November 2023

REFORMING THE INTERNATIONAL FINANCIAL ARCHITECTURE: WHERE DO WE STAND?

Progress report on the Paris Pact for People and the Planet

Foreword

«No country should have to choose between fighting poverty and fighting for the planet» was the mantra of the **Summit for a New Global Financing Pact**, which took place in Paris on 22-23 June 2023, with the aim of contributing to a reform of the international financial architecture which is as **urgent** as it is **necessary**.

Stagnating since the Second World War, the Bretton Woods institutions, alongside the traditional international finance bodies more broadly, have become **obsolete** on several counts. Their purpose, instruments, agility, and ability to respond to the new challenges of the 21st century all point to the need 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, and climate and health crises**, developing and emerging countries are entitled to want their voices to be heard, and their needs met. These countries find themselves having to choose on a daily basis between investing in the fight against poverty, education, climate and the energy transition, and **repaying their debt**. Acknowledging this situation, the Summit for a New Global Financing Pact launched and supported several initiatives aimed at triggering a wave of concessional financing and international support.

To what extent have these ideas, set out in the Paris Pact for People and the Planet (4P), and detailed in a roadmap, **been taken on board by the international community since June?** In this report, Focus 2030 sets out to answer this question, analyzing a number of publications from institutions and international solidarity stakeholders, and following a number of interviews with leading political, policy and civil society experts.

The results are mixed, to say the least. **While numerous reforms and ambitious initiatives are being considered, such as the creation of international taxes, at the current rate of progress, developing countries will not be able to mobilize the resources they need to implement their individual development pathway and achieve the Sustainable Development Goals by 2030.**

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Introduction

On 22-23 June 2023, the Summit for a New Global Financing Pact took place in Paris, a high-level international meeting organized by France that brought together over 300 Heads of State and Government, leaders of international organizations, representatives of civil society, funds and foundations, and the private sector.

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 facilitate solutions for developing countries to meet the simultaneous challenge of poverty reduction and the climate transition.

The summit identified a series of reforms and initiatives to be implemented in 2023 and 2024. In this report, Focus 2030 provides an overview of work undertaken so far within the international financial institutions in response to the ideas proposed at the Summit.

« There is no progress without monitoring »

Emmanuel Macron, Summit for a New Global Financing Pact, 23 June 2023

A necessary and urgent reform

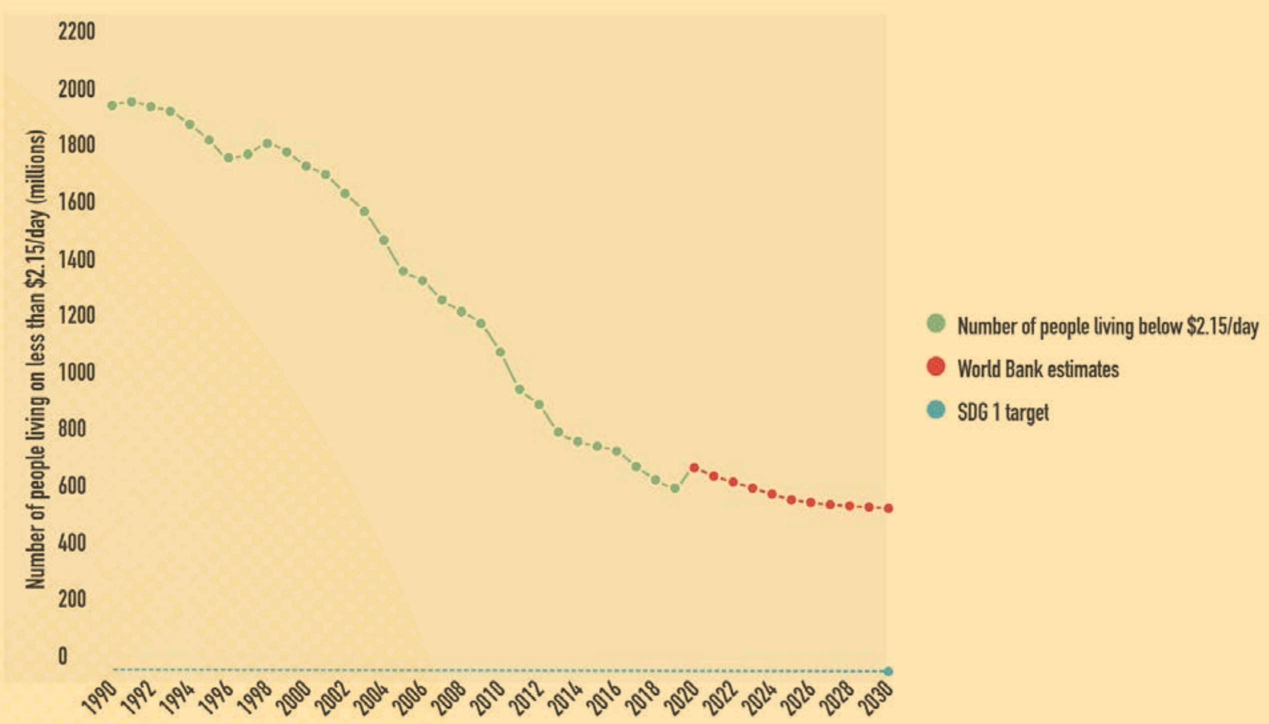
The ripple effects of the Covid-19 pandemic, the war in Ukraine and the many ongoing conflicts have undermined the significant progress made in human development in recent decades. The number of people living below the extreme poverty line has risen for the first time in twenty years, from 648 million in 2019 to 719 million in 2020[1]. And, for the first time in a century, global life expectancy fell between 2019 and 2021[2].

