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3<sup>RD</sup> EDITION



# REFORMING THE INTERNATIONAL FINANCIAL ARCHITECTURE: WHERE DO WE STAND?

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Progress report on  
the Summit for a new global financing pact

# Foreword

**“No country should have to choose between fighting poverty and preserving the planet.”** This ambition, articulated at the Summit for a New Global Financing Pact convened in Paris in June 2023 by French President Emmanuel Macron, brought together around forty heads of state and government committed to pursuing a **far-reaching reform of an international financial architecture increasingly ill-equipped to address the challenges of the twenty-first century.**

The reforms under discussion seek to tackle the **profound asymmetries** facing developing countries: prohibitively high borrowing costs, unequal access to financing, heightened vulnerability to climate change, and the growing burden of debt service. They focus in particular on strengthening the governance of multilateral institutions, mobilizing new sources of financing, aligning investments with the Sustainable Development Goals, and improving mechanisms for debt resolution.

As France chairs this year’s **G7**, with a stated focus on **reducing global inequalities**, advancing this agenda has acquired renewed urgency.

Launched in the aftermath of the Covid-19 pandemic to address the unprecedented erosion of fiscal space in the world’s most vulnerable countries, **the initiative has nevertheless struggled to deliver results commensurate with the scale of the challenge.**

Focus 2030’s assessment of the commitments made in Paris shows that **only one-sixth have recorded significant progress** since 2023. Notable advances have been achieved in areas such as the optimization of multilateral development banks’ balance sheets and the establishment of a new coalition dedicated to promoting innovative financing mechanisms.

By contrast, **half** of the commitments have seen only **limited progress** relative to the scale of the reforms envisaged. A further **quarter** have registered no significant progress, or even worrying **setbacks**, including in **official development assistance**, which is experiencing a sharp and unprecedented decline. G7 countries alone account for 96% of these reductions.

**The foundations of the old system appear to be crumbling faster than a new international financial order is taking shape.**

This widening **gap between needs and delivery** is already having tangible consequences. Today, **3.4 billion people live in countries that devote more public resources to servicing debt than to health or education.** **Infant mortality** is rising again for the first time in a quarter of a century, while **extreme poverty** is struggling to return to its pre-pandemic level. The resurgence of epidemics such as **Ebola** in East Africa further underscores the **persistent fragility of underfunded health systems.** Meanwhile, the global **climate trajectory** is inexorably leading to approximately +2.8°C of warming by the end of the century, primarily affecting the countries least responsible for carbon emissions. At the same time, nearly 130 **armed conflicts** were recorded worldwide in 2024, more than twice the number observed fifteen years earlier<sup>1</sup>.

Against this backdrop of deepening international fragmentation and persistent injustice, accelerating the reform of the international financial architecture has become a **critical test of multilateralism** itself. It will help determine not only the prospects for **global stability**, but also the international community’s capacity to **meet the needs of future generations.**

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1. International Committee of the Red Cross (2026), Humanitarian Outlook 2026: A World Succumbing to War.

# Summary

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## Introduction

Nearly four years have passed since Barbados Prime Minister Mia Mottley called for a fundamental overhaul of the mechanisms used to finance development and climate action. Set out in the Bridgetown Agenda<sup>2</sup>, this call helped generate new political momentum, with the Summit for a New Global Financing Pact, held in Paris in June 2023, marking a major milestone.

At the time, the diagnosis was already widely shared: the international financial architecture established at Bretton Woods after the Second World War no longer enables vulnerable and low-income countries to simultaneously respond to the social, health, climate, and economic emergencies they face.

### A reform more urgent than ever

Since then, both the underlying challenges and the inequalities they produce have worsened. Between 2020 and 2024, the average borrowing cost for African countries nearly doubled (+91%)<sup>3</sup>, exacerbating the

burden of debt service. While 53 countries were already allocating more than 10% of their public revenue to interest payments in 2020, this number had risen to 61 by 2024. As a result, 3.4 billion people now live in 46 countries that devote more public resources to debt repayment than to health or education<sup>4</sup>.

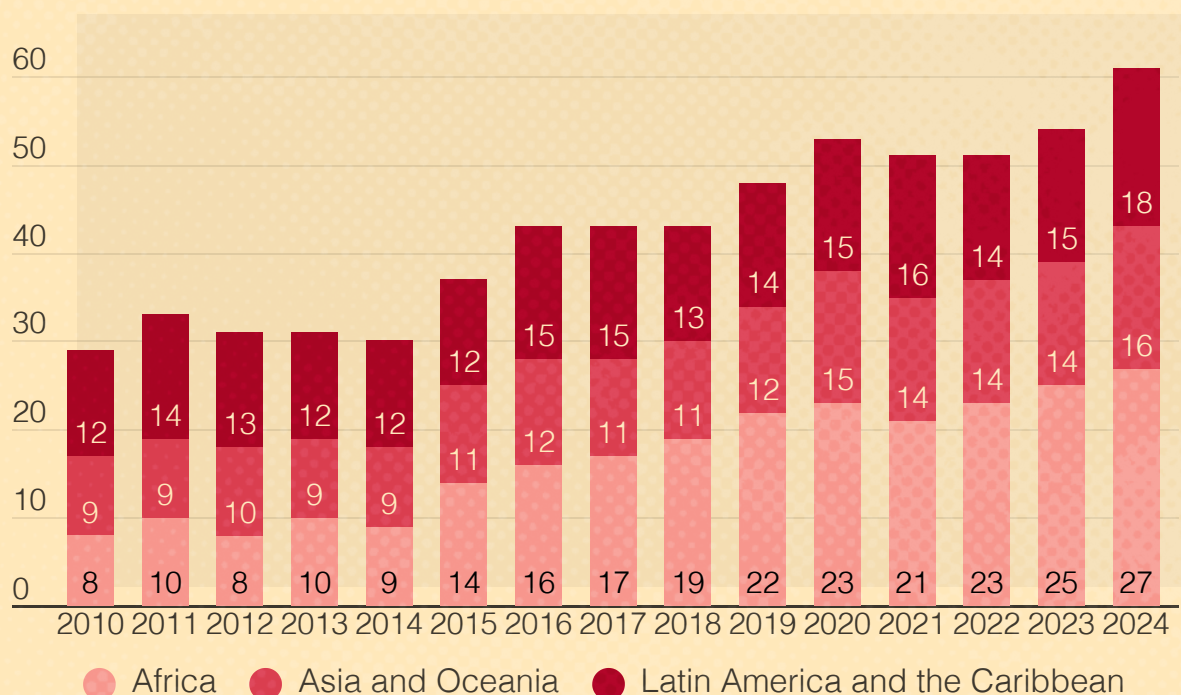
At the same time, the Paris Agreement goal of limiting global warming to 1.5°C above pre-industrial levels is slipping further out of reach. Under current climate policies, global average temperatures are projected to rise by approximately 2.8°C by 2100<sup>5</sup>.

Geopolitical tensions and the rejection of multilateral cooperation by a growing number of actors are also worsening living conditions for millions of people. While it remains too early to fully assess the long-term consequences, the war in the Middle East has already led to downward revisions in global growth forecasts, a spike in energy costs, and rising food prices<sup>6</sup>.



## 61 COUNTRIES SPEND MORE THAN 10% OF THEIR PUBLIC REVENUES ON DEBT SERVICING

Number of developing countries in which net interest payments exceed 10% of public revenues

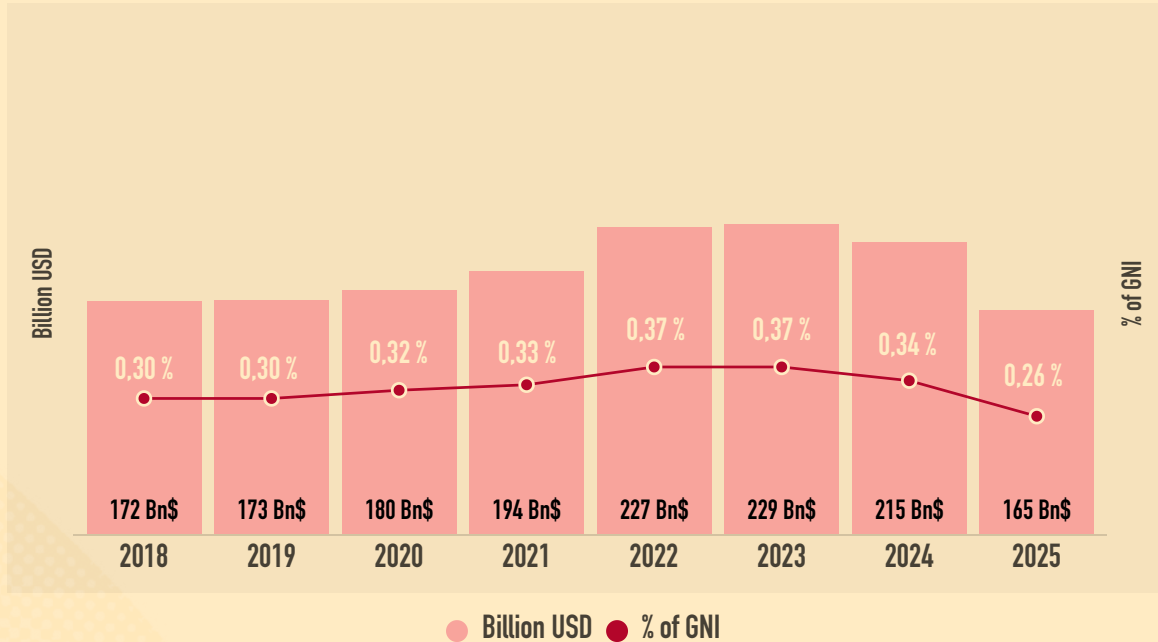


Source: UNCTAD (2026), [A World of Debt Dashboard](#).



## OECD DEVELOPMENT ASSISTANCE COMMITTEE MEMBERS' OFFICIAL DEVELOPMENT ASSISTANCE HAS FALLEN BY 28% SINCE 2023

Billion US dollars (2024 constant prices)  
and share of gross national income



Note: amounts are expressed in grant equivalent.  
Source: OECD (2026), DAC1: Flows by provider.

Meanwhile, member countries of the OECD Development Assistance Committee (DAC) are significantly reshaping their approaches to official development assistance. After several years of growth, ODA has fallen by 28% over two years, with no prospect of a rebound. Yet this funding, mostly provided as grants (90% in 2025<sup>7</sup>), supports basic social services such as education and health, sectors that often attract limited private investment despite their central role in a nation's development. This unprecedented decline has created a renewed urgency to mobilize additional sources of financing for development and climate action. Combined reduction in ODA by the United States, the United Kingdom, Germany, and France alone

could result in 22.6 million deaths by 2030, including 5.4 million children under the age of five<sup>8</sup>.

The shrinking fiscal space of the poorest and most vulnerable countries has direct consequences for their populations. Between 2020 and 2024, nearly half of emerging and developing economies saw their gap in income per capita with advanced economies widen further<sup>9</sup>. Disparities in life expectancy, school enrollment, and literacy rates, which had been narrowing for decades, are widening again<sup>10</sup>. Progress towards the Sustainable Development Goals is also falling behind, at a time when developing countries face an annual financing gap of approximately \$4.3 trillion.

2. Bridgetown Initiative (2025), Final Draft Bridgetown Initiative: 3.0.

3. The ONE Campaign (2026), Priced out: The rising cost of borrowing for low- and lower-middle-income countries.

4. UNCTAD (2025), A world of debt.

5. UNEP (2025), Emissions Gap Report 2025.

6. IMF (2026), Global Economy in the Shadow of War.

7. OECD (2026), DAC1: Flows by provider.

8. The Lancet Global Health (2026), Impact of two decades of humanitarian and development assistance and the projected mortality consequences of current defunding to 2030: retrospective evaluation and forecasting analysis.

9. UNDESA (2026), Financing for Sustainable Development Report 2026.

10. UNDP (2025), Human Development Report 2025.

## Pathways for reform

Against this backdrop, numerous proposals have emerged over the past four years to reform an international system that has proved increasingly inadequate for financing development and climate action. The OECD has identified 19 ongoing initiatives in this regard. These include the Coalition on the Future of Development Cooperation, the New African Financial Architecture for Development, the Accra Reset initiative in global

health, and the Sevilla Action Platform, launched at the 4th United Nations Conference on Financing for Development in July 2025 (see boxes).

Within this landscape, the Pact for Prosperity, People, and the Planet (4P), the roadmap that emerged from the Summit for a New Global Financing Pact, seeks to accelerate the reform of the international financial architecture so that it can better respond to the dual objectives of development and climate action (see box).

### THE PACT FOR PROSPERITY, PEOPLE AND THE PLANET (4P)

In the wake of multiple health, social, climate, and geopolitical crises that have reduced the fiscal space of low- and middle-income countries, France convened representatives from some 40 countries in June 2023 for the **Summit for a New Global Financing Pact**. The Summit concluded with the adoption of **the Pact for Prosperity, People, and the Planet (4P)**, designed to sustain political momentum for reforming the international financial architecture.

Supported by 73 countries, the 4P provides a **collective platform** for governments and organizations to engage on an equal footing and to advance **innovative, action-oriented coalitions** focused on concrete dimensions of international financial architecture reform.

In 2026, the 4P focuses on three priority areas: the interlinkages between debt, nature, and climate (*4P Implementation Pathway on Debt, Nature, and Climate*), the mobilization of private capital (*4P Eminent Persons Group on Barriers to Investment in EMDEs*), and the identification of new sources of financing (*Global Solidarity Levies Task Force*).

This report assesses progress on the commitments made by participants at the Summit for a New Global Financing Pact, as outlined in the 4P framework and in the roadmap attached to the Pact<sup>11</sup>. These commitments focus on several areas of transformation that remain central to the international agenda:

- Reforming international financial institutions, particularly the Bretton Woods institutions and multilateral development banks, to make their governance more representative and their instruments better suited to today's challenges;
- Better channeling existing financing toward climate action, poverty reduction, and the Sustainable Development Goals, notably through major multilateral funds and public development banks;

- Mobilizing new sources of financing, including through the reallocation of Special Drawing Rights, domestic resource mobilization, and levies on high-emission or highly globalized sectors;
- Accelerating debt restructuring processes and better aligning debt terms with climate realities;
- Mobilizing private financing by enhancing investment transparency and strengthening incentive frameworks.

Ultimately, this analysis provides an overview of progress in reforming the international financial architecture, with the aim of guiding future efforts and decision-making in support of development and climate action. It is regularly updated in the **dedicated section of Focus 2030's website** as progress is made and key reform deadlines approach.

## METHODOLOGY

The third edition of this progress report examines progress made on the commitments set out in the Pact for Prosperity, People and the Planet and in the roadmap published following the Summit for a New Global Financing Pact. The assessment is based on consultations, document reviews, official statements, and analyses by specialist organizations, in order to provide as comprehensive an overview as possible of progress achieved between June 2023 and May 2026.

This exercise constitutes an independent assessment conducted by Focus 2030, based on a literature review and a series of interviews and meetings. It does not reflect the views of the actors and organizations mentioned.

Focus 2030 would like to thank the following organizations for their valuable contributions and feedback: Foundation for studies and Research on International Development (FERDI), Ministry of Europe and Foreign Affairs, Ministry of Economy and Finance, Michael Jacobs (University of Sheffield), United Nations Development Programme (UNDP), Secretariat of the Global Solidarity Levies Task Force, as well as the international organizations, think tanks, and NGOs that contributed to this exercise.

## Other initiatives

### Sevilla Platform for Action (SPA)

Launched at the 4th United Nations International Conference on Financing for Development (FFD4) in July 2025, **the Sevilla Platform for Action (SPA)** serves as the operational arm of the Compromiso de Sevilla. It brings together 130 voluntary initiatives jointly led by governments, international financial institutions, development banks, and civil society actors structured around three pillars.

The first pillar focuses on resource mobilization through fiscal capacity building, the expansion of blended finance, and an increase in local-currency lending by multilateral development banks. The second pillar addresses debt vulnerability, notably including the creation of a global hub on debt-for-development swaps, the widespread adoption of debt service suspension clauses in the event of exogenous shocks, and the establishment of a borrowers' forum. Finally, the third pillar focuses on reforming the international financial architecture, with the aim of moving beyond the exclusive use of GDP as a criterion for granting financing and establishing nationally led investment platforms.

