pauses. The 4P will launch Task Force to tackle specific barriers to the scale up of CRDCs and explore the next generation of risk resilience financing tools, including the inclusion of insurance products in CRDCs.

Proposed roadmap
Summit for a New Global Financing Pact

Explore the extension of debt suspension clauses to other external shocks such as health crises

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

The clauses introduced by the World Bank have been extended to cover all natural disasters, including droughts, floods and pandemics.

NEXT STEPS

Efforts should continue to include these exogenous shock clauses in all new and existing loan contracts, and to encourage all development banks to adopt the same approach.

Examining the link between sovereign debt and efforts to protect nature and the climate

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Assess how the structure, volume and analysis of sovereign debt affect the ability of low- and middle-income countries to protect the environment, adapt to climate change and reduce carbon emissions from their economies.

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

At COP28, Colombia, Kenya, France and Germany formed a 4P coalition to launch the Expert Review on Debt, Nature and Climate, tasked with examining the links between sovereign debt sustainability, nature conservation, and climate action in low- and middle-income countries (LMICs). The group of independent experts established for the Review released the first report at COP29. It examines the scale of the challenges posed by the combination of the debt crisis, biodiversity loss and intensifying climate change - a "triple crisis" in many countries, with all three interlinking to form a vicious circle. In April 2025, the final report of the group of independent experts, "Healthy Debt on a Healthy Planet" was released. It formulates a comprehensive set of recommendations, including to mainstream nature and climate into macroeconomic and fiscal analysis; to scale up state-contingent instruments; to establish a one-stop shop on capacity building on debt management, etc.

NEXT STEPS

At the FfD4 in Seville, the 4P is launching An Implementation Pathway on Debt, Nature and Climate to move from report to reform and facilitate the implementation of a core set of recommendations from the report. This 4P coalition is supported by Colombia, Kenya, France and Germany.

05

Mobilizing private finance for climate and development

Increasing private capital flows

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

MDBs mobilize at least $100 billion in private financing each year for emerging and developing economies

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

A 2024 MDBs and DFIs joint report estimates that in 2022, MDBs mobilized $71.1 billion in private finance in middle- and low-income countries, including $7.3 billion mobilized in low-income countries. Climate finance amounted to 32% of total private capital mobilization.

In July 2024, the 4P Secretariat presented to the G20 a paper on private finance mobilization, pointing to barriers from the regulatory treatment of de-risking mechanisms and focusing on measures to better align perceived and real risks and to enhance the transparency of blended finance arrangements and how they are reflected in credit ratings and regulatory and prudential.

NEXT STEPS

The G20 Independent Expert Group recommended that by 2030, private capital mobilization should represent $240 billion annually.

At the FfD4 Conference, the 4P will launch the 4P Eminent Persons Group, a group of representatives from the regulatory, finance and investment worlds, tasked to shed light on barriers to investments in EMDEs, including possible unintended consequences from financial prudential regulations.

Proposed roadmap
Summit for a New Global Financing Pact

The Multilateral Investment Guarantee Agency reports on concrete actions to enhance the use of its insurance toolkit in order to maximize their impact

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

In July 2024, the World Bank Group (WBG), under the aegis of the Multilateral Investment Guarantee Agency, launched a new platform that centralizes all of the WBG's guarantee products and solutions and aims to provide greater efficiency, simplicity, and speed in client relationships with the organization. The platform is expected to help the Group increase its guarantee issuance to $20 billion by 2030.

Proposed roadmap
Summit for a New Global Financing Pact

The IMF, the World Bank Group and the Currency Exchange Fund (TCX) examine ways to better cover foreign exchange risk in LMICs and consider the implementation of concrete measures to increase local currency financing

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

In September 2023, TCX, AFD, IDFC, Deloitte and FIC released a study on the impact of currency risks on the ability of public development banks to achieve the SDGs and be sustainably resilient. The study outlines five recommendations to address the challenges posed by foreign exchange risk and strengthen the ability of PDBs to contribute sustainably to the SDGs, including mobilizing hybrid financing, supporting the strengthening of PDBs' internal capacities and domestic capital markets, and improving the use of solutions offered by foreign exchange hedging service providers.

Since June 2023, TCX hedging activity has scaled up significantly; during 2023 and 2024, the fund hedged more than USD 5 billion in development flows, creating local-currency-indexed loans for borrowers in 55 countries.

NEXT STEPS

TCX has implemented with the support of the European Fund for Sustainable Development an innovative USD120m concessional hedging program which is in the process of being scaled up massively, enabling DFIs, MDBs, and other impact investors to finance borrowers in riskier markets without passing on currency risk. More details will be announced at the FfD4 Conference.

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Increasing private capital flows

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Members of the Alliance for Entrepreneurship in Africa scale up their activity through projects co-developed or co-financed and integrate new members from both institutional and private sectors

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

Since June 2023, 15 new associate members have joined the Alliance for Entrepreneurship in Africa, from both the public (International Fund for Agricultural Development, West African Economic and Monetary Union, etc.) and private sectors (AfricInvest, Bpifrance, etc.). The Alliance's platform currently includes over 20 projects, 8 of which were announced following the Summit for a New Global Financing Pact.