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[3]. In parallel, efforts to combat climate change are not in line with the level of ambition set out in the Paris Agreement: the 1.5°C rise in global temperature compared to pre-industrial levels is likely to be reached as early as 2029[4], instead of by the end of the century. 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. In 62 developing countries, debt service has exceeded health spending, and in 21 of them, debt repayment has surpassed spending on education[7]. According to the United Nations Development Programme (UNDP), 52 developing economies will face serious debt-related difficulties 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 15% of the SDG targets are on track to be achieved by 2030[9]. An estimated USD $3.9 trillion is necessary to overcome these challenges and achieve the SDGs in developing countries[10], 18 times the amount mobilized through official development assistance (ODA) from the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) countries[11].

EVOLUTION OF EXTREME POVERTY GLOBALLY SINCE 1990 AND PROJECTION UNTIL 2030



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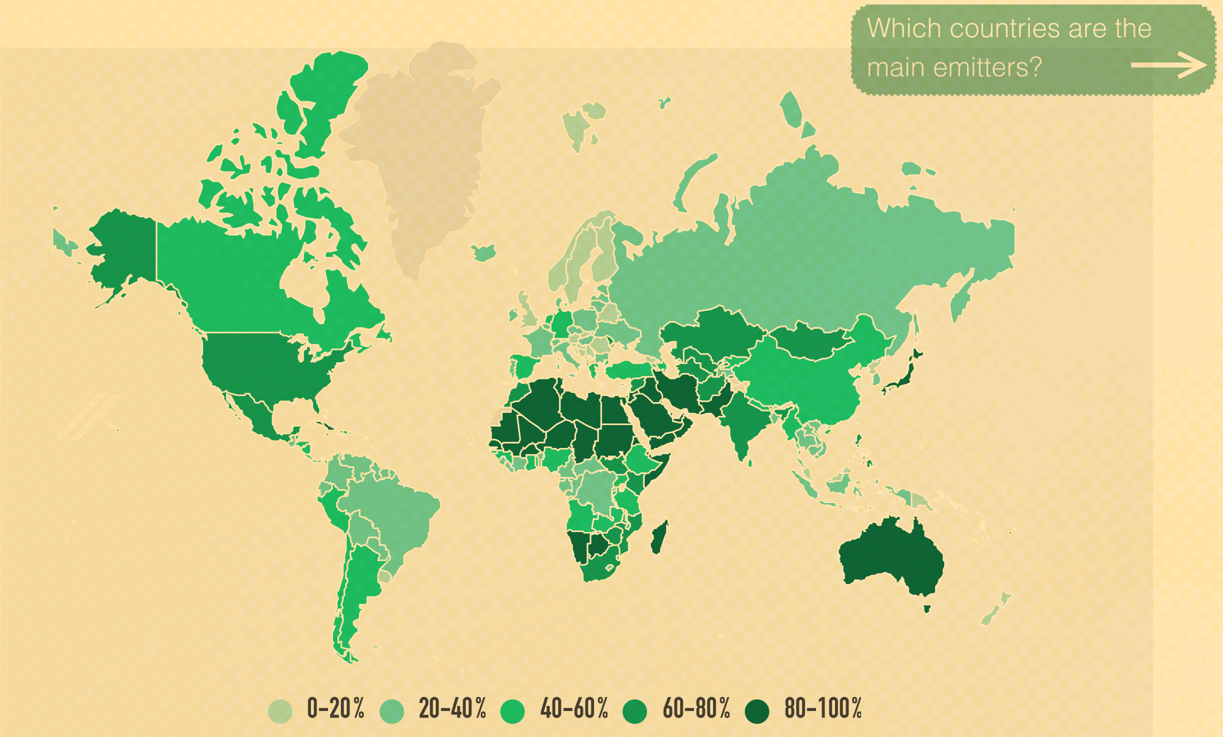
Reforms identified