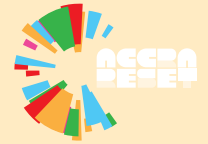
 [financing.desa.un.org/ffd4/sevilla-platform-action](https://financing.desa.un.org/ffd4/sevilla-platform-action)

Sevilla  
Platform for  
Action




In April 2026, the UN's annual report on financing for sustainable development reviewed the first months of implementation of the SPA's initiatives. It notes that, despite an international context marked by geopolitical fragmentation, the contraction of concessional financing, and the persistent burden of debt, the platform has enabled a rapid transition from political consensus to action. The 130 initiatives directly cover 115 of the 280 actions outlined in the Compromiso de Sevilla, and more than three-quarters of them had already reported concrete progress just a few months after their launch.

However, this progress remains uneven and still difficult to fully assess, as most commitments are only in their early stages. The report focuses less on assessing results and more on establishing a framework for monitoring, mapping, and accountability, designed to measure the actual contribution of these initiatives to the various aspects of development financing. At the same time, the Inter-agency Task Force on Financing for Development, which has been expanded to include new stakeholders since the conference, has formally incorporated reporting on these commitments into its regular mandate.



## Accra Reset Initiative

The **Accra Reset Initiative** is part of a high-level political effort aimed at fundamentally rethinking international health cooperation. Led by the Ghanaian presidency and officially launched in September 2025, this platform has its origins in the Summit on African health sovereignty held in Accra in August of the same year. In response to the decline of traditional aid models and the fragmentation of the multilateral system, the stated objective is to translate sovereignty into tangible implementation capacity, investment, and shared prosperity. This shift is based on a commitment to move beyond mere diplomatic dialogue in favor of technical implementation, emphasizing the strengthening of countries' negotiating capacity and coordination among various international coalitions.

 [accrareset.org](https://accrareset.org)

The Accra Reset promotes a cross-cutting approach that directly links health to political economy, productive integration, and infrastructure. This vision is reflected in the concept of "Sovereign Prosperity Spheres," regional geo-economic platforms designed to catalyze growth and coordinate investments. This framework is complemented by specific diplomatic initiatives, such as the Oslo Dialogues consultation processes.

The initiative has been strengthened by the creation of an 18-member high-level panel specifically tasked with formulating proposals for reforming the international health architecture, as well as an advisory group bringing together leading institutions.

## Global Partnerships Conference

In partnership with South Africa, the Children's Investment Fund Foundation, and British International Investment, the United Kingdom organized the **Global Partnerships Conference** in May 2026 to define its new approach to international development cooperation.

The adoption of the Global Partnerships Compact formalizes the UK's priorities around mutually beneficial partnerships, the mobilization of private and multilateral capital, and better alignment with partner countries' national and local priorities. The text emphasizes that countries

 [gov.uk/government/news/global-partnerships-conference-to-build-new-international-coalitions-to-tackle-shared-challenges](https://gov.uk/government/news/global-partnerships-conference-to-build-new-international-coalitions-to-tackle-shared-challenges)

## GLOBAL PARTNERSHIPS CONFERENCE

and communities must drive their own development pathways, while the international system supports their plans. The topics addressed (fiscal resilience, domestic resource mobilization, debt sustainability, humanitarian action, health, climate, education, new technologies, and responsible AI governance) set out a cooperation agenda centered on economic resilience and effective financing.


They also foreshadow several priorities that the United Kingdom is likely to champion during its G20 presidency in 2027.



## Future of Development Cooperation Coalition

The **Future of Development Cooperation Coalition** was formed on the sidelines of the 4th International Conference on Financing for Development (FfD4) in July 2025. Faced with a macroeconomic landscape marked by fragmentation among actors, the climate emergency, and sovereign debt tensions, several states, multilateral institutions, and research centers identified the need for an independent platform for reflection. Unlike intergovernmental diplomatic frameworks, this coalition, co-hosted by the African Center for Economic Transformation (ACET) and the Center for Global Development (CGD), is unconstrained by formal negotiations, allowing it to rethink the global architecture of international cooperation beyond official development assistance (ODA) alone. With a mandate of approximately twelve months, it aims to formulate a shared vision of development cooperation that integrates all financial and non-financial flows, normative frameworks, and the diversity of public and private actors.

Officially launched in January 2026 with the announcement of its co-presidency, the coalition is supported by an operational secretariat and backed by seventeen pioneering countries. The work cycle includes extensive consultations with governments, the private sector, technology stakeholders, and civil society. This approach goes beyond merely tweaking existing aid instruments; it questions the very purpose of cooperation, the inclusivity of its decision-making processes, and the performance of its implementation models in order to maximize efficiency at scale.

 [devcoalition.org](https://devcoalition.org)

The work program, whose terms of reference were updated in April 2026, is based on a phased analytical process. Supported by a partnership with ONE Data ensuring a data-driven approach, the coalition plans to publish around ten working papers. The intellectual framework revolves around four central questions: the contemporary relevance of cooperation, the governance of its priorities, the diversification of its resources, and the optimization of its implementation models. The work reflects a commitment to rebalancing in favor of the priorities articulated by low- and middle-income countries, emphasizing the mobilization of domestic resources, the improvement of the quality of financing, the reduction of the cost of capital, and stronger national ownership of policies.

Three key publications will shape the remainder of the process: an initial analytical report, a document establishing the guiding principles of a renewed system, and a final report scheduled for the end of 2026.

Its first publication, *The Development Balance Sheet: Rethinking Development Cooperation from the Ground Up*, released in May 2026, proposes starting with the priorities of low- and middle-income countries themselves. It shows that their development trajectories depend as much on domestic resources, trade, investment, innovation, and institutions as on foreign aid, while being constrained by debt, illicit financial flows, the cost of capital, conflict, and climate change.

In 2026, some initiatives to reform the international financial architecture are being led by the French G7 presidency, while others fall under the 4P Secretariat. These initiatives are presented below with the following logos:



The use of these logos does not imply any responsibility on the part of the actors and organizations mentioned.

Caption:

- significant progress
  - encouraging but insufficient progress
  - minor progress
  - regression
- 

# Progress by thematic action area

- 01 — Reforming the international financial system
- 02 — Optimizing existing funding for climate and development
- 03 — Mobilizing more financing for climate and development
- 04 — Speeding up debt treatment
- 05 — Mobilizing private financing for climate and development

01

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# Reforming the international financial system

# Transforming the governance of the international financial architecture to make it more efficient, equitable, and suited to today's world

The rise of emerging economies and the relative decline of the former industrial powers challenge the legitimacy of a global economic governance system inherited from the post-World War II era. **Eighty years after their inception**, the Bretton Woods institutions and, more broadly, international financial institutions still largely reflect the post-war economic order, in which Western countries retain disproportionate influence compared with their current weight in the global economy. **As a result, emerging and developing countries now account for 60% of global gross domestic product (GDP), yet hold only 40% of the voting rights in the IMF. By contrast, the G7 countries alone account for 41% of the IMF's voting power, although they account for only 7 of its 191 member countries (less than 4% of the membership).**

However, the decisions made within these institutions directly influence countries' access to finance, the terms of their loans, the management of debt crises, and the priorities of development banks. Reforming their governance would ensure that the countries most affected by these decisions can truly influence how they are shaped.

## PROGRESS

Since 2023, some progress has been made on representation, notably the inclusion of the **African Union as a permanent member of the G20** and the addition of a **25th seat on the IMF Executive Board**, reserved for Sub-Saharan Africa and effective from November 1, 2024. The **4th United Nations Conference on Financing for Development (FfD4)\*** also reaffirmed the need to make global economic governance more inclusive, representative, and equitable.

However, structural reforms remain limited: the 16th IMF quota review did not result in a rebalancing of voting rights among countries, and the 2025–2026 review of World Bank shareholder representation confirmed existing imbalances without substantially altering the distribution of voting power.

The inadequacy of these advances has fuelled criticism of a governance system still largely dominated by high-income countries. It strengthens calls to shift of some discussions to more universal forums, particularly the United Nations, where all states have representation. However, the principle of equality (one country, one vote in the General Assembly) is not enough to guarantee more effective or fairer governance: power asymmetries in diplomacy, highly unequal negotiating capacities among countries, and the often non-binding nature of UN decisions severely limit its effectiveness. The challenge, therefore, is not to mechanically pit international financial institutions against the United Nations, but to identify the most legitimate and effective forums for rebalancing global economic governance.

## NEXT STEPS

*Negotiations on the **17th General Review of IMF Quotas** are expected to conclude by 2028. Following the inability of the 16th review to alter the distribution of voting power, discussions are behind schedule. A quota reform remains possible, notably through a revised quota formula, but remains politically uncertain given the balance of power among the IMF's major shareholders.*

# Reforming the World Bank Group to increase its financing capacity and effectiveness

The **World Bank Group** is one of the leading players in development financing. It comprises five institutions: the IBRD\*, IDA\*, IFC\*, MIGA\*, and ICSID\*, and has 189 member countries within the IBRD. In 2025, the Group committed **\$118.5 billion** in loans, grants, equity investments, and guarantees to partner countries and private sector entities. The IBRD alone committed **\$40.9 billion in 2025**, while the IDA (the World Bank's main concessional window for low-income countries) committed **\$39.9 billion**, including \$8.2 billion in grants.

**Reforming the World Bank Group is therefore central to the reform of the financial architecture.** On the 80th anniversary of the Bretton Woods agreements, the institution made a major strategic shift by redefining its historic mandate: to create a world free of poverty on a livable planet. This "Evolution Roadmap" aims to transform an institution initially designed to finance national development projects into a system capable of responding to more systemic, cross-border challenges: poverty, debt, climate change, fragility, pandemics, food security, access to energy, and biodiversity loss.

The central challenge is to increase the World Bank's capacity to act in terms of volume, speed, and quality. The goal is to enable it to lend more, more effectively mobilize private capital, and preserve and expand its capacity to provide concessional financing and grants, particularly through IDA.

## PROGRESS

Since 2023, the World Bank Group has been undertaking a major transformation of its operational and financial model under its Evolution Roadmap. At the 2024 Annual Meetings, it presented the report **A Future-Ready World Bank Group** to the Development Committee which summarizes the reforms underway: a new mission, simplification of the operational model, balance sheet optimization, private sector engagement, and improved results tracking.

In 2023, the World Bank adopted a **new mission**, "to create a world free of poverty on a livable planet", and organized its work around key global challenges, including climate change, fragility, pandemics, access to energy, food security, water, digitalization, and biodiversity. It has also replaced its multiple monitoring tools with a single **Scorecard** comprising 22 indicators, down from approximately 150 indicators previously, to better measure its impact.

On the financial side, the World Bank has continued to optimize its balance sheet as part of the Capital Adequacy Framework (CAF) reform. The measures implemented, including adjustments to the minimum capital-to-loan ratio, hybrid capital instruments, portfolio guarantees, reductions in certain fees, and lower costs for certain loans, are expected to increase its financing capacity by more than \$150 billion over ten years, while maintaining its AAA rating.

The World Bank has also strengthened its climate ambition. At COP28, it announced that it would increase the share of its annual financing dedicated to climate-related projects to 45%, up from 35% previously. In 2025, the Development Committee reported that projects approved during the fiscal year achieved 48% climate co-benefits, and called for continued focus on low-income countries, fragile states, and small states.

Civil society organizations argue that the reforms outlined in the World Bank's roadmap are "stalled," calling for an external evaluation of the Bank's operations, and that the measures taken so far have not yet benefited countries and their populations. Nevertheless, the Bank has embarked on a new phase of its transformation, placing job creation at the heart of its approach, in response to the 1.2 billion young people expected to enter the labor market in developing countries over the next 10 years. It has also launched thematic initiatives on access to electricity (**Mission 300**), water (**Water Forward**), and food production (**AgriConnect**). In the field of health, it has committed to helping countries provide high-quality, affordable healthcare services to **1.5 billion people** by 2030.

## NEXT STEPS

*The priority is now to demonstrate that these reforms translate into additional financing for partner countries, particularly low-income countries and fragile states. The challenge is no longer merely to increase headline lending capacity, but to ensure that it supports more concessional financing, grants, guarantees, and affordable loans. The World Bank will also need to show that its new "mission-based" approach yields tangible results without undermining its original goal of fighting poverty everywhere, including in countries where the effectiveness and efficiency of these "missions" are lower due to an environment perceived as higher risk.*

*The implementation of the Scorecard must be closely monitored to ensure that it genuinely improves transparency, accountability, and results-based management. In particular, the use of indicators related to jobs, essential services, and the mobilization of private capital should allow for a better assessment of the actual impact of the reforms.*

*The Shareholder Review also remains a major undertaking. The Development Committee took note of the report on the 2025 shareholder review during the 2026 Spring Meetings, but several shareholders, including the United Kingdom, considered the measures adopted to strengthen the voice of low-income and vulnerable countries remained modest, calling for a more ambitious reform by the next review in 2030.*

# Reforming multilateral development banks to operate as a coordinated ecosystem capable of lending more, better, and faster



Faced with growing financing needs for climate and development, **multilateral development banks (MDBs)** must transform both their financial capacity and their operating models. The challenge is not simply to increase financing volumes, but also to simplify procedures, better coordinate action across institutions, strengthen co-financing, broaden risk-sharing mechanisms, and mobilize private capital more effectively.

Since 2021, the G20 has played a central role in advancing this agenda. Under the Italian presidency, it initiated an independent review of MDBs' capital adequacy frameworks (CAFs) to explore how they could use their balance sheets more effectively. In 2023, under the Indian presidency, it also tasked a group of independent experts with formulating **a roadmap to make MDBs "better, bigger, and more effective."** This work was incorporated into the G20 roadmap adopted in 2024 and followed up in 2025 under the South African presidency.

## PROGRESS

Following the adoption in 2024 of the G20 roadmap for "better, bigger, and more effective" MDBs, the reforms entered a phase of implementation in 2025. This momentum builds on commitments by the leaders of 10 MDBs in the Marrakesh Declaration of October 2023, and later at COP28, to strengthen their cooperation in five areas: increasing financing capacity, joint climate action, coordination at the country level, co-financing, and private sector engagement.

In April 2024, the leaders of these **10 MDBs** clarified this approach in a note aimed at enabling the banks to operate more "as a system." The identified actions focus in particular on harmonizing certain procedures, developing co-financing, country platforms, private sector mobilization, local currency lending, guarantees, hybrid capital, and risk transfer instruments. This momentum continued in 2025 with the signing of five mutual recognition agreements designed to simplify the preparation and implementation of co-financed projects.

Monitoring of reforms was also strengthened within the G20 framework, with the first roadmap implementation report, the progress report on capital adequacy frameworks, and a note on the future monitoring and accountability framework all published in 2025. This reflects a shift from general commitments to a more structured monitoring of reforms.

FfD4\* reaffirmed this direction in 2025 by calling on MDBs to further increase and optimize their annual lending capacity, with the goal of tripling it, while preserving their financial sustainability, credit ratings, and status as senior creditors. The final document also supports the implementation of recommendations from the review of capital adequacy frameworks and the G20 roadmap, as well as the use of instruments such as hybrid capital, guarantee platforms, and originate-to-distribute models.

Cooperation among MDBs has also resulted in more concrete joint initiatives. In 2025, the MDBs published the first MDB Comparison Report, as part of the Global Risk and Finance Forum, to improve the transparency and comparability of their financial positions. They also launched the first joint report on financing water security, demonstrating their commitment to producing common assessments and action frameworks for priority sectors.

However, progress remains slow relative to needs. The Center for Global Development's MDB Reform Tracker highlights that reforms are advancing unevenly and that no issue can yet be considered fully resolved. Furthermore, the 2026 Report on Financing for Sustainable Development notes that the share of MDB financing that qualifies as official development assistance has decreased, falling from 34% in 2015 to 23% in 2024, reflecting a growing reliance on less concessional instruments.

In 2026, the G7 Development and Finance Ministers reaffirmed the need to reduce fragmentation in the development architecture. In particular, they called for strengthening coordination among institutions, greater interoperability of procedures, joint approaches, and stronger coherence at the country level, in order to make the MDBs function more effectively as an integrated system.

## NEXT STEPS

*The priority is now to accelerate the implementation of the commitments made in the G20 roadmap and the Compromiso de Sevilla. The next steps will focus in particular on scaling up leverage instruments, hybrid capital, guarantees, risk transfers, local-currency lending, and the MDBs' ability to operate as a more integrated system. In this context, initiatives such as **Finance in Common (FICS)** will become central.*

*The stakes are high: according to S&P's new methodology published in October 2025, major MDBs could expand their lending capacity by \$600 to \$800 billion while maintaining their AAA rating, but this additional capacity will depend on the effective implementation of reforms and shareholder support.*

*The challenge will also be to move from largely declarative cooperation to more operational coordination for recipient countries: more harmonized procedures, simpler co-financing, more transparent country platforms, and increased mobilization of private capital. Finally, shareholders will need to decide on the issues that determine the real scope of the reform: new concessional resources, potential additional capital contributions, and stronger representation of developing countries in the governance of MDBs.*

# Better incorporating countries' vulnerabilities into the allocation of concessional financing by multilateral development banks



A country's vulnerability refers to its exposure to external economic, climate, environmental, health, or social shocks, and its capacity to cope with them. However, access to concessional financing still depends heavily on a country's income level, a criterion that does not accurately reflect the structural fragilities of certain middle-income countries. This is particularly true for many small island states, which are highly exposed to climate disasters, debt burdens, geographic isolation, or constraints linked to the small size of their economies.