NEXT STEPS

The Alliance's activities have been extended for at least two years, with the aim of broadening its portfolio, deepening cooperation between members and implementing new projects. With this in mind, an analysis tool is being developed to facilitate market studies and encourage the participation of micro, small and medium-sized businesses in development.

Proposed roadmap
Summit for a New Global Financing Pact

The OECD sets up a task force to discuss progress and assess best practices that are being used to mobilize private finance to achieve sustainable development, address climate change and protect biodiversity

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

The working group has been set up and met in July and October 2024 as well as in February 2025. Its work will be made public at the FFD4 Conference in Sevilla.

Proposed roadmap
Summit for a New Global Financing Pact

The OECD proposes a new narrative and metrics for official development assistance, better reflecting private sector investments

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

On November 2, 2023, OECD DAC members adopted new rules for the inclusion of private financing in ODA figures. In particular, these rules extend ODA to guarantees and mezzanines, a hybrid form of debt-to-equity financing for companies. They also give high-income countries greater flexibility in calculating subsidy equivalents or the value of the subsidy implicit in loans granted.

In parallel, the International Forum on TOSSD (Total Official Support to Sustainable Development) was launched, with its Secretariat hosted at the OECD. The Forum's first meetings took place in May and September 2024, and included setting its work plan and budget for the 2025-2026 period, as well as refining the methodology for reporting to TOSSD (including the definition of the process to carry out the Data Review Mechanism, as well as the use of multidimensional criteria, in addition to the GNI and for statistical purposes, to define the list of TOSSD recipients).

NEXT STEPS

The new rules on ODA reporting provide incentives for high-income countries to expand a private sector-oriented development agenda, which could happen at the expense of grants to support basic public services, and blur the lines between development and commercial activities, at a time when Global South countries need more concessional resources.

Reducing private sector financing costs in developing and emerging economies

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

G20 countries are supporting the development of a Global Emerging Markets database 2.0, which aims to enhance the comprehension of key indicators such as probability of default (PD) or loss given default (LGD) for private investors and credit rating agencies, to avoid overestimation of the developing markets' risks and potentially reduce private sector financing costs in these economies

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

In its September 2023 report to Governors on the evolution of the World Bank, the World Bank Development Committee reports that the Global Emerging Markets Risk Database (GEMs) Consortium is working to publish the Global Emerging Markets Database 2.0. A request for proposals is currently being sent to the secretariat of the G20's International Financial Architecture Working Group, and to countries that have expressed an interest in hosting GEMs. A market study is also underway to better identify the types of metrics and data of interest to private sector investors.

The publication date of the GEMs 2.0 database has not been announced. However, two new datasets were released in October 2024, on the credit performance of loans to private and public stakeholders, and on the default and recovery rates of sovereign loans.

Proposed roadmap
Summit for a New Global Financing Pact

Improvement of market rating systems by making credit rating agencies' criteria more objective and transparent and by creating new risk assessment mechanisms for developing markets.

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

Following criticism of the main credit rating agencies for their biased ratings of developing countries, particularly African nations, members of the African Union (AU) are considering setting up their own Africa-based rating agency. A United Nations Economic Commission for Africa report outlined the proposition and a resolution has already been endorsed by AU finance ministers during the summer through the African Peer Review Mechanism (APRM).

In May 2024, UNDP, in partnership with AfriCatalyst, launched an initiative called «Africa Credit Ratings», which aims to work with African governments to build their capacity on credit rating methodologies and data requirements, and to facilitate their interaction with rating agencies. The initiative includes a resource platform, provides technical assistance and provides a best-practice sharing community that connects experts and practitioners. Ultimately, it could enable rating agencies to be better informed about the specificities of developing markets, particularly in Africa.

NEXT STEPS

The launch of the rating agency was originally scheduled for December 2024, but has been pushed back to June 2025 by the African Union.

Conclusion and next steps

Conclusion and next steps

This report outlines the progress made in reforming the international system for development and climate finance, with a particular focus on the priorities set out in the Pact for Prosperity, People, and the Planet (4P). The assessment is based on a thorough review of official statements and analysis from civil society organizations.

The findings show that meaningful—though still too slow—progress is being made in addressing the current challenges. Multilateral development banks and other financial institutions are beginning to respond to the call for modernization. They are adapting their practices, tools, evaluation methods, and mandates to mobilize greater resources to combat poverty and climate change, while supporting the public policies of partner countries. Other notable developments include the introduction of climate-resilient debt clauses in contracts by major creditors, renewed discussions on large-scale solidarity levies, and the gradual inclusion of emerging and developing countries in the governance structures of international institutions.

Yet, this modest progress must not obscure the scale of the work still ahead. At the current pace, the world is unlikely to meet the Sustainable Development Goals (SDGs) by 2030—due in large part to the persistent financing gap, which the UN now estimates at $4 trillion annually for developing countries alone.