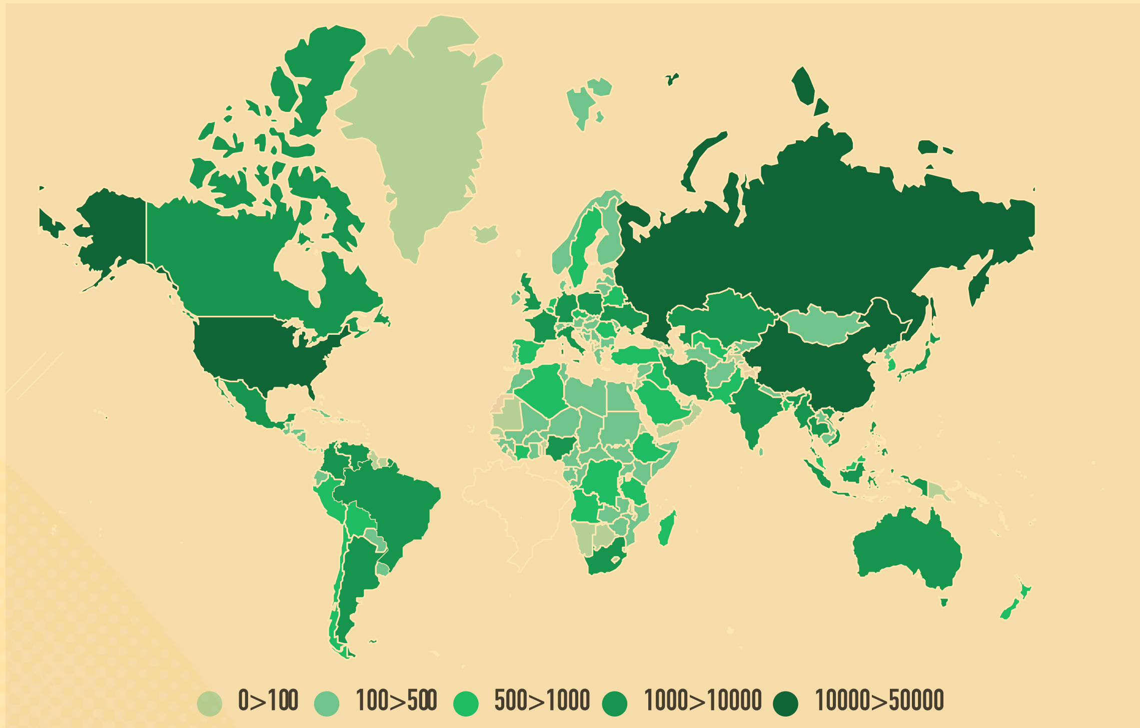
Faced with these overlapping crises, which highlight ever-increasing global inequalities, the solutions identified at the Summit for a New Global Financing Pact consist of mobilizing new financing and optimizing existing financing to expand fiscal space for developing countries. In line with several other similar calls to action, such as the United Nations Secretary-General's Sustainable Development Goals Stimulus plan[12], the Bridgetown 2.0 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 Paris Pact for People and the Planet (4P) declaration, supported by 42 countries as of end of November 2023. 4P identifies four guiding principles for eliminating poverty and protecting the planet, accompanied by a roadmap 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).

COUNTRIES MOST VULNERABLE TO CLIMATE CHANGE



GLOBAL GREENHOUSE GAS EMISSIONS SINCE 1851



12 United Nations Secretary-General. « SDG Stimulus to Deliver Agenda 2030 », 2023.
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Introduction

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.

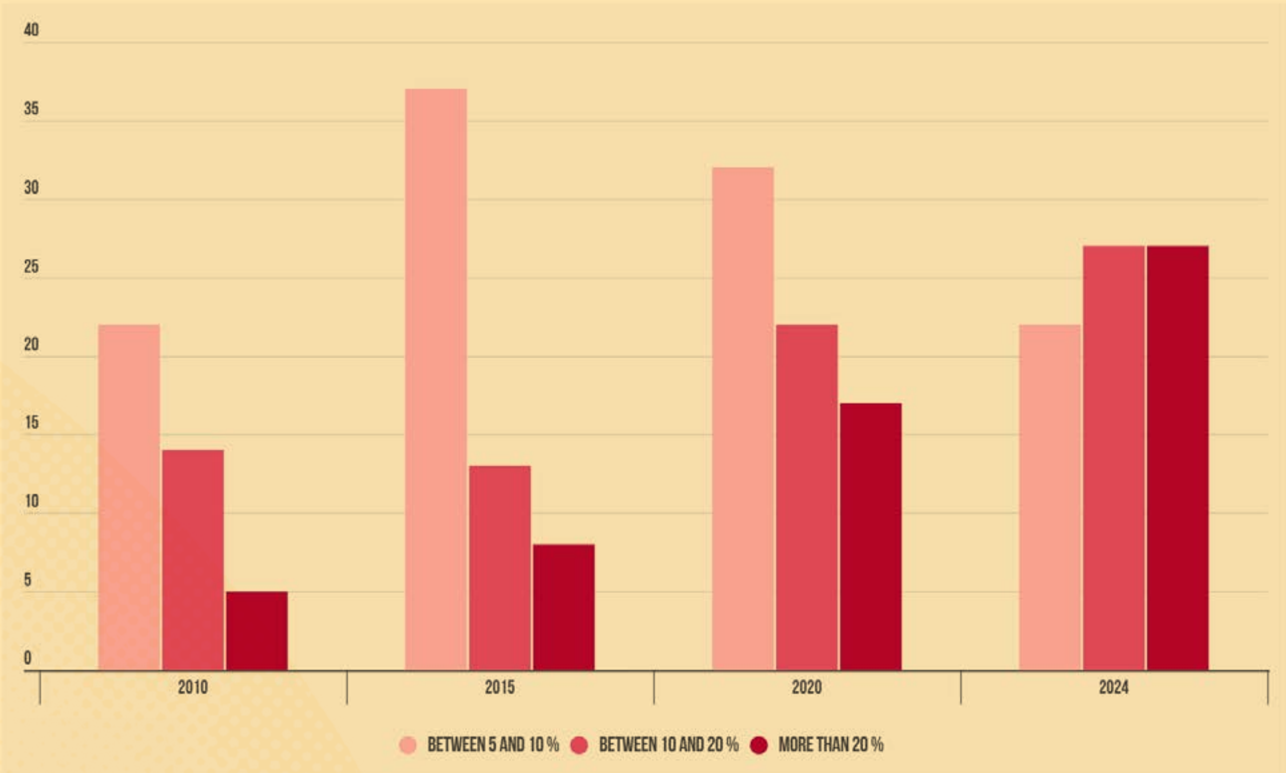
- **Accelerate debt treatment** by implementing the G20 Common Framework, introducing suspension clauses for external shocks, and improving coordination of restructuring processes.