In a context where concessional resources are limited, the challenge is to better determine which countries should have priority access to them. Integrating vulnerability addresses a long-standing demand from island nations, which have long argued that access to international financing should not depend solely on income levels. The **Multidimensional Vulnerability Index (MVI)\*** aims to complement traditional indicators by measuring countries' exposure to shocks and their lack of resilience across economic, social, and environmental dimensions.

Factoring vulnerability into the allocation of concessional resources is not only intended to better recognize the persistent weaknesses of certain low and middle-income countries. More broadly, it is based on a principle of equity: providing additional support in order to compensate for the significant structural challenges faced through no fault of their own, thereby further levelling the playing field for development.

Multilateral development banks (MDBs) play a key role, as their concessional windows and instruments determine which countries can access these resources in practice, under what conditions, and for what needs. The challenge is therefore not to replace existing criteria, but to add vulnerability as an additional criterion in order to give MDBs a common tool to better assess countries' real needs, harmonize their practices, and ensure that countries with comparable vulnerabilities are not treated differently depending on the institution they approach.

## PROGRESS

A high-level panel mandated by the United Nations developed the methodology for the **Multidimensional Vulnerability Index (MVI)** to better measure countries' exposure to external shocks and their lack of structural resilience. The **United Nations General Assembly adopted Resolution 78/322 on August 13, 2024**, establishing the MVI as a complementary tool to traditional income-based indicators. The resolution invites development partners, including international financial institutions and MDBs, to consider using the MVI as a complement to their existing frameworks to inform development cooperation policies and practices.

The Compromiso de Sevilla, adopted at FfD4\* in 2025, reinforced this direction. The text explicitly calls on international financial institutions, MDBs, and international organizations to consider using the MVI as a complement to their existing practices and policies. It also reiterates the call on MDBs to present options and recommendations for improving access to concessional financing, particularly for projects with positive externalities in middle-income countries.

In parallel, the 4P launched a roadmap in Seville dedicated to better incorporating multidimensional vulnerability into the eligibility criteria and allocation of concessional financing. This initiative aims to turn the MVI into an operational tool for donors and MDBs, in order to better account for structural vulnerabilities in access to concessional financing.

**A report published in 2025 by UN-OHRLLS, *MDB Financing Policies and Country Vulnerability***, analyzes the financing policies of four major MDBs (the World Bank, the Asian Development Bank, the African Development Bank, and the Inter-American Development Bank) and concludes that none currently uses the MVI, or an equivalent multidimensional index, systematically to determine eligibility for concessional financing and loan terms. The report highlights that gross national income (GNI) per capita remains the primary variable used, even though some MDBs have introduced flexibilities for vulnerable middle-income countries. It therefore recommends using the MVI as a complementary variable, not as a substitute for existing criteria. It also highlights that the lack of coordination among MDBs can lead to different treatment for countries with comparable levels of vulnerability, meaning that some highly vulnerable countries lack access to the most affordable financing from certain institutions.

In December 2025, the UN General Assembly noted in its Resolution 80/146 the delays in establishing governance of the index and called for the appointment of an Independent Expert Advisory Panel and the designation of the UN entity responsible for the MVI secretariat.

On January 27, 2026, the United Nations Secretary-General appointed **15 independent experts to the MVI Advisory Panel for the period 2026–2030**. This panel is tasked with strengthening the credibility and robustness of the index, conducting triennial reviews, reviewing new available data, and drawing lessons from its application.



## PROGRESS

In April 2026, under the **French G7 presidency**, development ministers called for an ambitious review of the OECD's DAC to better account for the specific vulnerabilities of partner countries, particularly in the processes for graduating from ODA eligibility, beyond the sole criterion of gross national income.

## NEXT STEPS

The challenge now is to move from **political recognition of the MVI to its effective integration** into MDBs' eligibility and allocation frameworks. MDBs will need to clarify whether the index will remain an analytical tool or if it can influence access to concessional resources, financing terms, and the prioritization of the most vulnerable countries. Some multilateral development banks and institutions have already taken this step, including the Caribbean Development Bank, IFAD, and, to a lesser extent, the Inter-American Development Bank.

**MDB coordination** will also be essential to prevent countries with comparable vulnerabilities from being treated differently depending on the institution they approach. The 4P Roadmap on Multidimensional Vulnerability and the follow-up to the Compromiso de Sevilla should therefore encourage a gradual convergence of practices, while maintaining the priority given to low-income countries.

Finally, the establishment of the Independent Expert Advisory Panel on the MVI, appointed for the 2026–2030 period, should strengthen the technical robustness of the index and prepare its triennial reviews, in order to facilitate its adoption by MDBs and donors.

At the same time, the **first cycle of updating the Multidimensional Vulnerability Index (MVI) scores**, scheduled for 2026 under the responsibility of the new Technical Secretariat, will serve as a reliability test for donors.

This approach could be linked to the **Human Development Index (HDI)**, produced by the UNDP since 1990. Complementing the MVI, the HDI provides an assessment of human development through health, education, and income. Together, these two indicators could offer MDBs a more comprehensive framework for assessing countries' needs.

# Taking better account of financial risks related to climate change through the Financial Stability Board\*

The reform of the international financial system is also driven by the **need to safeguard global financial stability in the face of the systemic risks posed by climate change**. As physical risks linked to natural disasters and transition risks associated with the decarbonization of the economy (whether due to regulatory changes, technological transformations, or asset depreciation) threaten the valuation of financial assets and could undermine the entire system, the **Financial Stability Board** was mandated by the G20 to orchestrate a coordinated international response.

This took the form of a **roadmap published in 2021**, structured around four pillars: firms' disclosures, data, vulnerabilities analysis, and regulatory and supervisory practices and tools. While not legally binding, this roadmap serves as a coordination framework for central banks, regulators, financial supervisors, and international standard-setting bodies, guiding them toward a common approach. The objective is to transform the management of these risks, currently fragmented and largely voluntary, into a more structured framework based on increased corporate transparency, reliable data, and proactive oversight by regulatory authorities. This roadmap has become a central pillar of the global reform agenda, aimed at ensuring that the financial sector is not only resilient to climate shocks but also becomes an effective lever for financing the green transition, particularly in the most vulnerable economies.

## PROGRESS

Since launching its **initial roadmap in 2021**, the **Financial Stability Board (FSB)** has taken significant steps to integrate climate risks into global financial supervision.

**2023:** an update to the roadmap consolidated the initial achievements of the international framework. This phase was marked by the finalization of the ISSB's climate standards for corporate disclosures and by continued efforts to improve data availability and comparability.

**2024:** efforts shifted further toward operationalizing the roadmap. The FSB's 2024 work program confirmed two priorities: deepening analysis of the implications of transition plans for financial stability, and conducting a review of regulatory and prudential initiatives addressing nature-related financial risks. That same year, the FSB published an initial inventory of the approaches adopted by financial authorities regarding risks related to biodiversity and other forms of environmental degradation.

**2025:** the FSB entered a more operational phase. In January, it published an **analytical framework** and a **toolkit** for assessing climate vulnerabilities, to better identify the channels through which physical risks are transmitted to the financial system. It also published a report on the relevance of **transition plans** for financial stability, showing that while they can provide useful information, their practical application remains limited. These advances were **consolidated in the July 2025** update to the roadmap, submitted to the G20, which confirms the continuation of work across the four initial pillars (disclosures, data, vulnerability analysis, and regulatory practices) and clarifies the FSB's medium-term approach, particularly regarding international coordination, information sharing, and vulnerability analysis.

**2026:** in early 2026, the FSB confirmed the continuation of its work on financial vulnerabilities and on adapting regulatory and supervisory frameworks. Building on its January 2025 publications, the FSB continues to emphasize the need to improve the availability, coverage, and comparability of data useful for monitoring climate risks, including physical risks, as well as to continue standardization efforts regarding transition plans.

## NEXT STEPS

*The FSB will publish a new progress report on its climate roadmap in **July 2026**. It is expected to continue its work on international coordination, information sharing, and analysis of climate-related financial risks and vulnerabilities.*

*The update published in July 2025 specifically notes that members will continue to examine how the analysis of physical risks and insurance coverage gaps can contribute to a better understanding of risks to financial stability. At the same time, work on transition plans is expected to continue, with the FSB continuing to highlight the limitations related to the availability, coverage, and comparability of data.*

02

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# Optimizing existing funding for climate and development

# Setting up a fund for responding to loss and damage



“**Loss and damage**” refers to the negative impacts of climate change that people cannot avoid or fully repair. The creation of a fund to help affected countries cope with these impacts has long been advocated by **countries of the Global South within the G77**: some countries face losses and damage that exceed their capacity to respond, even though they are often among the least responsible for global greenhouse gas emissions.

## PROGRESS

The operational launch at **COP28 (2023)** of a **Fund for responding to Loss and Damage** is one of the most significant advances in climate diplomacy in recent years.

The year 2025 marked the transition from design to implementation of the Fund. Following the World Bank’s acceptance of its role as interim host, the Fund became operational as a **Financial Intermediation Fund (FIF)** in August 2025. This milestone enabled the conversion of pledges into legally binding agreements and the appointment of **Ibrahima Cheikh Diong** as the first Executive Director. The Secretariat was officially established in the **Philippines** in late 2025.

The Fund allocated an initial envelope of **\$250 million** in grants for the 2025–2026 period and launched its first call for proposals under the “Barbados Implementation Modalities” (BIM). This funding is intended to support immediate interventions and test the Fund’s rapid-disbursement model. In addition, funds have been made available to help the most vulnerable countries (LDCs\* and SIDS\*) establish national entities capable of receiving grants.

## NEXT STEPS

The first project disbursements are expected by **mid-2026**.

**Resource Mobilization Strategy (2026–2027):** the Board of Directors, co-chaired by the Dominican Republic and Norway, will finalize a strategy in 2026 to incorporate **innovative financing sources** (global solidarity levies) to reduce reliance on voluntary contributions. As of March 2026, the Fund had received **\$822 million in pledges**.

Although this amount has increased following new commitments (notably from Australia and Canada in late 2025), it remains far below estimated needs of \$290 to \$580 billion per year by 2030.

**Replenishment:** the first formal replenishment cycle for the Fund is scheduled for 2027, modeled on other climate funds (Green Climate Fund).

**Loss and damage indicators:** the Secretariat is expected to finalize a robust methodology in 2026 to quantify non-economic losses and damages (cultural, psychological, biodiversity) for incorporation into eligibility criteria.

## Meeting replenishment targets for major multilateral funds

Multilateral funds are a central component of the international financial architecture. Their concessional financing windows provide grants and loans on terms more favorable than market rates, which are essential for financing core public services and climate adaptation in low-income countries without increasing the risk of debt distress. The Summit on a New Global Financing Pact made successful replenishment cycles for these funds a priority to deliver the “financing package” promised to Global South countries.

### PROGRESS

The 2024–2026 replenishment cycle took place against a particularly complex macroeconomic and geopolitical backdrop, marked by a gradual reduction in donor support.

**International Fund for Agricultural Development (IFAD)\*:** by the end of 2023, 48 countries had pledged \$1.1 billion for IFAD’s 2025–2027 work program, falling short of the \$2 billion target.

**Green Climate Fund (GCF)\*:** by end-2023, 34 countries had collectively pledged \$13.6 billion to finance GCF activities for the 2024–2027 period. However, in January 2026, the United States officially notified its withdrawal from the Fund, leaving its \$3 billion pledge uncertain. The GCF has clarified, however, that projects already approved remain fully funded by existing resources.

**International Development Association (IDA21)\*:** in December 2024, donors collectively pledged \$23.7 billion, which IDA will leverage to reach a total of \$100 billion. While this replenishment is the largest ever recorded, it represents a 5% decrease in real terms compared to IDA20 and falls short of the levels expected by the World Bank (\$105 billion) and African leaders (\$120 billion).

**African Development Fund (ADF-17)\*:** the 17th replenishment of the ADF concluded in December 2025 with the mobilization of \$11 billion in direct contributions, a result described as historic even though it remains far from the \$25 billion target. Shareholders also approved the activation of the market borrowing option, allowing the ADF to use its capital to raise additional resources. Total financing capacity for 2026–2028 is thus expected to reach approximately \$14 billion, prioritizing access to energy and food security in the continent’s 37 most vulnerable countries.

**Asian Development Fund (ADF-14)\*:** the ADF-14 replenishment took place in May 2024 in Georgia. Thirty-one countries committed to providing \$2.5 billion, supplemented by financing from the Asian Development Bank to reach \$5 billion, representing a 22% increase compared to the previous replenishment.

### NEXT STEPS

*The decline in budgets allocated to international cooperation by traditional donor countries is now prompting multilateral organizations to rethink their funding models. They are compelled to innovate to ensure the sustainability of their operations, notably by broadening their donor base to include new contributors and by developing innovative financing instruments.*

## Providing \$100 billion in climate finance each year from 2020 onwards

Against a backdrop where, according to the **UNEP**, high-income countries (approximately 17% of the global population) bear responsibility for more than half (52%) of historical CO2 emissions, they committed at COP15 in Copenhagen in 2009 to mobilize **\$100 billion annually starting in 2020** to support lower-income countries in mitigating and adapting to climate change. This commitment served as the benchmark for climate finance until 2025. Today, with this initial goal achieved, it is considered outdated in light of the accelerating crisis.

At COP29 (2024), the target was officially revised in favor of the **New Collective Quantified Goal (NCQG)**. This new cycle marks a paradigm shift: the focus is no longer on a fixed headline figure, but on addressing actual needs estimated in the trillions. The new roadmap calls for tripling public climate finance to reach **\$300 billion per year by 2035**, with the aim of **leveraging a total of \$1.3 trillion**.

### PROGRESS

The \$100 billion target was **first met in 2022** (\$115.9 billion), then exceeded in 2023 and 2024, with \$132.8 billion and \$136.7 billion in climate finance provided and mobilized by donor countries, respectively. However, according to Oxfam, the net value of this funding is estimated at no more than \$35 billion, as nearly two-thirds of the financing consists of loans at market rates. In addition, in 2022, the \$62 billion in loans was expected to generate \$88 billion in repayments over time. Additionally, the most vulnerable countries (LDCs and Small Island Developing States) receive only a very small share of these funds.

At COP29 (2024), the Parties agreed to triple the previous target, aiming for \$300 billion per year by 2035. Two targets were set: the first of **\$300 billion per year** to be raised from public and private sources, including bilateral and multilateral finance, with high-income countries responsible for this target; and the second of \$1.3 trillion from all public and private sources by 2035. This decision has been strongly criticized, as independent experts and low-income countries estimate that the required contribution from developed countries alone is **\$600 billion per year**, and that the total amount to be mobilized is **\$1.3 trillion**.

The question now arises of adopting a roadmap to effectively reach the **\$1.3 trillion target**. COP30 (2025) led to the adoption of the “**Belém Framework**,” which proposes the creation of “National Investment Platforms.” The framework is based on the use of the **\$300 billion in annual public funds as financial leverage**: by acting as a guarantee to secure projects, this public money helps reassure investors, particularly private ones, and reduce risks.

Furthermore, at the **2025 G20 summit**, emerging economies (including China and Gulf countries) agreed to report climate finance flows through a unified UN registry. Although this initiative remains voluntary and distinct from the obligations of OECD member countries, it provides greater visibility into South-South flows (China estimates that it has mobilized \$40 billion since 2016).

Finally, COP30 endorsed the decision to **triple public funding for adaptation by 2035**, with a view to correcting the historical imbalance in favor of mitigation.

### NEXT STEPS

*At the Bonn Climate Change Conference\* in June 2026, developed countries will be expected to present a roadmap to reach **\$300 billion per year** by 2035.*

# Funding the Global Shield against Climate Risks for vulnerable countries

Launched jointly by the G7 and the **group of vulnerable countries (V20)\*** at COP27 (2022), the **Global Shield** aims to strengthen financial protection for the countries and populations most vulnerable to climate disasters. In the aftermath of a disaster, liquidity needs are immediate, yet financial support often arrives late and in a fragmented way. In the absence of pre-arranged mechanisms, governments must rapidly reallocate budgets, rely on ad hoc appeals for support, or take on additional debt.