The pace of reform will depend on upcoming international milestones and the continued commitment of the global community. The year 2025 represents a crucial opportunity to maintain momentum and deepen cooperation to achieve the 4P's goals and advance broader reform of the international financial system. Several key events will mark this pivotal year, chief among them the 4th International Conference on Financing for Development (Ff4D), taking place in Seville from June 30 to July 3, 2025. This major gathering will bring together the 193 UN Member States, along with representatives from international and regional financial institutions—providing a vital platform for accelerating the reform agenda.

Additional global moments in 2025, such as the United Nations General Assembly (celebrating the UN's 80th anniversary), the G20 Summit under South Africa's presidency, and COP30 in Belém, will also offer critical opportunities for governments, international organizations, and financial stakeholders to turn their commitments into action and work toward a more equitable and sustainable future.

At this critical juncture, the 4P stands as a concrete example of constructive multilateralism. Throughout 2025, it will continue to drive forward its mandate for reform. At the Ff4D in Seville, the 4P will launch several new initiatives, including efforts to remove barriers to investment in emerging markets and developing economies (EMDEs); an Implementation Pathway focused on debt, nature, and climate; and new work on vulnerabilities and the "beyond GDP" agenda—all detailed further in this report. These initiatives will serve as key building blocks for the Baku to Belém Roadmap and will inform discussions at both the G7 and G20.

Before the end of the year, the 4P will also publish its Strategic Vision for 2026–2027, setting out the reform priorities for the next two years. This strategy will continue to promote inclusive dialogue, build bridges across institutions and countries, and propose practical solutions for reforming the international financial system.

The progress achieved so far is the result of long-overdue high-level political engagement. However, the geopolitical upheavals underway raise concerns about a sudden reversal, where the very notion of international cooperation would sound like an empty shell. Because meeting the world's financing needs—for global health, pandemic preparedness, education, sustainable infrastructure, climate action, and other global public goods—will require sustained political will, the time for complacency has passed.

List of acronyms

- **4P:** Pact for Prosperity, People and the Planet
- **AfDB:** African Development Bank
- **ADB:** Asian Development Bank
- **AGIA:** Alliance for Green Infrastructure in Africa
- **AU:** African Union
- **CAF:** Capital Adequacy Framework
- **COP:** Conference of the Parties
- **CRDC:** Climate Resilient Debt Clauses
- **DAC:** Development Assistance Committee
- **FICS:** Finance in Common Summit
- **FOSS:** Forum of Small States
- **GCF:** Green Climate Fund
- **GEMs:** Global Emerging Markets risk database Consortium
- **GNI:** Gross National Income
- **GSDR:** Global Sovereign Debt Roundtable
- **IDA:** International Development Association
- **IBRD:** International Bank for Reconstruction and Development
- **IDB:** Inter-American Development Bank
- **IDFC:** International Development Finance Club
- **IFI:** International Financial Institutions
- **IMF:** International Monetary Fund
- **MDB:** Multilateral Development Banks
- **MoU:** Memorandum of Understanding
- **NFP:** New Global Financing Pact
- **OECD:** Organization for Economic Co-operation and Development
- **ODA:** Official Development Assistance
- **PRGT:** Poverty Reduction and Growth Trust Fund (IMF)
- **PDB:** Public Development Banks
- **RST:** Resilience and Sustainability Fund
- **SART:** SDG Adjusted Return Tool
- **SDAO:** Sustainable Development Analysis and Opinion Mechanism
- **SDG:** Sustainable Development Goals
- **SDR:** Special Drawing Rights
- **SIDS:** Small Island Developing States
- **TCX Fund:** Local Currency Exchange Fund
- **TOSSD:** Total Official Support for Sustainable Development
- **UNCTAD:** UN Trade and Development
- **UNDP:** United Nations Development Programme
- **WBG:** World Bank Group
- **WTO:** World Trade Organization

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PACT FOR PROSPERITY, PEOPLE & THE PLANET

FOCUS2030
DATA - INNOVATION - DÉVELOPPEMENT

Focus 2030 is a Paris-based nonprofit organization working with international solidarity and development actors on communication, citizen mobilization, advocacy projects, and research supporting the UN Sustainable Development Goals.

Our aim is to promote political, media, and public attention for international development issues, the fight against poverty, global inequality, and climate change, in order to ensure ambitious, transparent, and effective public policies in these areas.

Focus 2030 structures its work around three main axes:

- **DATA:** in the production and analysis of qualitative and quantitative data through public opinion surveys on international development and publication of facts and figures on development;
- **INNOVATION:** in the support and financing of innovative research and campaigns on the Sustainable Development Goals and development finance, and;
- **DEVELOPMENT:** in bringing together our community of development actors (NGOs, think tanks, international organizations, and public institutions) to facilitate exchange and co-construction of joint work for policy action.

Authors : Léa Fuiret, Research and Advocacy manager, and Magaly Bayon, Research Assistant, Focus 2030

Director of publication : Fabrice Ferrier, Director, Focus 2030

With inputs from Piera Tortora, Head of the 4P Secretariat, and Martina Lejtreger, Policy Analyst at the 4P Secretariat. The text also benefited from comments and feedback provided by participating 4P countries.

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