- **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 the milestones of the Summit in June and the Paris Peace Forum, held 10-11 November 2023 in Paris. 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 will be added regularly on the dedicated section of the ***Focus 2030 website***.

PERCENTAGE OF DEVELOPING COUNTRIES' INCOME ALLOCATED TO DEBT REPAYMENT

Number of low-income, lower-middle-income and small-island developing States that have allocated a certain share of their revenues to repayment of their public external debt (2010-2020) and projections in 2024.



MÉTHODOLOGIE

To compile this report, 37 commitments were identified from the 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, 10 semi-structured interviews were conducted with experts in development and climate finance, and ***5 written contributions*** were collected from leading political, financial and civil society experts. An extensive review of documents, official statements and analysis from specialist organizations was also carried out in order to provide the most detailed overview possible of the progress made since June 2023.

Progress by thematic action area

01 — Reforming international financial institutions

02 — Optimizing existing financing

03 — Mobilizing additional funding

04 — Speeding up debt relief

05 — Mobilizing private financing

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 G20 welcomed the African Union as a new permanent member of the G20.

G20: Brazil has proposed to the V20, the group of 68 countries most vulnerable to climate change, to chair the G20 Sustainable Finance Group as a guest in 2024.

IMF: The IMF suggested creating a 25th Chair on its Executive Board, granting a third one to the African continent

NEXT STEPS

IMF: *The 16th general quota review of the IMF is underway and is due to be completed by December 15, 2023. But while the proportion of quota shares held by emerging and developing economies is less and less representative of their place in the world economy, the IMF Executive Board has proposed to the Board of Governors a 50% increase in quota shares, distributed among members in proportion to their current quota shares. Discussions on a possible review of quota distribution have been postponed until 2025, at the 17th General Review of Quotas.*

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 a statement on the strengthening of their collaboration for greater impact. They agreed to strengthen their collaboration on **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.

The World Bank and the Inter-American Development Bank signed a Memorandum of Understanding (MoU) for a four-year partnership to boost support for net-zero-deforestation efforts in the Amazon, strengthen the Caribbean's resilience to natural disasters and close the digital access gap in Latin America and the Caribbean.

The World Bank and the Islamic Development Bank announced a partnership to support joint initiatives that could generate up to USD 6 billion in financing by 2026 in favor of managing water, energy and food resources; responding to climate threats; supporting the integration of women and young people into the labor market and the digital revolution; and promoting trade and cooperation, in the Middle East and North Africa.

The World Bank and the IMF have declared their determination to strengthen their collaboration to bring concrete benefits to the populations, businesses and institutions of their member countries.

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

The World Bank Group has adopted a new vision and mission - to create a world without poverty on a sustainable 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.

The World Bank has adopted new tools that could provide USD 157 billion in additional lending capacity over a decade - including the issuance of hybrid capital, a portfolio guarantee mechanism, and an adjusted loan-to-equity ratio.

NEXT STEPS

Discussions on adapting the World Bank's operating and financial model and implementing reforms will continue through to the Spring Meetings in April 2024.

The U.S. Treasury Department has called on the World Bank and regional multilateral development banks to complete work by April 2024 on new rules to unlock the callable capital of development banks. This USD 2,000 billion guarantee, if included in the risk assessment, could enable the World Bank alone to lend an additional USD 500 billion without jeopardizing its AAA rating.

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

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 their New Delhi Declaration, G20 Leaders recognized the need for better, bigger and more effective MDBs. They also recognized that the initial Capital Adequacy Framework (CAF) measures, including those under implementation and review, have the potential to generate an additional lending capacity of around USD 200 billion over the next decade, as estimated by the G20 CAF Roadmap. As such, they stressed the need to give additional impetus to the implementation of the CAF.

The group of independent experts commissioned by the Indian presidency of the G20 published the two volumes of its report on strengthening multilateral development banks, which was welcomed by G20 Finance ministers.

The Asian Development Bank announced measures to unlock USD 100 billion over the next decade. By optimizing its prudential level of capitalization while maintaining its overall risk appetite, the reforms will expand ADB's commitments capacity by 40%.

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

NEXT STEPS

Discussions on possible capital increases will continue within the G20

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

During an event organized by Ferdi on the margins of the 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**».

NEXT STEPS

The fact that the Vice President of the World Bank in charge of development financing and his counterpart from the African Development Bank are taking part in a discussion on taking vulnerability into account as a criterion for allocating concessional resources is an encouraging sign and shows that the multilateral banks have understood the international community's interest in this subject and their interest in considering it. The Vice-President of the World Bank raised the prospect of an open debate on this subject during the forthcoming discussions on the future of the International Development Association (IDA).

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.

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.»

«Debt-related vulnerabilities. The World Bank and IMF have a long history of working closely together on debt-related challenges, both operationally at the country level and internationally. The current context of high debt vulnerabilities is a reminder of the urgent need to intensify our collaboration, drawing on our respective areas of expertise. **We will amplify our joint work to prevent debt-related vulnerabilities from accumulating** by helping countries strengthen transparency, debt management and public finances, while improving the joint debt sustainability framework for low-income countries to better reflect current challenges. In addition, we will deepen our support for creditors and debtors involved in debt restructuring, and work further with our partners to improve restructuring processes, including within the Joint Framework, building on the work we launched at the Global Roundtable on Sovereign Debt.»

02

Optimizing existing financing

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 Finance in Common Summit in September 2023, 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 26 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.