The Global Shield aims to bridge this gap through “pre-arranged financing”: sovereign insurance, contingent credit lines, adaptive social safety nets, and other ex ante response instruments. The principle is to design financial instruments in advance of shocks, ensuring the automatic and immediate release of liquidity when disasters occur, while also strengthening responses to systemic shocks and the increasing frequency of climate-related disasters, for which traditional insurance mechanisms have proven insufficient.

## PROGRESS

**Operationalization and implementation:** in Q1 2026, over 13 countries and regions launched multi-stakeholder workshops to identify their specific needs. In May 2025, Costa Rica became the first country in Latin America to submit a formal request for support. In 2025, Ghana received its first sovereign insurance payouts under drought insurance schemes.

**Governance and disbursements:** in 2025, the Global Shield Secretariat completed its transition to a new host institution, the Frankfurt School of Finance & Management, strengthening its technical capacity. The Global Shield Financing Facility (GSFF) approved targeted grants, including a \$10 million allocation in late 2025 to develop protection instruments benefiting approximately 775,000 vulnerable people.

**Funding:** as of early 2026, commitments from Global Shield donor countries amount to approximately €350 million. Although capitalization has increased, it remains below the estimated needs to cover all identified “pioneer” countries.

## NEXT STEPS

*Scaling up:* The challenge will be to expand the implementation of pre-arranged financing instruments to new national contexts, with the goal of strengthening financial protection for an additional 1.9 million people.

*Technical innovation:* By June 2026, the Crisis Response Fund (CRF) is expected to be bolstered by a parametric insurance backstop to protect its capital against large-scale shocks.

*International synergies:* the Global Shield must deepen its collaboration with the new Loss and Damage Response Fund (LDRF) to ensure that funding is complementary and avoid duplication.

*Fundraising:* In 2026, the challenge will be to strengthen donor commitment and ensure sustainable resource mobilization to support implementation in beneficiary countries and meet growing requests for support from countries in Asia and Africa.

# Dedicating 0.7% of DAC countries' GNI to Official Development Assistance

**Official Development Assistance (ODA)** refers to public funding provided by members of the **OECD Development Assistance Committee (DAC)\*** to support the economic and social development of low- and middle-income countries, in the form of grants or concessional loans. In 1970, DAC members committed, under the auspices of the United Nations, to **allocate 0.7% of their gross national income (GNI) to ODA each year**.

## PROGRESS

After reaching a historic peak in 2023, ODA from OECD DAC members fell by **28% over the past two years**. In particular, 2025 confirmed the decline that began in 2024, marking the sharpest annual decline on record (-23.1%), bringing the total to **\$174.3 billion**. This contraction reduces DAC countries' contribution to just **0.26% of their GNI**, far from the 0.37% recorded in 2023 and the UN target of 0.7%. In detail, 26 of the 33 DAC donor countries reduced their international cooperation budgets, including the five largest donors: the United States (-57%), Germany (-17%), France (-11%), the United Kingdom (-11%), and Japan (-6%). Only Norway, Luxembourg, Sweden, and Denmark meet the 0.7% target. This downward trend is expected to continue in 2026, with the OECD anticipating a further decline of **5.8%**.

At the **2026 G7 Development and International Partnerships Ministerial meeting** under the French Presidency, G7 members reaffirmed the strategic role of targeted ODA, while calling for an ambitious review of the OECD DAC.

## NEXT STEPS

*Despite repeated political reaffirmations of the historic 0.7% target, most recently at the **4th International Conference on Financing for Development (FfD4)**, achieving it appears increasingly out of reach. However, the decline in ODA should not lead to downplaying its importance: even if it cannot on its own bridge the development and climate financing gap, it remains an irreplaceable tool, particularly when it takes the form of grants or highly concessional financing for basic social services (health, education, access to water, etc.).*

*As the 0.7% target becomes increasingly out of reach, debates on the future of ODA are centred on strategic choices: refocusing ODA on poverty reduction and essential social services, or expanding it to finance global public goods and geopolitical priorities. This tension is accompanied by a re-examination of how ODA is delivered, with growing calls for more equitable partnerships, greater localization of funding, and stronger impact measurement. At the same time, the increasing framing of ODA as an investment lever reflects a desire to adapt it to rapidly expanding needs. The development of the **TOSSD\*** indicator, which measures all public support for sustainable development beyond ODA alone (including certain non-concessional flows, private finance mobilized through public intervention, and other forms of support for global public goods) illustrates this shift.*

*The challenge is therefore not only to increase volumes, but also to ensure the quality, effectiveness, and results of the financing mobilized. ODA remains a key indicator of traditional donors' efforts, while TOSSD can provide a broader picture of public flows, concessional or otherwise, and of private finance mobilized for developing countries. Progress on the TOSSD is detailed in the section on private financing.*

*For the DAC, a challenge will be to **legitimize its standards in the face of its members' declining influence** within the international development system.*

# Strengthening the integrity, effectiveness, and transparency of carbon markets

**Carbon markets**, the systems in which CO<sub>2</sub> emission allowances are allocated and traded among stakeholders, are a key lever for mobilizing private finance to support the climate transition and nature conservation. However, their potential is currently constrained by a lack of standardization, opaque pricing, and the proliferation of low-quality credits, often associated with greenwashing. Better structuring these markets would ensure that every ton of carbon purchased corresponds to a genuine reduction in emissions (environmental integrity) and that host countries are fairly compensated. The aim of this proposal is to establish a global regulatory framework to restore private investor confidence, prevent double counting, and harmonize pricing approaches across countries to align these flows with the objectives of the **Paris Agreement**.

## PROGRESS

Since 2023, the 4P Coalition on the **Call to Action on Paris-Aligned Carbon Markets**, supported by **31 countries**, has continued its work with the creation of an expert task force and the “**Seville Principles for High-Integrity Carbon Markets**” at FfD4. These principles align voluntary carbon markets with Paris Agreement transparency requirements, notably by preventing double counting.

The two main standard-setting bodies for the voluntary carbon market (supply and demand) have aligned their requirements. The **Integrity Council for the Voluntary Carbon Market (ICVCM)** and the **Voluntary Carbon Markets Integrity Initiative (VCMI)** have published their “**2025 Integrated Alignment Guide**.” From 2025 onwards, high-integrity offset claims must be backed by CCP-certified credits and credible decarbonization pathways, notably validated by the SBTi. This has drastically reduced the number of eligible credits on the market but has driven up the price per ton of carbon for high-quality projects (forests, restoration). The VCMI has also published its Scope 3 Action Code of Practice and version 3.0 of its Claims Code, strengthening the requirements applicable to companies; these requirements align with the CCP label developed by the ICVCM, designed as a benchmark standard to improve the quality and transparency of the voluntary market.

At the same time, the **IMF** has continued its work on international carbon price floors, notably through the report **Carbon Pricing for Development**, which proposes minimum effective price bands by income level, accompanied by redistribution mechanisms to protect vulnerable households.

Voluntary frameworks are also making progress: in April 2025, France launched a charter on the use of Paris-aligned carbon credits, making their use contingent on a credible carbon neutrality strategy and high-integrity credits consistent with Article 6.4 standards.

Forest-based mechanisms have also progressed. According to the **World Bank’s FCPF 2025 annual report**, five countries received payments for verified emission reductions, while Costa Rica completed its first private sale of FCPF credits through the LEAF coalition. Ghana and Costa Rica also received initial transfers of forest credits certified under Article 6 of the Paris Agreement.

Finally, work on the transparency and comparability of carbon markets has been consolidated. The October 2024 joint report by the WTO, IMF, OECD, UNCTAD\*, and the World Bank laid the groundwork for common approaches to carbon pricing. In 2025, the OECD expanded this work through the **IFCMA**, with a database on climate policies, sector-specific studies on steel and cement, and the Effective Carbon Rates 2025 report. The WTO and the OECD also presented a technical guide on measuring embedded carbon in traded goods, supporting the fair application of carbon border adjustment mechanisms.

The World Bank also highlights the importance of carbon pricing: in 2025, **existing schemes generated over \$107 billion in public revenue**, three times more than a decade ago. Its 2026 report identifies **87 carbon pricing systems** and notes that all major middle-income economies have now implemented, or plan to implement, a direct carbon pricing instrument.

## NEXT STEPS

*The key challenge now is **implementation**. On the one hand, the carbon credit mechanism under Article 6.4 of the Paris Agreement has yet to be fully operationalized: the supervisory body has set out in its 2026 work program finalizing a set of rules, standards, and methodological tools, with the aim of making the mechanism fully operational and positioning it as the multilateral benchmark for high-integrity credits. In parallel, the convergence of voluntary carbon market standards must continue through the methodologies approved by the **ICVCM**, several of which are expected to enable new credit issuances in 2026, as well as through the dissemination of the VCMI’s usage frameworks. In parallel, the OECD’s work under the IFCMA is expected to continue to further improve international comparability.*

# Fostering investment in infrastructure projects through the Alliance for Green Infrastructure in Africa (AGIA\*) and the Global Infrastructure Facility (GIF\*)

One of the main barriers to private investment in infrastructure in low and middle-income countries is the limited number of projects deemed “bankable” (i.e. sufficiently structured to attract investor confidence). The preparatory phases (feasibility studies, legal structuring) often involve high upfront costs.

Launched in 2022 by the **African Development Bank (AfDB)**, the **European Investment Bank**, the Rockefeller Foundation, and other partners, the **Alliance for Green Infrastructure in Africa (AGIA)** aims to catalyze **\$10 billion in private investment in green infrastructure projects by 2030**. It combines a project development fund (AGIA-PD) to finance feasibility studies and a co-financing fund to invest alongside the private sector. In parallel, the Global Infrastructure Facility (GIF), a global platform hosted by the World Bank, supports the preparation of public-private partnership projects in low- and middle-income countries. By financing the early stages of project development, these mechanisms act as catalysts: they mobilize modest amounts of public and philanthropic capital to unlock significantly larger volumes of private investment, in line with the logic of blended finance.

## PROGRESS

1. **AGIA:** since COP28 (2023), the AGIA coalition has secured over \$265 million in pledges from institutions, foundations, and countries, with an initial closing target of \$275-\$300 million. The project development fund (AGIA-PD) completed its first close at \$118 million in August 2025 and aims to catalyze over \$10 billion in private investment in green infrastructure. During COP30 (2025), AGIA signed several co-development agreements to accelerate the development of green logistics corridors and solar parks.
2. **GIF:** as of June 30, 2025, the GIF managed a portfolio comprising 197 projects across 77 countries, with approximately \$146 million in financing commitments. The GIF has launched new technical support initiatives, notably for the first public-private partnership (PPP) in water supply in Kenya, the Kenya Bulk Water PPP, supported by \$500,000 from the GIF and expected to attract approximately \$30 million in private capital.

Beyond the framework of the Summit on a New Global Financial Pact, other initiatives aim to support sustainable infrastructure projects, such as the **SOURCE platform**, supported by several MDBs.

## NEXT STEPS

For **AGIA**, the priority for 2026 is to complete a second close to reach its target of \$500 million. The fundraising strategy is now targeting private institutional investors and non-African sovereign wealth funds. In parallel, AGIA will begin its first disbursements to fund feasibility studies for 3 to 5 priority projects (primarily green logistics corridors and solar infrastructure), a key step in demonstrating its ability to catalyze its \$10 billion private investment objective.

The GIF will focus on monitoring the financial implementation of projects approved in 2025 and measuring the private capital mobilization (PCM) ratio for every dollar of public investment. The GIF will need to show its ability to accelerate projects financial close and improve transparency on project preparation costs.

# Aligning financial institutions' investments with the Sustainable Development Goals

At a time when mobilizing new financing for climate action and development remains essential, one immediate lever is to redirect existing financial flows toward projects aligned with the Sustainable Development Goals.

The more than 540 public development banks within the **Finance in Common (FiCS)** ecosystem alone manage approximately **\$23 trillion in assets and nearly 10% of annual global investment**. Better alignment of this financing with the SDGs could therefore have a rapid systemic impact, complementing the search for additional resources. The challenge is to adopt common methodologies at scale, that enable ex ante (i.e. prior to the approval of financing) assessments of the social, environmental, and governance impacts for every dollar invested.

## PROGRESS

In September 2023, the 27 members of the **International Development Finance Club (IDFC)\*** adopted a common framework of elements for aligning public development banks with the SDGs. This framework encourages the use of proven ex-ante assessment tools, such as Natixis' Sustainable SDG Return Tool (SART) or AFD's Sustainable Development Analysis Mechanism (SDAO).

The **2025 FiCS Summit** helped consolidate this momentum across the public development bank system. Finance in Common presented a paper there focusing on the role of PDBs in a more coherent financial architecture, before publishing in June 2025 a first version of the **Book of Reference on Public Development Banks**, designed as a common foundation of knowledge and references to strengthen the convergence of practices. This momentum continued in July 2025 with a mapping exercise of financial support provided by major multilateral banks to PDBs, and then in 2026 with an international FiCS agenda explicitly focused on interoperability among public financing institutions, prudential frameworks, and lowering the cost of capital.

The relevance and implementation of these transparency frameworks are also evident in monitoring practices. In February 2026, the **IDFC** sherpas included SDG alignment among their work priorities for the year, with an emphasis on assessment tools, peer learning, and mentoring approaches. This continuity builds on the work already evident in the Green Finance Mapping 2025, which showed a rise in the use of common classification and traceability tools. A notable development illustrating the adoption of these methodologies is that tracked financing for biodiversity reached \$8 billion, with 8 institutions now reporting this data (compared to 4 at the initiative's inception).

## NEXT STEPS

*The top priority for 2026 is to implement the roadmap from the 2025 FiCS Summit by technically structuring this new "BPD asset class" to reassure and attract private institutional investors. Furthermore, networks such as the IDFC and FiCS will focus their efforts on aligning their standards with the private financial sector. The objective of upcoming international meetings will be to encourage private coalitions such as the Glasgow Financial Alliance for Net Zero (GFANZ) to adopt similar ex-ante assessment methodologies, thereby ensuring harmonization of impact measurement tools across the entire international financial architecture.*

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# Mobilizing more financing for climate and development

# Strengthening domestic tax policies through the OECD and the United Nations



Mobilizing domestic resources through fair and effective taxation, particularly the taxation of multinationals, is a cornerstone of the reform of the international financial architecture, addressing a critical need: **enabling countries to finance their own development and the climate transition without increasing their dependence on external debt.**

The first step came with the 2013 adoption of the Base Erosion and Profit Shifting (BEPS) Project launched by the OECD, and this proposal gained new momentum in 2023 with the adoption of a proposal by the Africa Group at the United Nations for a convention on international tax cooperation. This proposal initiated negotiations on a United Nations Framework Convention on International Tax Cooperation, with negotiations scheduled to take place from 2025 to 2027.

## PROGRESS

**OECD component (Two-Pillar Approach):** the “two-pillar solution to address the tax challenges arising from the digitalization of the economy” was endorsed by 138 members of the Task Force on the Digital Economy (TFDE) of the OECD Inclusive Framework on July 11, 2023. It establishes a new international tax framework and a detailed implementation plan.

**Pillar One** applies to large multinational enterprises. It aims to reallocate a portion of taxing rights to the countries where the goods or services are consumed or used (**Amount A**) and to simplify certain transfer pricing rules (**Amount B**). In this regard, the OECD/G20 Inclusive Framework on BEPS has published the text of a new multilateral convention designed to coordinate this reallocation of taxing rights, improve legal certainty, and eliminate taxes on digital services.

The implementation of Amount A remains stalled due to a lack of final political consensus. As for Amount B, it entered into force on January 1, 2025, in jurisdictions that have chosen to apply it.

**Pillar Two** aims to establish a global minimum tax rate of 15% on the profits of multinational enterprises. In this context, a tax liability rule (TLR) and an optional multilateral convention facilitating its implementation were approved by the members of the Inclusive Framework in September 2024. In January 2026, the 147 countries and jurisdictions of the OECD/G20 Inclusive Framework on BEPS approved the key elements of a political and technical agreement aimed at ensuring the coordinated implementation of the global minimum tax. This agreement notably introduces simplification measures, a new targeted safeguard regime for certain substance-based tax incentives, new safeguard regimes for certain groups, as well as a confirmation of the essential nature of the locally levied qualified minimum supplementary tax. However, it marks a shift in Pillar 2 by allowing for coexistence with certain national regimes, particularly the U.S. tax system, which fuels questions about the fragmentation of the mechanism’s implementation.