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 (ADB) and the Global Infrastructure Facility (World Bank)

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

These mechanisms are looking for more funding.

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.

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

The United Nations' Supervisory Body tasked to operationalize a new UN carbon crediting mechanism under the Paris Agreement has agreed on recommendations on practical standards for the development of carbon crediting methodologies and for the facilitation of international collaboration in reducing emissions and combating climate change.

NEXT STEPS

The recommendations of the Supervisory Body will be reviewed and adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement in Dubai during COP28. The mechanism should become operational in 2024.

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.

03

Mobilizing additional funding

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 January 2023, the World Bank released a roadmap for its transformation, discussed at the 2023 Spring Meetings. Member countries approved measures that could increase the lending capacity of the International Bank for Reconstruction and Development (IBRD, the institution of the World Bank supporting middle-income and creditworthy low-income countries) by USD 50 billion. These measures include the launch of a pilot hybrid capital instrument worth USD 1 billion, which, with the help of private investors, could enable the mobilisation of up to USD 6 billion in loans over 10 years.

NEXT STEPS

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

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 and Kenya, supported by the European Climate Foundation, have taken up the proposal put forward at the Summit for a New Global Financing Pact to set up an international taskforce to explore ways of mobilizing additional and new funding for the fight against poverty and climate change, via levies on activities that cause current disruptions. France and Kenya have circulated the terms of reference. Its launch will be announced at COP28.

The objective of the taskforce is to work at leader level to identify and announce by COP30 (late 2025), 2 to 3 levies or taxes, which have a real potential to secure climate and sustainable development finance, while ensuring fairness and equity. It aims to mobilize «champion» countries to identify feasible options (levies on maritime shipping, aviation, fossil fuel trade and/or extraction, financial transactions tax, international carbon price) and to bring them to the attention of the relevant international institutions (for example, the International Maritime Organization for a levy on maritime shipping). At the very least, this taskforce could help launch coalitions of countries around the world willing to implement such measures at a national scale.

NEXT STEPS

The taskforce will be launched at COP28 on December 2, 2023.

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, member states of the International Maritime Organization adopted a revised, non-binding strategy to decarbonize sea freight. This strategy envisages the introduction of a tax on the sector's greenhouse gas emissions, which currently account for 3% of global emissions. If adopted, this measure - to which China, India and Brazil have voiced their opposition - could come into force in 2027. As the International Maritime Organization operates by consensus, this possibility seems unlikely for the time being.

NEXT STEPS

The next decision is expected in April 2024.

Ensuring a sufficient level of concessional resources from donor countries

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Present recommendations on how to finance a loss and damage fund

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

The Transitional Committee on Loss and Damage of the United Nations Framework Convention on Climate Change (UNFCCC), meeting in November 2023, reached a compromise on the outlines of the fund dedicated to loss and damage. This text of recommendations will be submitted to the Heads of State and Government for finalization and signature at COP28 in Dubai. It deals with various aspects, including the establishment of the fund, its objectives for its launch in 2024, management and supervision arrangements, and the need to include representatives from developing countries on its Board of Directors.

Initially, the loss and damage fund will be hosted by the World Bank, contrary to the ask of the Group of 77 (G77) and China, who called for the establishment of an independent fund. It will rely on contributions from «major developing nations», the United States, the European Union and the United Kingdom.

However, concerns remain: no quantitative targets have been set for the size of the fund, and contributions will remain voluntary. No significant progress has been made in creating new sources of long-term financing to increase the fund's capitalization, and the question of recognizing the costs borne by developing countries remains unresolved.

NEXT STEPS

An agreement on the financing of the Fund will have to be reached at COP28, to be held in Dubai from 30 November to 12 December, 2023. With financial needs for loss and damage estimated between USD 290 and USD 580 billion per year by 2030, new, additional, predictable and adapted funding will be needed to fill this gap rapidly. The text adopted in anticipation of COP28 makes no mention of any contribution obligation or minimum sum to top up the fund. However, some contributors, such as the European Union, have already pledged to finance the fund.

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, International Fund for Agricultural Development, etc.).

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

Green Climate Fund (GCF): On October 5, 2023, 25 countries collectively pledged USD 9.3 billion to finance GCF activities over the 2024-2027 period, less than the 32 countries and two regions that contributed USD 10 billion at the previous GCF replenishment in 2019. The Fund is calling on other countries to make additional contributions in the coming weeks.

NEXT STEPS

International Development Association (IDA): *In May 2023, the World Bank launched the Crisis Response Facility (CRF), aimed at mobilizing USD 12 billion to strengthen IDA's support to the poorest countries in the face of economic crises, food insecurity, natural disasters and health emergencies. For the current IDA20 cycle (July 2022 - June 2025), more than 75% of the resources allocated to the Crisis Response Window (CRW), an IDA instrument set up in 2011 to support countries in times of crisis, have already been committed in response to the conjunction of global crises. The new Crisis Response Facility aims to complement the resources allocated to CRW for the remaining IDA20 timeframe, notably in support of Ukraine and Moldova (50% for IDA countries affected by the invasion of Ukraine, and 50% for Ukraine and Moldova). Donors are called upon to collectively contribute an additional USD 4 billion by December 2023.*

IDA21: *The IDA replenishment (IDA21) will take place in December 2024. African finance ministers, the V20 and independent experts have called for a tripling of its resources. Negotiations will begin in December 2023 during the mid-term review of IDA20.*

International Fund for Agricultural Development: *The 13th replenishment of IFAD will take place in Paris on December 14 and 15. Some donor countries have already announced substantial increases in their contributions (France +60%; Norway +50%; Spain +300%).*

Asian Development Fund: *The 14th replenishment of the Fund will be held in 2024.*

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

Kristalina Georgieva declared at the Annual meetings: «We will now embark on a comprehensive Review of the Fund's Concessional Facilities and Financing to ensure that the long-term financing capacity of the PRGT is placed on a sustainable footing.»

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

At the 2023 Annual Meetings, the IMF announced that it had met its fundraising target of USUSD 3 billion (SDR 2.3 billion) for PRGT subsidies resources.

NEXT STEPS

The RST and PRGT are limited to a total capacity of USD 80 billion. Leaders should instead explore other possibilities for reallocation SDRs.

A mid-term review of the PRGT will be carried out in 2024.

Reallocating special drawing rights

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

More G20 countries commit to reallocating 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 June 2023, participants at the Summit for a New Global Financing Pact announced that they had met this target. By November 2023, however, G20 countries had collectively pledged to reallocate only USD 86.9 billion in SDRs, despite additional commitments from Spain (which increased its pledge from 20% to 50%) and Canada (from 20% to 26%, excluding its contribution to the IMF's administered account for Ukraine, which brings its total SDR reallocation to 48%). The June announcement took into account a U.S. pledge of USD 21.2 billion in SDRs, which has not been approved by the U.S. Congress, and is unlikely to be.

NEXT STEPS

Advanced economies are encouraged to make additional commitments, in order to collectively reach the USD 100 billion target, and to deliver on their reallocation pledges.

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

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 Summit for a New Global Financing Pact, the IMF announced a 50% increase in the capacity of the RST, to USD 60 billion. By September 15, 2023, USD 41.1 billion in SDRs had been pledged to the RST, USD 500 million more than in June, and USD 39.3 billion was actually collected. In November 2023, the IMF Board officially approved the use of the RST by 11 countries, including 6 African countries. Only 5 countries have actually received disbursements from the Fund (Rwanda, Jamaica, Kosovo, Costa Rica, and Barbados).

NEXT STEPS

The RST and PRGT are limited to a total capacity of USD 80 billion. Leaders should instead explore other possibilities for reallocating SDRs.

Furthermore, the RST was conceived with the objective of helping vulnerable countries address structural challenges posing macroeconomic risks, including climate change and pandemic preparedness. While the climate component is now operational, the pandemic preparedness component is not.

A mid-term review of the RST will be carried out in 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

Starting 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. The AfDB has 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: Korea, Saudi Arabia, Japan, the United Arab Emirates and Australia.

Until now, 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. France has indicated its intention to participate in this mechanism.

NEXT STEPS

The AfDB proposal needs the support of at least five IMF members to be operationalized. The COP28 presidency has indicated its intention to offer a platform for countries to announce their support at a high-level event on December 4. It is hoped that the AfDB and IDB will be able to announce on this occasion a first coalition of countries willing to allocate SDRs via their dedicated mechanism.

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. In 2021, the most recent year for which data is available, the commitment was not met either, and USD 10.4 billion were still needed to reach the USD 100 billion target for climate financing. The OECD indicates that this target has probably been reached in 2022 and will certainly be met in 2023, but the data will only confirm this two years later.

NEXT STEPS

Parties to the Paris Agreement have begun negotiations on a New Collective Quantified Goal, from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries, that will enter into force in 2025.

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. By 2022, ODA represented just 0.36% of DAC members' GNI.

Many DAC countries have announced cuts in their official development assistance, both before and after the Summit for a New Global Financing Pact:

France: despite its commitment, made in 2021, to reach the 0.7% target by 2025, France reneged on its commitment a few weeks after the Summit for a New Global Financing Pact, postponing to 2030 the attainment of the 0.7% target.

Germany: Germany's budget proposal for 2024 anticipates investing around €20.6 billion in ODA in 2024, representing a €3.7 billion decrease in ODA spending from the federal budget compared to 2023.

Netherlands: The Dutch cabinet announced a €500 million cut in the development budget for 2024.

Canada: In its 2023 budget, Canada indicates that its development spending is set to decrease by USD 999 billion in fiscal year 2023/2024, a 15% reduction compared to fiscal year 2022/2023.

Some countries have nevertheless announced an increase, which remains to be confirmed in the coming months:

Japan: Following the adoption of a reform of its fiscal policy in July 2022, Japan's ODA is set to increase gradually in the coming years after several years of stagnation. An initial increase of USD 3 billion was recorded in 2022, and the 2023 budget forecasts a 14% increase to USD 25 billion.

United States: The budget proposal for 2024 calls for a 16% increase compared to 2023, to reach USD 60 billion in 2024 (to be confirmed depending on aid levels to Ukraine).

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 to narrow protection gaps, make progress in preparing country protection packages against climate risks and agree on a methodology to prioritize countries to support

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 which details the criteria used to prioritize countries.

NEXT STEPS

A Call for Expression of Interest for the next cohort of countries eligible for support by the Global Shield is set to be announced at COP28.

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 (as of 15 November 2023) 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 ; pillar two aims to ensure that income is taxed at an appropriate rate and has 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.

NEXT STEPS

The convention is due to come into force in January 2024, and is expected to mobilise USD 200 billion a year.