**United Nations component (Framework Convention):** in December 2023, the United Nations General Assembly adopted, at the initiative of the Africa Group, a resolution launching work toward a convention on international tax cooperation, despite opposition from many OECD countries. The terms of reference and the resolution officially launching the convention drafting process were adopted in August and November 2024, respectively, despite opposition from nine industrialized countries and the abstention of the Europe group. Since then, the UN process has been structured around an intergovernmental negotiating committee, with the aim of submitting a UN Framework Convention on International Tax Cooperation for adoption by the 2027 UN General Assembly. In February 2026, following the fourth round of negotiations, member states made progress on defining two “early protocols”:

1. The taxation of cross-border digital services (as an alternative or complement to the OECD’s Amount A).
2. The prevention and resolution of tax disputes.

Beyond the negotiations at the OECD and the United Nations, domestic resource mobilization also relies on instruments to support tax administrations. The **Platform for Collaboration on Tax Matters (PCT)**, which brings together the IMF, the World Bank, the OECD, and the United Nations, serves as a platform for coordination and capacity building at the country level. It was explicitly endorsed in the 2026 joint statement of G7 Development and Finance Ministers on domestic public resource mobilization. The **Tax Inspectors Without Borders (TIWB)** initiative, led by the UNDP and the OECD since 2015, illustrates this approach: it has supported 70 jurisdictions, secured \$6.4 billion in tax assessments, and helped collect more than \$2.4 billion in additional revenue. In Africa, through the **ATAF** (supported by the TIWB initiative), 39 countries have mobilized more than \$1.9 billion.

## NEXT STEPS

**OECD (Pillar 2):** the first cycle of **automatic exchange of information** relating to “GloBE Information Return” (GIR) between tax administrations is scheduled for mid-2026.

In a December 2023 statement, a group of independent experts appointed by the United Nations Human Rights Council warned that the two-pillar solution could have discriminatory effects and reduce tax revenues in countries of the Global South by limiting their taxing rights. These experts called on OECD members to engage in good-faith negotiations toward a framework convention under the auspices of the United Nations.

**United Nations:** the current timeline calls for the Framework Convention and its protocols to be finalized by the end of 2027 and submitted to the General Assembly for adoption.

**G7 2026:** France, which holds the G7 presidency in 2026, supports ongoing OECD efforts and has advocated for continued work on digital taxation within the OECD/G20 Inclusive Framework on BEPS.

# Reallocating Special Drawing Rights and diversifying their allocation mechanisms

The International Monetary Fund's (IMF) **Special Drawing Rights (SDRs)** are an international reserve asset designed to supplement member countries' official reserves. When needed, member countries can exchange their SDRs for foreign currency.

In August 2021, the IMF approved a general allocation of \$650 billion in Special Drawing Rights (SDRs), the fourth in history, to support its member countries in managing the economic consequences of the Covid-19 pandemic. However, since SDRs are allocated to member countries in proportion to their IMF quotas, and therefore to their weight in the global economy, the **wealthiest countries received the largest share**. G20 countries therefore committed, in October 2021, to **rechannel the equivalent of \$100 billion in SDRs** to the most vulnerable countries.

However, only two IMF instruments allowed for the effective rechanneling of SDRs to the most vulnerable countries: the **Poverty Reduction and Growth Trust (PRGT)** and the **Resilience and Sustainability Trust (RST)**, both of which have limitations.

Since the 2023 Summit on a New Global Financing Pact, the debate has shifted from a grant-based approach to a strategy focused on financial optimization, using SDRs as a capitalization tool to maximize the impact of each dollar reallocated.

## PROGRESS

In July 2025, total pledges for SDR reallocations reached **\$113.8 billion** from 35 countries.

At the Summit on a New Global Financing Pact, the IMF announced a 50% increase in the capacity of the **Resilience and Sustainability Trust (RST)**, bringing it to \$60 billion. By the end of 2025, it had recorded \$52 billion in pledges, and 32 countries had benefited from its support.

At the 2023 Annual Meetings, the IMF announced that it had met its fundraising target of \$3 billion in SDRs for grant resources for the **Poverty Reduction and Growth Trust (PRGT)**. It also underwent a major reform approved in 2024 to increase its concessional lending capacity and ensure its long-term sustainability through a self-financing model. In April 2025, \$1.8 billion in SDRs was transferred from the IMF's net income to the PRGT. In addition, a system of interest rates differentiated according to borrowers' income levels took effect in January 2025.

To address gaps in existing channels, starting in 2022, the African Development Bank (AfDB) and the Inter-American Development Bank (IDB) proposed an innovative technical solution to **reallocate SDRs through multilateral development banks (MDBs)**. They designed a hybrid capital instrument through which advanced economies can channel SDRs to multilateral development banks (MDBs), which count them as equity capital. This structure allows MDBs to borrow on financial markets on favorable terms, thanks to their AAA ratings, with an estimated leverage effect of three to four times the initial resources. Despite interest from several countries in this mechanism, it has met with significant resistance. The European Central Bank has opposed European countries rechanneling their SDRs through institutions other than the IMF, arguing that such a scheme would violate the EU prohibition on monetary financing.

The IMF, however, determined that the AfDB proposal complies with its reserve asset framework. The mechanism provides for a "**liquidity support agreement**" (LSA), under which 25% of the hybrid capital instrument is set aside to ensure shareholders have rapid access to liquidity if needed. In May 2024, the **IMF Executive Board approved the proposal put forward by the AfDB and the IDB**. This approval, however, comes with a cap of 15 billion SDRs to be reallocated across all MDBs. At the meetings in Washington, D.C., in October 2025, Japan and Spain signed the first subscription agreements.

The ECB continues to oppose reallocation outside the framework of the RST and the PRGT, while the U.S. Congress still has not authorized the reallocation of U.S. SDRs.

## NEXT STEPS

*Efforts are focused on translating the **\$113.8 billion in pledges into actual disbursements**.*

*While the IMF still aims to increase the capitalization of the RST to reach \$60 billion and consolidate the PRGT's new self-financing model, discussions are now focussing on the comparative effectiveness of the various implementation channels.*

*Regarding the MDB channel, the challenge for 2026 will be to mobilize new contributing countries to reach the 15 billion SDRs ceiling set by the IMF (currently at 40% of the target). In addition, the AfDB is preparing its first green bond issuance backed by these SDRs.*

*Furthermore, at the initiative of the V20\*, which comprises 68 climate-vulnerable countries, several states are advocating for a new general SDR issuance. Nevertheless, in November 2025, G20 members reaffirmed their preference for optimizing existing SDRs rather than issuing new ones, an option considered inflationary, particularly by the United States and the European Union.*

# Expanding the use of hybrid capital\* by the World Bank

**Optimizing the balance sheets of multilateral** development banks is a central focus of the G20 Capital Adequacy Framework (CAF) recommendations, whose effectiveness is highlighted in the July 2025 progress report. Hybrid capital instruments are financing tools that combine characteristics of debt and equity to strengthen an institution’s financial capacity while partially absorbing risks. The use of hybrid capital therefore allows MDBs to increase their lending capacity without requiring a capital increase from their shareholder governments.

In 2023, the World Bank estimated that deploying \$1 billion in hybrid capital would enable it to increase its lending capacity by \$6 billion over a 10-year period.

## PROGRESS

In 2024, the World Bank launched a pilot hybrid capital instrument. At the close of the fiscal year (June 30, 2025), **14 shareholders** had committed approximately **\$1.2 billion** to this instrument. Owing to the leverage effect (estimated at between 8 and 10), these contributions alone are expected to increase lending capacity by **\$9 billion** over the next ten years.

At the same time, the World Bank lowered its **equity-to-loans** ratio from 20% to **18%**, a move made possible by the additional loss-absorbing capacity provided by hybrid capital while maintaining its AAA rating.

In **September 2025**, in a major milestone following the African Development Bank’s pioneering initiative, the IBRD issued its first **sustainable hybrid bonds** intended for private institutional investors. This transaction enables the diversification of equity sources beyond government contributions. In October 2025, Singapore became the first shareholder to commit the interest earned on its hybrid capital to the Bank’s net income, thereby increasing the concessional impact of its investment.

## NEXT STEPS

**Market appetite assessment (2026):** analysis of the secondary market performance of the hybrid bonds issued in 2025 to determine the frequency of future issuances.

**Scaling up to the multilateral level:** replication of the “IBRD hybrid capital model” across regional development banks (such as the IDB or the ADB) to harmonize financial reporting standards with rating agencies by the end of 2026.

**Comprehensive impact report:** publication of a consolidated report is expected by the end of 2026 measuring the total volume of “additional” loans attributable to hybrid instruments for climate resilience projects.

# Exploring new avenues for international taxation to finance climate action and development



The introduction of taxes on activities in highly globalized sectors of the economy, such as financial transactions, aviation, shipping, or cryptocurrencies, aims not only to raise funds for climate action and development but also to advance tax justice by applying the polluter-pays principle on an international scale.

Estimates of global implementation highlight their revenue potential: in aviation, a levy on premium airline tickets adopted worldwide could generate up to \$43 billion per year, a tax on private jet kerosene approximately \$48 billion, and a broader tax on commercial aviation kerosene up to **\$123 billion**. Fossil-fuel levies could generate even greater revenues: an extraction levy could generate up to \$571 billion annually by 2035, while increased taxation of profits from the extractive sector could yield between \$20 billion and over **\$116 billion per year**, depending on the rates applied. Extending financial transaction taxes could, in turn, boost global revenues to **\$104 billion per year**.

## PROGRESS

Officially launched at COP28 (2023) at the initiative of France, Kenya, and Barbados, the **Global Solidarity Levies Task Force (GSLTF)** has since expanded and consolidated around a growing coalition of partner countries and organizations. Its mission is to explore options for solidarity levies on globalized sectors, which are often high emitters and undertaxed, to generate additional financing for climate action and development. The task force brings together co-chair countries (Barbados, Kenya, France), a high-level expert group, representatives of international organizations, and a dedicated Secretariat.

An initial phase of technical work and consultations identified several potential levy options, notably in **aviation, fossil fuels, financial transactions, and cryptocurrencies**. This approach assumes that implementation can proceed incrementally through coalitions of willing countries, without waiting for a global agreement.

The initiative reached a major milestone in 2025 with the launch, at the 4th International Conference on Financing for Development (FfD4), of the very first coalition of willing countries: the **Premium Flyers Solidarity Coalition**, dedicated to levies on premium air travel. This coalition now brings together **13 countries seeking to introduce levies on business-class and first-class air travel, as well as on private jet travel, or to strengthen existing mechanisms**. Revenues from these levies are intended to finance resilience against external shocks and support climate action as well as climate policies, in both vulnerable and developed countries.

The potential role of solidarity taxes has also been recognized in several recent international frameworks, notably in the **Baku-to-Belém Roadmap on climate finance** as well as in the work of the Circle of Finance Ministers mobilized on climate and development issues. At **COP30 (2025)**, the GSLTF published a roadmap with recommendations aimed at advancing the exploration and implementation of new solidarity levies in the coming years, particularly in the fossil fuel, financial transactions, air transport, and cryptocurrency sectors.

## NEXT STEPS

*In 2025, the Task Force's mandate was extended for three years, confirming political support for the initiative.*

*By COP31, the challenge for the GSLTF is no longer simply to explore a "menu" of options, but to bring about one or more implementation coalitions. The Seville roadmap clearly indicates that aviation now represents the **most immediate avenue** for a coalition of willing countries, particularly around a levy on premium travelers and private jets.*

*The GSLTF has also adopted a new annual strategy, informed by the lessons learned of 2025, to advance both the political and technical dimensions of solidarity levies. The first Sherpa meeting of the year allowed members to align priorities and clarify the work plan for the coming months. The Task Force is also a pillar of the new 4P strategy and is deepening its cooperation with the Addis Tax Initiative\*.*

## Establishing an international levy on greenhouse gas emissions from shipping

International shipping is a pillar of global trade, but it is also **responsible for approximately 3% of global greenhouse gas (GHG) emissions**. The introduction of a global tax on this sector is considered a major lever for mobilizing massive and predictable resources to finance climate action without increasing the debt of countries in the Global South. The stakes are high: while global financing needs are estimated at \$4.3 trillion, **such a levy could generate between \$40 and \$60 billion annually**.

### PROGRESS

In July 2023, the member states of the International Maritime Organization (IMO) adopted a revised, non-binding strategy aimed at achieving net-zero emissions in the sector by 2050. While the debates held in 2024 within the Marine Environment Protection Committee (MEPC) highlighted a sharp divide between, on the one hand, supporters of a \$100 tax per ton of CO<sub>2</sub> starting in 2028 and, on the other, emerging economies fearing an impact on their trade balances, a legal compromise was reached in 2025. **At its 83rd session in April 2025, the MEPC approved a draft amendment to the MARPOL Convention** introducing a medium-term mechanism based on two pillars: a global technical standard on the carbon intensity of fuels and an economic emissions pricing mechanism.

At the 84th session of the MEPC in April 2026, the committee decided to establish a working group tasked with addressing outstanding issues and building broader consensus.

The MEPC is expected to resume its second extraordinary session in December 2026 and vote on the formal adoption of the amendments to the MARPOL Convention, on Friday 4th of December (initially expected in October 2025), subject to confirmation at the 85th session (MEPC 85), scheduled from 30 November to 3 December 2026. This postponement highlights the highly politicized nature of the issue. Pressures from the United States, joined by several fossil fuel-producing countries, led a majority of nations to delay the adoption of the mechanism, underscoring the fragility of the compromise reached in the spring of 2025. **The adoption of the amendments to the convention remains uncertain.**

### NEXT STEPS

*If adopted, the measures will not enter into force until the statutory 16-month period following adoption has elapsed, i.e., no earlier than March 4, 2028. Technical discussions will continue in 2026, particularly during the Committee's 85th and 86th sessions, to finalize the Comprehensive Impact Assessment and clarify the mechanism's key parameters, notably the initial carbon price and the governance and revenue-sharing arrangements.*

## Promoting a coordinated minimum tax on high-net-worth individuals

Beyond the measures discussed at the Summit on a New Global Financing Pact, taxing high-net-worth individuals is part of the search for new sources of financing for climate action, development, and the fight against inequality, as traditional sources of funding remain insufficient. It aims to ensure that high-net-worth individuals contribute more, as they are often difficult to tax at the national level alone due to capital mobility and tax optimization strategies.

### BEYOND THE SUMMIT FOR A NEW GLOBAL FINANCIAL PACT

The issue of taxing the high-net-worth individuals emerged as one of the defining priorities of Brazil's G20 presidency in 2024. A report commissioned from economist Gabriel Zucman proposed an international standard for a 2% minimum tax on individuals with more than \$1 billion in wealth, with an estimated yield of between **\$200 billion and \$250 billion per year**. Although it did not result in an operational agreement, this initiative helped place the taxation of large fortunes on the G20 agenda, as evidenced by the Rio de Janeiro Declaration of November 2024. In 2025, the South African presidency extended this momentum by placing the fight against inequality at the heart of its priorities and launching a group of experts on extreme inequality.

Under the South African presidency in 2025, the issue of extreme inequality was elevated politically through the creation of a **G20 Extraordinary Committee of Independent Experts on Global Inequality**, chaired by economist Joseph Stiglitz. This committee analyzed the state of global income and wealth inequality, its effects on growth, poverty, and multilateralism, and proposed a list of solutions for leaders. In particular, it recommended the creation of an **International Panel on Inequality**, modeled after the IPCC, to produce regular, independent assessments of the trends, causes, and consequences of inequality, as well as the impact of public policies. It also proposed reforming the international tax architecture to better tax multinationals and high-net-worth individuals, notably through a global asset register and potentially a global minimum tax on the high-net-worth individuals.

The 2025 Johannesburg G20 Leaders' Declaration (not endorsed by the United States and Argentina) recognizes inequality and wealth disparities as issues of economic and social stability, and mentions the role of progressive taxation and redistributive policies.

In 2026, the United States did not include taxation of high-net-worth individuals on the G20 agenda.

### NEXT STEPS

*In the short term, the main challenge is to follow-up on the Stiglitz report, particularly the possible establishment of an International Panel on Inequality and the identification of countries willing to support this initiative beyond South Africa's presidency.*

*The UK's G20 presidency in 2027 has indicated that it is preparing a general framework focused on growth, opportunities, economic stability, fair trade, and investment, but has not specified whether the taxation of large fortunes will be among its priorities.*

*This proposal could find an outlet in the negotiations of the United Nations Framework Convention on International Tax Cooperation, whose mandate includes a commitment to combat tax evasion and tax optimization by the wealthiest individuals and to ensure their effective taxation in the relevant member states. However, it does not constitute an international commitment to a global minimum tax on high-net-worth individuals.*

## Mobilizing domestic public resources: an initiative also championed by the G7



**Domestic public resource mobilization (DPRM)** refers to the capacity of states to collect, manage, and use their own resources, primarily tax revenues, to finance public policies. It serves as a key lever for strengthening partner countries' fiscal sovereignty, reducing their dependence on external financing, and consolidating the social contract between the state and its citizens.