Proposed roadmap
Summit for a New Global Financing Pact

Through the United Nations

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

In December 2022, the UN General Assembly adopted a resolution on the promotion of inclusive and effective tax cooperation, which decided the preparation of a UN Secretary-General report on international tax cooperation and the implementation of an intergovernmental UN tax process. Following this decision, the SG prepared a report published in September 2023 proposing several solutions for an international framework or instrument on taxation. The modalities for an intergovernmental UN tax process were then discussed by the 2nd UNGA committee in October and November 2023.

On November 22, 2023, the draft resolution tabled by the Africa group, which proposed a framework for a convention on international tax cooperation, was adopted by the UNGA with 125 countries voting in favour. The US, UK and all EU member countries voted against the resolution.

NEXT STEPS

The resolution will now be forwarded to the 5th Committee of the UN General Assembly, which will decide on the budget for its implementation. Prior to this, during the final phase of discussion in the 2nd Committee, the UN Secretariat will produce a program and budget impact analysis of the latest version of the resolution.

The resolution establishes an open-ended ad hoc intergovernmental committee, led by member states, to develop a comprehensive convention on international tax cooperation. The committee is expected to complete its work by June 2025.

04

Speeding up debt relief

Implementing the G20 Common Debt Framework

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Progress on countries falling under the Common Debt Framework

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

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, as well as private creditors. 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 relief with its creditors in November 2022.

Zambia: announced at the Summit for a New Global Financing Pact, Zambia has since 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.

Ethiopia: in August 2023, China agreed to suspend repayment of Ethiopian debt until July 2024. Negotiations for a debt settlement are still underway.

Ghana: negotiations between the Committee of Official Creditors and the Ghanaian authorities to reach an agreement on the terms of its debt restructuring are still underway.

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.

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 Roundtable on Sovereign Debt, 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 slightly smoother processes. For example, it took 11 months between the staff-level agreement on Chad's debt restructuring and its actual approval by the IMF, 9 months for Zambia, and 5 months for Ghana - still longer than the 2 to 3 months previously observed.

NEXT STEPS

Current financing costs make debt servicing difficult for many countries, leading to liquidity problems, with a peak expected in 2024-2025. The aim is therefore to provide solutions to meet liquidity needs, for example by rescheduling maturities. Solutions also need to be explored that will enable countries undergoing restructuring to access financing from multilateral development banks, including IDA, and prevent these funds from being used to repay debt rather than finance social services (access to water, education, health, etc.) and investment, including green investments.

Introducing debt suspension clauses in the event of an exogenous shock

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

Sharing of experience between public development banks on debt suspension clauses and debt swaps

Proposed roadmap
Summit for a New Global Financing Pact

Mobilise MDBs to scale up and facilitate debt suspension clauses in the event of climate-related disasters

PROGRESS SINCE THE SUMMIT FOR A NEW GLOBAL FINANCING PACT

At the Summit for a New Global Financing Pact, the World Bank announced the introduction of new instruments for crisis preparedness, response and recovery, including debt suspension clauses. To enable countries hit by a climate shock to focus on meeting the urgent needs of their populations, the World Bank will introduce pilot Climate Resilient Debt Clauses (CRDCs). The Bank has since been working on the development of such clauses, with a cautious and balanced approach so as not to jeopardize IBRD and IDA's financial viability or triple-A rating.

Specifics of the CRDC clause:

Client eligibility – IBRD/IDA eligible Small States, members of the Small States Forum (SSF), and UN defined Small Island Developing States (SIDS).

Event coverage - tropical cyclones and earthquakes. These represent the bulk of the losses experienced by small states historically and are also more amenable to robust parametric triggers.

The deferral is proposed to be only for the principal repayments (up to two years), and the option is to be provided only for new loans, thereby making it an ex-ante feature of the loan agreement. It is proposed to be a stepped approach to provide deferral, wherein the country's emergency declaration, combined with parametric triggers on event severity and damage assessment, will be used to determine the deferral.

A fee of 5 basis points will be charged to the borrowers for subscribing to this option, mainly to cover additional World Bank costs. The latter is open to exploring interested donors to help buy down this fee for the borrowers if it is considered too costly for them.

The principal payments post the deferral will be structured so that the weighted average maturity of the original loan is maintained (thereby keeping the loan repayments NPV-neutral), and there will be no extension of the final maturity of the original loan.

The Inter-American Development Bank already has such mechanisms, and the European Investment Bank is working on pilot projects.

NEXT STEPS

Work should continue to include health crises in the exogenous shocks considered, to include debt suspension clauses in existing contracts (and not only in new contracts), and to encourage other stakeholders to adopt such measures.

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

Given CRDCs are still relatively new in the MDB space, the World Bank wishes to adopt a measured approach, allowing it to learn from experience and possibly refine the service offering when it completes its review of this product in two years' time - for example, by including pandemics in the events covered. At the same time, it is looking into the possibility of offering CRDCs on existing loans in a financially viable way.

05

Mobilizing private financing

Reducing private sector financing costs in developing and emerging economies

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

A Global Emerging Markets database 2.0 is created to improve knowledge on 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 28, 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.

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 recurrent criticism of the main credit rating agencies for their biased ratings of developing countries, particularly African nations, the countries 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).

NEXT STEPS

The launch of the African Union rating agency is scheduled for 2024, following the adoption of the resolution by the AU executive council in February.

Increasing private capital flows

Stakes

Proposed roadmap
Summit for a New Global Financing Pact

The IMF, the World Bank Group and the Local 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.

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.

NEXT STEPS

These new rules 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 the blurring of the boundaries between development and commercial activities, at a time when Southern countries need more concessional resources.