Already a topic of discussion at the **OECD** and the **United Nations**, domestic public resource mobilization is also the focus of specific work under the **G7 2026 presidency**. This initiative emphasizes the coordination of technical support to partner countries in strengthening their tax systems, public financial management, and fiscal sustainability.

### BEYOND THE SUMMIT FOR A NEW GLOBAL FINANCIAL PACT

Under France's presidency, G7 ministers of development and finance endorsed a declaration on strengthening domestic public resource mobilization. This work draws in particular on the expertise of the IMF and the World Bank, which produced a diagnostic note on the challenges of domestic public resource mobilization. It also builds on the discussions within the **Platform for Collaboration on Tax (PCT)**, which brings together the IMF, the OECD, the United Nations, and the World Bank Group, particularly during the conference held in Tokyo on **March 2-3, 2026**.

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# Speeding up debt treatment

## Improving coordination of debt restructuring processes

Public debt appears to be a double-edged tool for development: essential for financing public spending and addressing climate change, it can also become a major obstacle when it exceeds a sustainable threshold. While the risk of a systemic crisis remains broadly contained, nearly half of low-income countries are in a situation of excessive debt or at high risk of becoming so. Since 2010, public debt in developing countries has grown twice as fast as in advanced economies, driven in large part by a sharp rise in borrowing costs. The ONE Campaign notes that the average **cost of borrowing for African countries rose by 91% between 2020 and 2024, from 2.7% to 5.1%**. This growing pressure has direct consequences for public policy: **46 countries, home to 3.4 billion people, are allocating more resources to debt service than to health or education.**

In this context, the challenge is not only to restructure unsustainable debt more quickly, but also to prevent countries with sustainable debt levels from sliding into a solvency crisis due to a lack of liquidity or access to affordable financing.

Current restructuring mechanisms remain too slow, fragmented, and primarily driven by creditors. To foster a better shared understanding of principles and concepts, the IMF, the World Bank, and the G20 presidency launched the **Global Sovereign Debt Roundtable** (GSDR) in February 2023. This brings together Paris Club creditors, bilateral creditors such as China, private-sector actors, and borrowing countries.

### PROGRESS

Since 2023, the GSDR has helped identify technical obstacles to debt restructurings and foster dialogue between creditors and debtors. In particular, in April 2025, it published a “Restructuring Playbook,” a document summarizing the key steps, concepts, and processes observed in recent sovereign debt restructurings. It aims to provide national authorities considering a restructuring with an accessible summary document.

The GSDR’s April 2026 progress report highlights recent progress: the development of a voluntary guide for restructuring private non-bond sovereign loans, the incorporation of this guide into the Restructuring Playbook, the gradual clarification of the treatment of claims guaranteed by export credit agencies, as well as the possibility of publishing earlier the parameters used to assess the comparability of treatment among creditors. The GSDR also supports the publication of a monitoring table for the implementation of memorandums of understanding with official creditors, to encourage the accelerated conclusion of bilateral agreements, with the indicative goal of finalization within 12 months of the MoU\*.

At the same time, the GSDR continued work on the IMF and World Bank’s so-called “three-pillar” approach, designed for countries whose debt is deemed sustainable but which face liquidity constraints. This approach combines domestic reforms, increased financial support, and liability management operations. A practical handbook on liability management operations with credit enhancement was published to help national authorities assess these instruments, while emphasizing that they are not suitable for all situations and that they entail costs and risks.

In addition, UNCTAD\* launched the **Borrowers’ Platform\*** in April 2026. Envisioned by the Seville Commitment, this platform aims to strengthen coordination, the sharing of experiences, and the collective voice of borrowing countries within a debt architecture that has thus far been largely structured around creditors.

These initiatives are part of a broader debate on reforming the sovereign debt architecture. In 2025, several expert reports, notably those from the **UN Secretary-General’s Advisory Group on Debt, the Vatican-backed Jubilee Commission, and the Expert Review on Debt, Nature, and Climate**, helped fuel discussions on possible ways to resolve debt crises. While their recommendations have not yet been implemented, they are increasing pressure for a more systemic, faster, and more borrower-centered approach.

### NEXT STEPS

*The GSDR’s future work focuses on three priorities. The first is to accelerate restructurings, particularly for non-bond commercial debt, loans guaranteed by export credit agencies, and situations involving residual or reluctant private creditors. The second aims to strengthen support for countries facing liquidity problems before they slip into insolvency, notably through better-governed liability management operations and a clearer role for official bilateral creditors. The third concerns transparency: data reconciliation between creditors and debtors, greater transparency regarding the status of bilateral agreements, better management of collateralized loans, and strengthening of relations between borrowing countries, investors, and credit rating agencies.*

*A key challenge will be to make the **Borrowers’ Platform** operational. Countries will need to clarify its mandate, broaden participation, finalize governance arrangements, specify its mechanisms for interaction with other international debt initiatives, and define a joint work program focused on peer learning, technical assistance, data transparency, and the negotiating capacity of borrowing countries.*

*Despite these advances, progress remains slow. Reforms are primarily aimed at streamlining existing procedures, without a binding mechanism for rapid restructuring. Negotiations remain lengthy, countries ineligible for the Common Framework remain outside existing restructuring mechanisms, private creditor participation remains voluntary, and coordination with certain major bilateral creditors, notably China, continues to raise political and operational questions.*

*Another avenue lies in debt swaps, which involve refinancing or converting a portion of a country’s debt in exchange for targeted investments in development, resilience, climate, or nature conservation priorities. Their use could be strengthened by the **Global Hub on Debt for Development Swaps** launched by the World Bank in partnership with Spain, as well as by the initiative of the IDB, CAF, and the Caribbean Development Bank to support regional resilience swaps.*

# Accelerating the implementation of the G20 Common Framework\* for debt treatments

The Common Framework for Debt Treatment beyond the DSSI, established by the G20 and the Paris Club in November 2020, is a coordinated framework designed to facilitate debt restructuring for the most vulnerable countries. It brings together, on a voluntary basis, public (including China) and private creditors. It aims to address insolvency and persistent liquidity constraints for low-income countries whose debt burden is hindering investments in climate action and development, alongside the implementation of reforms supported by the IMF.

## PROGRESS

While 73 countries are eligible, only four have sought debt treatment under the Common Framework. **Chad** led the way, reaching an agreement with its creditors in late 2022, followed by **Zambia**, whose \$6.3 billion restructuring was finalized through bilateral agreements in 2024 and complemented by a major restructuring of its international bonds. **Ghana** had completed 95% of its debt treatment by the summer of 2025. In **Ethiopia**, following the approval of a \$3.4 billion program by the IMF in July 2024 and the signing of a Memorandum of Understanding (MoU) with its Official Creditors' Committee in 2025, allowing an agreement within less than a year, restructuring negotiations continue with private creditors in 2026.

The G20, in coordination with the Paris Club, has published an official note detailing the **specific steps** of a restructuring under the Common Framework. This document clarifies the sequence of events between the formal request, the formation of the Official Creditors' Committee (OCC), the Debt Sustainability Analysis (DSA), and the signing of the Memorandum of Understanding. For the first time, **an annex presents the timelines observed in past cases** (Zambia, Ghana, Ethiopia), thereby providing a basis for future applicants.

Furthermore, in October 2025, G20 finance ministers issued a Ministerial Statement on Debt Sustainability, which recognizes the impact of debt on developing countries' ability to invest in their economic, social, and climate priorities. The text reaffirms the goal of a faster and more predictable Common Framework, greater transparency regarding debt, including private-sector debt, and increased support for countries facing liquidity strains, notably through crisis-resilient debt clauses, liability management operations, and debt-for-development and debt-for-climate swaps.

In 2026, under the **French G7 Presidency**, finance ministers called for accelerating the implementation of the IMF and World Bank's three-pillar approach for countries whose debt remains sustainable but where debt service severely constrains public investment. The G7 also called for strengthening the Common Framework, notably through the development of a model memorandum of understanding, improved information sharing on terms negotiated between bilateral official creditors, and increased transparency of debt data, including through the World Bank's data-sharing exercise. Finally, the communiqué emphasizes the need to move toward a common approach for vulnerable middle-income countries ineligible for the Common Framework and notes the launch of the Borrowers' Platform as a space for dialogue between borrowing countries and stakeholders.

## NEXT STEPS

*A major challenge lies in the slow pace of processes, the lack of predictability of the framework, and the still limited participation of private creditors. For debtor countries, the challenge is also to make the mechanism more appealing, so that they can use it earlier and with greater confidence. The international community must also decide on the formal expansion of eligibility under the Common Framework to include vulnerable middle-income countries.*

## Toward a United Nations convention on sovereign debt?

Currently, when a country faces difficulties in repaying its debt, no formal, structured system for debt restructurings exists. These remain largely ad hoc and fragmented across official creditors, bondholders, banks, and multilateral institutions, with procedures that are often lengthy, opaque, and asymmetrical.

The ambition to establish a multilateral framework for debt resolution under the auspices of the United Nations is longstanding. As early as 2013, UNCTAD\* launched a working group on a sovereign debt treatment mechanism, and in 2014 the UN General Assembly adopted a resolution in favor of a multilateral legal framework for sovereign restructurings, approved by 124 states; in 2015, 136 states endorsed a set of basic principles on sovereign debt restructuring. This process, however, has long faced opposition from some of the major creditors and has therefore not resulted in an operational mechanism.

### PROGRESS

The prospect of a **United Nations convention on sovereign debt** has been brought back onto the agenda in the preparatory discussions for FfD4. This proposal, championed in particular by civil society organizations and supported by several low-income countries and country groupings, aims to create a binding multilateral framework covering the entire debt cycle: prevention of unsustainable debt build-up, transparency, principles of responsible lending and borrowing, participation of private creditors, and an equitable restructuring mechanism.

The *Compromiso de Sevilla* did not result in the launch of **formal negotiations for a convention under the auspices of the United Nations**. It does, however, plan to launch an intergovernmental process at the UN to formulate recommendations to address gaps in the current architecture, in dialogue with member states, the Paris Club, other official creditors, debtors, the IMF, the World Bank, other multilateral development banks, and private creditors.

### NEXT STEPS

*In 2026, recommendations from the UN intergovernmental process are expected on three fronts: full **debt transparency** through a global registry and improved data sharing; a more universal framework for debt restructurings, with the meaningful **participation of private creditors**; and **the inclusion of clauses or mechanisms to suspend debt service in the event of major shocks**, particularly climate-related ones. The most credible policy window, based on available official texts, is therefore 2026–2027, to secure either a strengthened UN mandate or the elevation of this process to a more institutionalised mechanism. However, this faces resistance from certain creditors, who fear that a more multilateral process would undermine stakeholders' confidence in the existing architecture.*

# Examining the link between sovereign debt and nature and climate protection



The proposal is based on the observation of a **vicious cycle between excessive debt and environmental degradation**: countries most vulnerable to climate risks are devoting an increasing share of public revenues to repaying their sovereign debt, at the expense of the investments needed for the green transition. This situation reduces their resilience to climate shocks, which, when they occur, further exacerbate their debt burden. The objective is therefore to **systematically integrate environmental risks and needs into countries' debt sustainability analyses**, that is, an assessment of their current and future repayment capacity, thereby turning financial constraints into a driver of nature conservation and adaptation financing.

The link between sovereign debt, climate, and nature is now an **operational pillar of the 4P**, through the **4P Implementation Pathway on Debt, Nature, and Climate**, launched in Seville at FfD4 in 2025, building on the Expert Review on Debt, Nature, and Climate initiated in 2023 by Colombia, Kenya, France, and Germany.

## PROGRESS

Since the launch of the Global Expert Review on Debt, Nature, and Climate by Colombia, Kenya, and France at COP28, the work has led to a reframing of the debt-climate “nexus.” The final report, published in April 2025, sets out structural recommendations aimed at integrating the costs of climate inaction into debt sustainability analyses. At COP30 (2025), an initial group of pilot countries announced the implementation of “Sovereign Transition Financing Frameworks” based on the findings of the Expert Review, aimed at linking a share of debt service to biodiversity restoration targets. In February 2026, the IMF launched a technical consultation phase to revise its Low-Income Country Debt Sustainability Framework (LIC-DSF\*), with a view to incorporating a more detailed assessment of the value of ecosystem services and the significant financing needs for adaptation, as recommended in the final report of April 2025.

## NEXT STEPS

*Pilot assessments using the new climate-integrated debt analysis framework are planned in five vulnerable countries in 2026. Finally, a follow-up report on private creditors' and rating agencies' adherence to the Expert Review's recommendations is expected at COP31 (2026), to ensure that investors appropriately incorporate efforts to strengthen environmental resilience into the calculation of sovereign risk premiums.*

# Incorporating climate vulnerability into IMF and World Bank debt sustainability analyses

Low-income countries and those vulnerable to climate change face a double risk: on the one hand, natural disasters, rising temperatures, and climate-related economic losses weaken their public finances; on the other, high debt levels reduce their ability to invest in adaptation, resilience, and transition.

Debt sustainability analyses conducted by the IMF and the World Bank therefore play a central role. They determine a country's risk of over-indebtedness, influence the terms of access to concessional financing, and inform the decisions of creditors and donors. If these analyses underestimate the macroeconomic effects of climate shocks or the investment needs for adaptation, they risk resulting in an incomplete picture of the actual sustainability of debt.

The challenge is therefore to adapt these analytical frameworks, particularly the Debt Sustainability Framework for low-income countries, so that they better reflect climate vulnerabilities.

## PROGRESS

In August 2024, the IMF and the World Bank published a **Supplement** to the 2018 Guidance Note on the **Low-Income Country Debt Sustainability Framework (LIC-DSF)\***. This supplement acknowledges that climate change risks are playing an increasingly significant role in debt analysis, alongside increased borrowing in commercial and domestic markets and the growing complexity of debt restructurings. It provides guidance to IMF and World Bank staff on how to better integrate these risks into analyses conducted under the LIC-DSF.

The current framework, revised in 2017 and operational since 2018, is currently under review by the IMF and the World Bank, and expected to be completed by mid-2026. This review is expected to give greater consideration to the impact of climate and other long-term issues in debt sustainability analysis.

## NEXT STEPS

*The next step is the completion of the review of the debt sustainability framework for low-income countries. The challenge will be to determine whether this review goes beyond the August 2024 supplement by more systematically integrating climate risks, recurring natural disasters, and adaptation needs into macroeconomic and fiscal projections.*

# Introducing debt suspension clauses in the event of exogenous shocks



Recent crises have shown that when vulnerable countries are **struck by a natural disaster or a health crisis**, they rarely have sufficient liquidity to respond to emergencies. In the absence of an automatic mechanism, these countries are **forced to choose between servicing debt and supporting their population**. The introduction of **debt suspension clauses** (also known as climate-resilient debt clauses, CRDCs) aims to establish an automatic “safety net” in loan agreements, allowing for the temporary suspension of debt service to immediately free up fiscal space without going through lengthy and costly restructuring negotiations.

## BEYOND THE SUMMIT FOR A NEW GLOBAL FINANCIAL PACT

Following the Inter-American Development Bank’s (IDB) inclusion of CRDCs in its loan contracts in 2021, several other MDBs (such as the AfDB, EBRD, EIB, and IBRD) have implemented or announced plans to implement debt suspension clauses. The institutional standardization of these tools has accelerated significantly, marked by increased convergence among multilateral and bilateral creditors.

In 2025, the World Bank completed the rollout of its **Crisis-Resilient Debt Clauses** for 45 small island and vulnerable states, covering not only climate risks (including droughts and floods) but also public health emergencies (pandemics). In the first quarter of 2026, the expansion of these tools to lower-middle-income countries began.

This momentum was reinforced by the official launch of the **Debt Suspension Clause Alliance** at the FfD4 conference in Seville in July 2025, enabling the harmonization of trigger criteria among the African Development Bank, the EBRD, and the IDB.

Under South Africa’s G20 presidency, a declaration was adopted in October 2025 formally recognizing these clauses as an essential tool for global debt sustainability. At the same time, bilateral creditors such as France, the United Kingdom, Canada, Spain, and Japan have started to incorporate systematically these mechanisms into their new loan agreements.

The operational effectiveness of this instrument was demonstrated by Saint Vincent and the Grenadines’ activation of the clause following Hurricane Beryl in 2024, showing the mechanism’s ability to provide immediate liquidity without affecting the lender’s financial position.