Proposed roadmap
Summit for a New Global Financing Pact

The OECD sets up a taskforce 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 OECD has taken up this proposal. The modus operandi of what will be a taskforce is currently being worked out. In addition, such a group already exists horizontally within the OECD, and will be able to inform the discussions of the future taskforce.

Conclusion and next steps

Conclusion and next steps

This progress report documents progress in implementing the commitments made at the Summit for a New Global Financing Pact, held in Paris on 22-23 June 2023. This assessment of recent reforms to the international financial architecture is based on an in-depth analysis of information gathered from interviews with leading political, financial and civil society experts, as well as a review of documents, official statements and analysis from specialist organizations. The reforms will be shaped by forthcoming international deadlines and commitments from the international community. Monitoring will be facilitated by an Institutional Follow-up Committee to the Summit for a New Global Financing Pact, to be hosted within the OECD, the appointment of a special envoy, Macky Sall, and the creation of a secretariat.

The information gathered reveals that significant – albeit too slow - progress has been made in tackling the current challenges. Multilateral development banks and other financial institutions are heeding the call to modernize their practice, instruments, evaluation methods and mandates to mobilize more resources for the fight against poverty and climate change, and to support public policies decided by partner countries.

This evolution is thanks to a long-awaited high-level political mobilization which has gathered momentum with the Summit for a New Global Financing Pact alongside other key international meetings, such as the Indian G20 Presidency, the African Climate Summit, the SDG Summit and the Annual Meetings of the World Bank and IMF. The most vulnerable countries have also become increasingly vocal on the need for action, with the particular example of Barbados and Prime Minister Mia Mottley.

The modest progress achieved should not, however, distract our attention from the scale of the task ahead. Many of the commitments made at the Summit for a New Global Financing Pact, and reiterated on other occasions, remain unfulfilled. In-depth reform of the governance of international institutions will require more than additional seats on a few Boards. Optimizing existing resources will not be enough to meet the extent of the needs. These reforms will have to be accompanied by a massive injection of new resources, notably during the next replenishment of the International Development Association (IDA), or through the introduction of international taxes levied on sectors with negative externalities.

The interviews carried out during this study reflect that sense of urgency, particularly with regards developing countries, who feel that the efforts being made are insufficient given the scale of the challenge. Although the need for rapid and coordinated action seems to be acknowledged in political declarations, the reality of the negotiations implies a more ambivalent commitment in practice, raising concerns among the countries most affected by the current polycrisis.

With this context in mind, it is essential that the international community keeps discussions going and and strengthens cooperation to achieve the common goals identified at the Summit. This is what is required to achieve the promise of the 2030 Agenda and bridge the divide within an international community which is more polarized than ever. The next milestones on the international climate and development agenda will provide opportunities to pursue these efforts, notably COP28, to be held in Dubai from 30 November to 12 December 2023, and the Brazilian G20 Presidency in 2024. Energy transition and sustainable development, as well as reform of international governance institutions, are already among the three priorities identified by Brazil for their 2024 G20 presidency, whose guiding principle is precisely to «build a just world and a sustainable planet». The Spring Meetings of the World Bank and the IMF, the United Nations Summit on the Future and the United Nations Forum on Financing for Development will all be opportunities for governments, international organizations, and international financing bodies to translate their commitments into action, with a view to shaping a more equitable and sustainable future for all.

Further ahead, 2025 also represents an opportunity to take stock of progress to date, with four crucial milestones in the process of reforming the international financial architecture: South Africa's presidency of the G20; the five year count-down to the 2030 Agenda target date; and the tenth anniversaries of both the Paris Agreement and the Addis Ababa Conference on Financing for Development. These political meetings will bring together the world's leaders, who must find the financing needed to invest in global health, pandemic preparedness, education, sustainable infrastructure and climate. Where there is a will, there is a way: but the time for complacency is over.

List of contributions

This progress report is based on a combination of a literature review and semi-structured interviews with the experts listed below. To enable participants to express themselves fully during the interviews, a conscious decision was made not to attribute statements to interviewees. The analyses, conclusions and opinions expressed are those of Focus 2030 and do not necessarily reflect those of the interviewees.

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List of acronyms

- **4P:** Paris Pact for People and the Planet
- **ODA:** Official Development Assistance
- **AfDB:** African Development Bank
- **ADB:** Asian Development Bank
- **IBRD:** International Bank for Reconstruction and Development
- **MDB:** Multilateral Development Banks
- **PBD:** Public Development Banks
- **DAC:** Development Assistance Committee
- **COP:** Conference of the Parties
- **CRDC:** Climate Resilient Debt Clauses
- **SDR:** Special Drawing Rights
- **FICS:** Finance in Common Summit
- **IMF:** International Monetary Fund
- **FOSS:** Forum of Small States
- **GEMs:** Consortium Global Emerging Markets risk database
- **WBG:** World Bank Group
- **IDA:** International Development Association
- **IDFC:** International Development Finance Club
- **IFI:** International Financial Institutions
- **OECD:** Organization for Economic Co-operation and Development
- **SDG:** Sustainable Development Goals
- **SIDS:** Small Island Developing States
- **PRGT:** Poverty Reduction and Growth Trust Fund (IMF)
- **UNDP:** United Nations Development Programme
- **RST:** Resilience and Sustainability Fund
- **SART:** SDG Adjusted Return Tool
- **SDAO:** Sustainable Development Analysis and Opinion Mechanism
- **TCX Fund:** Local Currency Exchange Fund

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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.

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