## NEXT STEPS

*The goal for 2026 is to transition from incorporating the clause into new contracts to its systematic application to the existing debt portfolio through standardized amendments. A major challenge is the involvement of private creditors, on which technical work is being carried out by the **Finance en Commun (FiCS\*)** network to clarify the distinction between temporary suspension and default with rating agencies. In parallel, clearly defined trigger criteria for non-climate-related crises, particularly pandemics, are expected to be finalized to eliminate any ambiguity during future biological crises. Finally, feasibility studies are underway to extend the use of these clauses to subnational entities and strategic public-sector enterprises by the end of the year.*

*This momentum could extend to private creditors, particularly bondholders. The proposal presented in April 2026 by the London Coalition on Sustainable Sovereign Debt offers a solid basis for further work on standardizing these clauses and reducing fears of adverse market reactions.*

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# Mobilizing private financing for climate and development

# Improving credit rating methodologies for emerging markets



The **high cost of capital** in developing and emerging economies is a major barrier to private investment in development and the climate transition. This cost does not always solely reflect these countries' economic fundamentals: it is also driven by a perception of risk that is sometimes exaggerated, stemming from information asymmetries, incomplete or difficult-to-compare data, limited knowledge of local realities, and rating methodologies that lack sufficient transparency.

Credit rating agencies\* (Moody's, S&P, and Fitch) play a decisive role in this regard. Inappropriate ratings can increase the cost of capital, amplify mistrust, and discourage certain investors.

The goal is therefore to correct these perceptual biases by improving the availability and quality of data, the understanding of local risks, and the dialogue between governments, investors, development banks, and credit rating agencies. The stakes go beyond the purely technical issue of sovereign ratings: fairer and more transparent assessments can help reduce the cost of capital, broaden access to financial markets, and create the conditions necessary to mobilize more private investment in support of sustainable development and the climate transition.

## PROGRESS

**Institutionalization of the African Credit Rating Agency (AfCRA)\*:** In July 2023, African Union member states decided to establish a credit rating agency based on the continent. The **African Credit Rating Agency** has thus been gradually brought into operation, with its governance structure to be finalized by the end of 2025 and its headquarters confirmed in Mauritius. The agency, designed to incorporate the specific characteristics of local economies, will be officially launched in 2026.

**Capacity building (UNDP/AfriCatalyst):** The "Africa Credit Ratings" initiative, launched in 2024, deployed its "Concilium" of experts in 2025. This technical support enabled nine African countries (including Côte d'Ivoire and South Africa) to improve their dialogue with international agencies, leading to rating upgrades by the end of 2025 thanks to a more effective presentation of their structural reforms.

**Methodological reform of rating agencies:** At the request of the South African G20 presidency in 2025, S&P Global recalibrated its criteria for multilateral banks in October 2025, taking better account of required capital. This technical advancement paves the way for a similar revision of emerging market sovereign ratings.

**ECOSOC Special Meeting on Credit Ratings:** In March 2026, the first ECOSOC meeting dedicated to credit rating agencies was held, in accordance with the Compromiso de Sevilla adopted at FfD4. This meeting brought together the three major agencies (S&P Global, Fitch Ratings, and Moody's) with governments, financial institutions, investors, experts, and civil society organizations. Discussions highlighted the need to enhance the transparency of methodologies, to better account for the economic fundamentals, resilience, and development trajectories of emerging and developing countries, and to support a greater diversity of actors, particularly through the AfCRA.

## NEXT STEPS

*The key challenge for 2026 is the acceptance of AfCRA ratings by international institutional investors (pension funds, insurers). A key milestone will be the publication, scheduled for late 2026, of the first **Convergence Report on Emerging Risks**, co-authored by regional agencies and multilateral institutions, to harmonize credit risk assessment models between the North and the South.*

# Developing a Global Emerging Market Risks Database 2.0



The lack of reliable, comparable, and sufficiently granular data on credit risks in emerging and developing economies contributes to maintaining a high perception of risk, which increases the cost of capital and limits the mobilization of private financing.

The publication of a global “2.0” database on emerging market risks aims to better inform rating agencies and investors on indicators such as probability of default or loss given default, in order to avoid an overestimation of risks in developing markets, which could help reduce the cost of private financing in these economies.

## PROGRESS

Created in 2009 at the initiative of the European Investment Bank and the IFC, the **Global Emerging Markets Risk Database (GEMs)\*** consortium pools anonymized data from multilateral development banks and development finance institutions on loans granted in emerging and developing economies, including default rates, recovery rates, and rating migrations.

Further progress was made in 2025. In September, GEMs selected **Galytix** and **PwC** to develop a next-generation platform with enhanced analytical capabilities. In October, the consortium published three new statistical reports covering loans to the private and public sectors for the period 1994–2024, as well as sovereign and government-guaranteed loans for the period 1984–2024. These publications represent a significant step forward in transparency, providing more detailed data on defaults and recoveries by borrower type, sector, region, and income level. They demonstrate that recovery rates in emerging markets (72% on average) exceed Moody’s global averages (70%), effectively contradicting the perception of extreme risk and providing an objective basis for investors. The publication of this data led to a downward revision of credit risk assessments by Standard & Poor’s.

The release of a “GEMs 2.0” database has not been announced at this stage. However, the evolution of GEMs toward a more open, granular, and actionable tool has continued. These advances remain limited, however: the data remains aggregated and anonymized, and GEMs 2.0 has not yet been launched as a fully operational public database. The challenge therefore remains to make this information more accessible and directly usable by investors, rating agencies, and regulators.

In 2026, under the **French G7 Presidency**, finance ministers and central bank governors emphasized the importance of having high-quality, accessible, and disaggregated data to reduce information asymmetries, improve risk pricing, and facilitate the mobilization of private capital in emerging and developing economies. The communiqué commends the progress made by the GEMs consortium and encourages broader, comparable, and usable publication of performance and risk data.

## NEXT STEPS

*The next steps involve finalizing the development of the new GEMs platform, which has been entrusted to Galytix and PwC, and then clarifying the terms of access, governance, and use by investors, rating agencies, and regulators.*

*The main challenge remains increasing the granularity and accessibility of the published data, while respecting the confidentiality constraints associated with the portfolios of MDBs and development finance institutions.*

# Mobilizing \$100 billion annually in private finance for emerging and developing economies through MDBs

Multilateral development banks (MDBs) can help mobilize private capital by reducing actual or perceived investment risks. Through blended finance instruments, guarantees, political risk insurance and loss-sharing mechanisms, they can help bring in private investors that would otherwise be unlikely to participate. MDBs also play an important role in structuring bankable projects and building investment pipelines, a prerequisite for mobilizing private finance at scale.

However, this approach can only reach scale if it is anchored in **national frameworks that help align mobilized capital with partner countries' priorities**. This is the role of country platforms and **Integrated National Financing Frameworks (INFFs)**, which aim to strengthen country-led financing strategies for sustainable development. The INFF Knowledge Platform lists country experiences from around the world and indicates that governments use the INFF approach to strengthen financing for national priorities and the Sustainable Development Goals (SDGs). Without this national anchoring, mobilization efforts risk remaining fragmented and project-based.

MDBs can also contribute to market transformation by strengthening regulatory frameworks and local financial ecosystems. Strategic interventions, based on additionality, risk-sharing and a higher risk appetite, can increase leverage while helping align private finance with development and climate objectives.

## PROGRESS

A joint report by MDBs and development finance institutions estimates that in 2023, MDBs mobilized **\$87.9 billion in private financing** in low- and middle-income countries, including \$10.2 billion in low-income countries. Between 2022 and 2023, this amount increased by 24%.

## NEXT STEPS

*The G20 Independent Expert Group estimates that private capital mobilization should reach **\$240 billion per year by 2030**. The challenge is therefore to continue expanding guarantees, risk-sharing instruments, local-currency financing and hedging mechanisms, while ensuring the genuine additionality of the finance mobilized.*

*The **4P Group of Eminent Persons on Barriers to Investment in Emerging Markets and Developing Economies** should contribute to this momentum. Its mandate includes examining whether prudential frameworks may unintentionally limit investment flows to emerging markets and developing economies, and formulating recommendations to mobilize more private capital without undermining financial stability.*

*Beyond the role of multilateral development banks (MDBs), mobilizing private capital also requires the direct involvement of institutional investors, banks, insurers and asset managers. Initiatives such as the UK's **EMDE Investor Taskforce** are therefore working with these stakeholders to identify the specific barriers to investment in emerging markets and developing economies and the solutions needed to overcome them.*

# Improving the use of Multilateral Investment Guarantee Agency (MIGA\*) guarantee instruments

This proposal aims to address one of the main barriers to private investment in emerging and developing countries: non-commercial risks. By simplifying and consolidating its guarantee tools, MIGA, a World Bank Group institution, whose mission is to promote investment in developing countries, seeks to offer investors clearer and more accessible protection. Optimizing these instruments is a key lever for maximizing the multiplier effect of every public expenditure and achieving the objectives of mobilizing private capital on a large scale.

## PROGRESS

In July 2024, the World Bank Group (WBG) launched a new platform, operated by the **Multilateral Investment Guarantee Agency (MIGA)**, which brings together all of the WBG's guarantee products and solutions under a single window and aims to make client interactions with the organization more efficient, simpler, and faster. Since 2024, the World Bank Group Guarantee Platform (a one-stop shop hosted by MIGA) has issued **\$12.3 billion in guarantees for 77 projects in 40 countries**, representing a 19% increase over the previous year. MIGA alone reached a historic record of **\$9.5 billion** in guarantee issuances, thereby mobilizing **\$9.8 billion** in private capital.

A symbolic milestone was reached in **April 2026**: MIGA surpassed the **\$100 billion** threshold in cumulative guarantees since its creation. Beyond these volumes, the agency implemented innovative "capital optimization measures." For example, in February 2026, a **\$550 million guarantee** was granted to First Abu Dhabi Bank to support lending to SMEs in Egypt, illustrating the strategy of reducing risk-weighted assets to enable commercial banks to increase their local lending capacity. Furthermore, 57% of MIGA's projects in 2025 included a climate finance component.

## NEXT STEPS

*The goal is to stay on track to reach **\$20 billion in annual** guarantee issuances by 2030. The next steps will focus on expanding hybrid capital solutions and first-loss guarantees for the biodiversity and climate adaptation sectors. A specific report on the impact of the guarantee platform in situations of fragility and conflict is expected in the fall of 2026. Finally, MIGA plans to strengthen its partnerships with private reinsurers to increase its risk-bearing capacity without additional public capital.*

*Following up on the **Africa Forward Summit** in May 2026, the establishment of a continental first-loss guarantee mechanism centered on the African Trade and Investment Development Insurance (**ATIDI**\*) will be a key follow-up item. Support from France and Germany signals growing interest among bilateral partners in this instrument. This agenda will be brought to the G7 in Évian to broaden support for the mechanism, encourage other major economies to invest in the capital or back the guarantees, and clarify its coordination with the AfDB, MIGA, and other existing platforms.*

# Better recognizing private sector contributions to Official Development Assistance



The evolution of the OECD's policy framework is taking place against a backdrop of profound change in development financing, marked by a sharp decline in official development assistance (ODA) since 2024. While total ODA from DAC\* member countries fell by 28% between 2023 and 2025, mobilizing private capital has become a strategic imperative to offset this decline. To address this shift, the Development Assistance Committee has accelerated the modernization of its statistical tools, notably by accounting for private-sector instruments in "grant-equivalent" terms and formalizing the TOSSD (Total Official Support for Sustainable Development) framework. This transition aims to provide a comprehensive view of global financial flows, while raising critical questions about the balance between the commercial profitability sought by the private sector and the targeting of resources toward the most vulnerable countries, which are increasingly being neglected by traditional concessional flows.

## PROGRESS

In **2023**, the members of the OECD's DAC **adopted new rules for counting private-sector instruments** as ODA. These rules allow donor countries to report the grant equivalent of **guarantees, loans to the private sector, equity, mezzanine instruments, and repayable grants** as ODA, while introducing safeguards regarding ODA integrity, additionality, and monitoring mechanisms. These revised guidelines took effect in 2024 for the reporting of 2023 ODA, with a two-year transition period.

Preliminary data on official development assistance (ODA) in 2025 show that members of the OECD Development Assistance Committee (DAC) provided \$4.6 billion in ODA in the form of private sector instruments (PSI), representing 2.6 % of total ODA. The statistical effects of the reform are now visible. In 2024, DAC members extended **\$12.8 billion in private sector instruments to developing countries**. Of this amount, **\$4 billion was counted as ODA on a grant equivalent basis**, representing **1.9 % of total ODA**. These instruments refer to public financing channelled to private-sector entities, most of which had not been counted as ODA until recently.

They differ from **mobilized private finance**, which refers to private capital mobilized through official development finance interventions. In 2024, these interventions mobilized **\$75.1 billion from the private sector in real terms**, the highest level recorded by the OECD.

At the same time, the **International Forum on Total Official Support for Sustainable Development (TOSSD)**, whose secretariat has been hosted by the OECD since 2024, continued to build its institutional framework. In **2025**, it held its second General Assembly, updated its terms of reference, and initiated new methodological work to expand or refine the scope of the flows being measured. Discussions focused in particular on the inclusion of **philanthropic flows, mobilized private finance, and Special Drawing Rights (SDRs)**, with an agreement to continue technical work on these topics.

The Forum's strategic documents for 2026 emphasize that understanding of TOSSD remains incomplete, that the participation of developing countries must be further strengthened, and that the institutional sustainability of the secretariat hosted by the OECD beyond 2026 depends on funding and governance agreements.

The **2026 G7 Declaration in support of an ambitious review of the OECD's DAC** also calls for improving the measurement of development finance flows from the perspective of partner countries by better integrating data from the DAC, TOSSD, and IATI. The goal is to better account for all mobilized financing, while maintaining clear methodologies and safeguards against double counting.

## NEXT STEPS

*The new ODA accounting rules may encourage high-income countries to develop a private-sector-focused development program, which could come at the expense of grants intended to support basic public services and blur the lines between development and commercial activities.*

*The TOSSD Forum plans to finalize its full integration as the reference standard for Indicator 17.3 of the United Nations Sustainable Development Goals (SDGs) in 2026.*

# Increasing local-currency financing by improving exchange-rate risk hedging through the IMF, the World Bank, and TCX

Exchange-rate risk is a major barrier to private investment in low- and middle-income countries. Most investments generate revenue in local currency, while international investors provide financing and expect returns in foreign currency, often in US dollars or euros. When the local currency depreciates, the revenues generated by the investment lose value relative to the currency in which the financing must be repaid.

## PROGRESS

In September 2023, TCX, AFD, IDFC\*, Deloitte, and FIC released a study on the impact of foreign exchange risks on the ability of public development banks to contribute to the achievement of the SDGs. In the **Sevilla Commitment** adopted at FfD4 in July 2025, member states recognized the need to transform foreign exchange hedging mechanisms into global public goods.

On the operational front, the **TCX fund** surpassed **\$19 billion** in notional hedged exposure in 2025, including \$4.7 billion in Africa. A historic milestone was reached in February 2026 with the **African Development Bank's** (AfDB) return as a shareholder in TCX (a \$25 million investment), strengthening hedging capacity for illiquid African currencies. At the same time, the use of "blended finance" to subsidize the cost of exchange rate premiums was endorsed by the G20 under the South African presidency: pilot projects demonstrated that a 5% subsidy on the exchange rate could unlock massive private investment in solar energy and financial inclusion (e.g., Yellow in Malawi). Finally, the IMF has incorporated exchange rate volatility management into its Integrated Policy Framework (IPF), now actively encouraging sovereign debt issuance in local currency.

## NEXT STEPS

*The 2026 Spring Meetings of the IMF and the World Bank confirmed the importance of reducing exchange rate risk weighing on investments in emerging and developing economies. Leaders of multilateral development banks called for expanding local-currency financing, strengthening domestic financial markets, and improving risk-sharing and mitigation tools, particularly through blended finance. Under the Seville Action Platform, these efforts are now centered on initiatives such as **FX EDGE**, led by the Inter-American Development Bank; **Delta**, led by the EBRD; and the work of TCX and **Finance in Common** on foreign exchange risk management by public development banks. The next steps will need to clarify their operational modalities, governance, and potential concessional mechanisms to sustainably lower the cost of currency risk hedging.*



# Conclusion and next steps

## Conclusion and next steps

**T**hree years after the Summit for a New Global Financing Pact, **progress on reforming the international financial architecture remains uneven.**

Some progress is worth highlighting: multilateral development banks have undertaken reforms to increase their lending capacity; instruments designed to account for climate-related risks, such as debt suspension clauses and vulnerability assessments, are gradually being adopted; the debate on international solidarity levies has gained momentum; and the Sevilla Action Platform has translated several commitments from the 4th International Conference on Financing for Development into concrete initiatives.

**Progress, however, remains too slow, fragmented, and underfunded given the scale of the needs.**

The governance of international financial institutions remains largely dominated by countries reluctant to share decision-making power, thereby preserving a status quo they deem advantageous. Private capital, often presented as a key solution to the financing gap, can help meet investment needs but is not designed to support structurally unprofitable social sectors. Nor can it, on its own, offset the sharp decline in concessional resources or the rising cost of financing. Debt restructuring remains a lengthy and uncertain process, increasing the risk of liquidity crises in

many countries. In short, the current architecture too often leaves vulnerable countries bearing the cost of crises they did not cause.

A fundamental shift in recent years lies in **the historic contraction of official development assistance (ODA)**. Over the past two years, despite rising needs, OECD DAC countries have reduced their ODA by 28%, the sharpest decline on record. Beyond its severe consequences for populations, this decline erodes trust between countries, weakens concessional instruments, reduces the room for maneuver of multilateral institutions, and forces many actors to rely, where possible, on more costly and less sustainable alternatives.

At the same time, **the international political climate has become more volatile**. The shift in U.S. policy, the rise of geopolitical rivalries, and the questioning of numerous multilateral frameworks cast doubt on the ability of former leading powers to continue playing a central role in the provision and financing of global public goods. This trend is fueling calls from developing and emerging economies for a rebalancing of the international system, including in the areas of governance, taxation, debt, and economic sovereignty.

The unprecedented and abrupt decline in official development assistance, together with the proliferation of initiatives such as the *Accra Reset*, the *Future of Development Cooperation Coalition*, the *Sevilla Action Platform*, and the *4P coalitions*, highlight both the limits of the traditional model and the search for new approaches. These dynamics can open useful pathways if they help strengthen countries' capacity to act, mobilize additional resources, reduce power asymmetries, and better coordinate public, private, domestic, and international financing. However, they may also add complexity if not accompanied by stronger coordination, meaningful inclusion, transparent accountability mechanisms, and rigorous impact measurement.

The challenge in the coming months does not lie in multiplying commitments, but in their **effective implementation**. Reform of the international financial architecture must go beyond shared language: it must translate into financing that is more predictable, more accessible, and better aligned with countries' development priorities, without increasing their financial, environmental, or institutional vulnerability.

With four years remaining until the deadline for the Sustainable Development Goals, the status quo is no longer an

option. Geopolitical fragmentation, the acceleration of extreme weather events, and the proliferation of conflicts are complicating reform efforts; they also make them more urgent. The challenge can be distilled into one imperative: transforming a financial architecture inherited from the 20th century into a system capable of **equitably financing the priorities of the 21st century**.

## Glossary

**Addis Tax Initiative:** The Addis Tax Initiative (ATI) is an international partnership launched in 2015 in Addis Ababa during the 3rd United Nations Conference on Financing for Development. It brings together partner countries, donors, and international organizations to strengthen domestic resource mobilization, that is, to help countries better collect their own tax revenues in a more equitable and efficient manner in order to finance the SDGs.

**ADF (African Development Fund):** The ADF is the concessional window of the African Development Bank Group. Established in 1972 and operational since 1974, it provides grants and concessional loans to low-income African countries, as well as technical assistance and capacity-building activities. It plays a central role in supporting the economic and social development of the most vulnerable African countries, particularly in fragile contexts, and its resources are periodically replenished by contributing countries.

**ADF (Asian Development Fund):** The ADF is the concessional window of the Asian Development Bank (ADB). Established in 1973, it finances low-income and the most fragile countries in the Asia-Pacific region through grants and, more broadly, by supporting the ADB's concessional operations. Its role is to reduce development gaps by supporting essential investments in sectors such as infrastructure, resilience, social services, and institutional strengthening. It is periodically replenished by donor countries.

**AfCRA (African Credit Rating Agency):** A pan-African credit rating agency initiative led by the African Union and the African Peer Review Mechanism (APRM). It stems from longstanding criticism of major international agencies (Moody's, S&P, and Fitch), which several African states accuse of producing ratings that are ill-suited to the continent's economic realities, thereby driving up their borrowing costs. The AfCRA thus aims to complement, rather than replace, these agencies by offering independent, context-specific ratings grounded in a deeper understanding of African economies.

**Africa Forward:** Africa Forward is a summit co-organized by Kenya and France, held in Nairobi on May 11 and 12, 2026, with the aim of revitalizing economic relations between France and African countries through a framework of partnership, investment, and co-development. It brought together heads of state and government, international financial institutions, businesses, and civil society actors to address priorities such as innovation, sustainable agriculture, the blue economy, artificial intelligence, health, and the mobilization of private capital.

**AGIA (Alliance for Green Infrastructure in Africa):** The Alliance for Green Infrastructure in Africa is an initiative launched by the African Development Bank, in partnership with the African Union, Africa50, and other partners, to accelerate the development of green and climate-resilient infrastructure projects in Africa.

**ATIDI:** ATIDI (African Trade and Investment Development Insurance) is a pan-African multilateral insurer established in 2001 with the support of the World Bank. It aims to facilitate trade, investment, and project financing in Africa by covering a portion of the political, commercial, or sovereign risks perceived by investors and lenders. By reducing these risks, ATIDI helps improve the bankability of projects and mobilize more private capital on the continent.

**Bonn Sessions:** The Bonn Sessions of June 2026 refer to the UNFCCC interim meetings held in Bonn, Germany, from June 8 to 18, 2026, under the designation SB64. They correspond to the 64th sessions of the two subsidiary bodies of the United Nations Framework Convention on Climate Change: the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation. These meetings prepare for the negotiations at the next COP by advancing technical and political discussions on topics such as mitigation, adaptation, climate finance, and transparency.

**Carbon markets:** Carbon markets are trading mechanisms that assign a value to the reduction, avoidance, or absorption of one ton of CO<sub>2</sub> (or CO<sub>2</sub> equivalent). They fall into two broad categories: regulated or national markets, established by governments and based on legal obligations to reduce emissions, and voluntary markets, where participants purchase carbon credits on their own initiative to support climate projects or contribute to their carbon neutrality goals.

**Credit Rating Agency:** Credit rating agencies are organizations responsible for assessing the creditworthiness of a country, an institution, or a company, that is, their ability to repay their loans. The AAA rating is the highest level: it indicates a very low risk of default and generally allows for borrowing on more favorable terms in financial markets. This rating is particularly strategic for multilateral development banks, as a high rating enables them to raise funds at low cost, which in turn benefits the programs and projects they support.

**DAC:** The Development Assistance Committee (DAC) is the main forum for countries providing official development assistance, hosted within the OECD. It defines the rules, standards, and statistical methods governing official development assistance and publishes reference data on funding allocated to developing countries. It comprises 32 member countries, one associate country, and the European Union.

**FfD4:** The 4th United Nations International Conference on Financing for Development (FfD4) was held in Seville, Spain, from June 30 to July 3, 2025. It took place ten years after the last such conference, held in Addis Ababa in 2015, against a backdrop marked by the worsening debt crisis, declining official development assistance, and insufficient funding to achieve the SDGs. Its significance lies precisely in the fact that it aimed to reignite multilateral momentum on reforming the international financial architecture, by placing key issues on the agenda such as

the cost of capital for vulnerable countries, the governance of international financial institutions, debt treatment, the mobilization of domestic resources, and innovative financing mechanisms.

FfD4 served as a political sounding board for several priorities advanced since the 2023 Summit for a New Global Financial Pact: reform of multilateral development banks, better consideration of vulnerabilities, the link between debt, climate, and development, and the search for new concessional resources.

The conference culminated in the *Compromiso de Sevilla*, or *Sevilla Commitment*, adopted by consensus at the opening of the conference. This text establishes a renewed policy framework to bridge the annual SDG financing gap, address the debt crisis, and make the international financial architecture fairer, more representative, and more effective. The conference also launched the *Sevilla Platform for Action*, designed to translate this agreement into concrete initiatives.

**FICS:** FiCS (Finance in Common Summit) is a global network of public development banks. Launched in 2020, it now brings together more than 540 multilateral, regional, national, and local banks that manage \$23 trillion in assets. Its goal is to strengthen partnerships among its members to better channel financial flows toward the 2030 Agenda and the Paris Agreement.

**Financial Stability Board:** The Financial Stability Board (FSB) is an international body whose primary mission is to monitor the functioning of the global financial system and make recommendations to ensure its soundness. Its role is to coordinate major financial authorities to enforce prudential rules, prevent contagion, and protect the global economy. This body was established in April 2009 at the G20 summit in London, in response to the 2008 global financial crisis.

**G20 Common Framework for Debt Treatment:**

The G20 Common Framework is a mechanism launched in 2020 by the G20 and the Paris Club, with the support of the IMF and the World Bank, to coordinate debt treatment for the most vulnerable countries. It aims to bring together official bilateral creditors, including those that are not members of the Paris Club, such as China, in order to make debt restructurings more coordinated and comparable.

**GCF (Green Climate Fund):**

The GCF, or Green Climate Fund, is the world's largest fund dedicated to combating climate change. Its mandate is to help low-income countries finance their transition to low-emission and climate-resilient pathways, in line with the Paris Agreement and Nationally Determined Contributions. It supports both mitigation and adaptation projects by mobilizing grants, loans, guarantees, and equity investments, with the goal of catalyzing large-scale transformations.

**GEMs (Global Emerging Markets Risk Database):**

GEMs is a consortium of multilateral development banks and development finance institutions that pools and publishes historical data on defaults and recovery rates in emerging markets and developing economies. Its goal is to provide better information on the actual risk in these markets and reduce investor perception biases.

**GIF (Global Infrastructure Facility):**

The Global Infrastructure Facility is a collaborative platform, a G20 initiative hosted by the World Bank Group, that provides financing and advice to prepare, structure, and bring to market sustainable and bankable infrastructure projects in emerging and developing countries.

**Global Solidarity Levies Task Force (GSLTF):**

The Global Solidarity Levies Task Force is an intergovernmental initiative launched in 2023 to explore the possibility of establishing international solidarity levies to finance climate action, development, and other global public goods. It aims to identify applicable mechanisms, particularly in sectors such as aviation, shipping, and fossil fuels, in order to mobilize new resources on an international scale.

**GSDR (Global Sovereign Debt Roundtable):**

The GSDR is a global roundtable on sovereign debt launched in 2023 by the IMF, the World Bank, and the G20 presidency. It brings together debtor countries, public and private creditors, and international institutions to improve the coordination of debt restructurings. Its goal is to make these processes faster, more predictable, and more transparent, particularly by bridging the positions of different stakeholders and clarifying technical obstacles.

**Hybrid Capital:**

The concept of hybrid capital refers to financial instruments that fall halfway between debt and equity. Like debt, they can generate returns and be repaid. Like equity, they can absorb a portion of losses, have a long-term horizon, and offer greater repayment flexibility. These instruments allow an institution to strengthen its financial base without relying solely on a traditional capital increase. For multilateral development banks, hybrid capital serves as a lever to increase their lending capacity. Its effectiveness, however, depends on how it is structured and recognized, particularly by rating agencies.

**IBRD (International Bank for Reconstruction and Development):**

The IBRD is one of the institutions of the World Bank Group. It provides loans, guarantees, advisory services, and technical assistance primarily to middle-income countries and certain low-income countries considered creditworthy. It finances public policies and development projects in areas such as infrastructure, education, health, climate, and governance.

**ICSID (International Centre for Settlement of Investment Disputes):** The International Centre for Settlement of Investment Disputes (ICSID) is a World Bank Group institution specializing in the settlement of disputes between states and foreign investors.

Unlike the IBRD or the IFC, ICSID does not finance projects: it provides a legal and institutional framework for arbitration and conciliation in international investment matters.

**IDA (International Development Association):** IDA is the World Bank Group's concessional window dedicated to low-income countries. Established in 1960, it provides grants and very low-cost loans with long maturities to finance essential investments in areas such as health, education, infrastructure, governance, and resilience to shocks. It is replenished every three years by its donors and is one of the main sources of concessional financing for low-income countries.

**IDFC (International Development Finance Club):** The IDFC is a network of public development banks established in 2011 at the initiative of several major national and regional development finance institutions. It brings together 27 national and regional public development banks from different continents. Its objective is to foster cooperation among these institutions, which play a central role in the long-term financing of public policies, infrastructure, the green transition, and economic development.

The network serves, in particular, to share best practices, develop common positions, and strengthen the influence of public development banks in international discussions on climate and development.

**IFAD (International Fund for Agricultural Development):** IFAD is an international financial institution and a specialized agency of the United Nations dedicated to transforming agriculture, rural economies, and food systems. It prioritizes low-income rural populations, particularly smallholder farmers, by providing loans and grants to improve agricultural productivity, food security, incomes, climate resilience, and market access.

**IFC (International Finance Corporation):** The International Finance Corporation is part of the World Bank Group and focuses on the private sector in developing countries. It invests in companies, provides loans, mobilizes private capital, and offers advisory services to support job creation, entrepreneurship, infrastructure, the energy transition, and access to financing.

**LDCs (Least Developed Countries):** The Least Developed Countries (LDCs) classification is an official United Nations categorization grouping low-income countries facing serious structural obstacles to sustainable development. These countries generally have low levels of human capital, high economic and environmental vulnerability, and limited productive capacities.

The LDC category has existed since 1971 and aims to recognize the structural, historical, and sometimes geographical disadvantages that hinder the development of these countries. The identification of LDCs is carried out by the United Nations Committee for Development Policy and reviewed every three years.

**Low-Income Country Debt Sustainability Framework (LIC-DSF):** The Low-Income Country Debt Sustainability Framework is a joint framework of the IMF and the World Bank used to assess the debt sustainability of low-income countries. It serves to guide borrowing and lending decisions by taking into account a country's current and future ability to repay its debt.

**MIGA (Multilateral Investment Guarantee Agency):** The Multilateral Investment Guarantee Agency is a World Bank Group institution, established in 1988, whose mandate is to encourage foreign direct investment in developing countries by offering guarantees against non-commercial risks, including political risk insurance, credit enhancement products, and trade finance guarantees, thereby reducing perceived risk.

In practice, MIGA encourages private investors and lenders to engage in countries or sectors perceived as risky by covering certain risks such as expropriation, foreign exchange restrictions, breach of contract, conflicts, or civil unrest.

**MoU (Memorandum of Understanding):** The MoU, or Memorandum of Understanding, is a document that formalizes the broad terms of an agreement between multiple parties. In the context of sovereign debt, it generally establishes the principles for debt treatment or restructuring between a debtor country and its official creditors, before being translated into bilateral agreements with each creditor.

**Multilateral Development Banks:** A multilateral development bank (MDB) is an international financial institution established and owned by several countries, with a mandate to finance the economic and social development of low- and middle-income countries.

MDBs provide loans, grants, guarantees, and technical assistance to support projects or reforms in sectors such as infrastructure, health, education, agriculture, social protection, or climate. Their role is not limited to financing: they also provide expertise, support public policies, and can help mobilize other public or private financing.

**MVI (Multidimensional Vulnerability Index):** The Multidimensional Vulnerability Index (MVI) is a tool developed under the auspices of the United Nations to better measure countries' structural vulnerability to external shocks.

It aims to complement traditional indicators, particularly gross national income per capita, which do not always reflect the risks to which certain countries are exposed: exposure to climate-related disasters, economic dependence, geographical remoteness, a small domestic market, or low resilience.

Adopted by the United Nations General Assembly in 2024, the index is designed as a decision-making tool to better account for these vulnerabilities in international cooperation, particularly regarding access to concessional financing.

**SIDS:** SIDS (Small Island Developing States) are island nations particularly vulnerable to external shocks, geographical constraints, and the effects of climate change.

**UNCTAD (United Nations Conference on Trade and Development):** UNCTAD, or the United Nations Conference on Trade and Development, is a United Nations agency established in 1964 to support developing countries in their integration into the global economy.

It focuses in particular on trade, investment, development finance, and debt, and today plays an important role in discussions regarding a more equitable international debt architecture.

**V20:** The V20, or Vulnerable Twenty, is a group of countries particularly vulnerable to the effects of climate change. Created in 2015 to promote common positions on climate finance and the reform of the international financial architecture, it originally comprised 20 countries and now includes 74, home to more than 1.8 billion people.

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Focus 2030 is a Paris-based think tank 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;
- **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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## **EVALUATIONS**

**FOCUS 2030**

**REFORMING THE INTERNATIONAL FINANCIAL ARCHITECTURE:  
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