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FROM PROMISES TO PROGRESS: SEVILLE AND THE FUTURE OF GLOBAL DEVELOPMENT FINANCE

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Global development finance stands at a critical juncture. With rising debt levels, shrinking fiscal space, and eroding trust in multilateral institutions, the gap between ambition and action has grown dangerously wide. The Fourth International Conference on Financing for Development (FfD4), held in Seville, must go beyond symbolic declarations and deliver tangible progress.

This policy brief calls for a shift from promises to implementation, proposing a pragmatic agenda built around seven interconnected pillars—ranging from domestic tax reform and responsible private finance to fairer debt restructuring and systemic reform of global financial governance. It advocates for coalitions of the willing, concrete follow-up mechanisms, and a focus on feasibility over rhetoric.

Seville offers a crucial opportunity to restore confidence in multilateralism. Prioritising achievable outcomes—such as reducing remittance costs, rechanneling Special Drawing Rights (SDRs), and advancing international tax cooperation—would send a strong signal that global cooperation can still deliver. Each country can also focus on specific sectors where it has added value, helping address key gaps exposed by today's interconnected crises.

In a world marked by fragmentation and distrust, Seville's success will hinge not on consensus alone, but on credibility, accountability, and impact. A focused and realistic outcome could reignite momentum and reaffirm that development finance has a future rooted in collective action.

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INTRODUCTION - FINANCING FOR DEVELOPMENT IN A FRAGMENTED WORLD

The Fourth International Conference on Financing for Development (FfD4) convenes at a moment of exceptional global turbulence. The world now faces simultaneous crises: growing debt distress, persistent inequality, climate emergencies, geopolitical rivalries, wars, and weakened multilateralism. As a consequence, trust in global institutions is eroding, and the development financing agenda risks drifting further from both political support and real, plausible impact.

Yet the FfD4, taking place in Seville, Spain, offers a crucial opportunity – not for more generalised and broad declarations, but for concrete and pragmatic action that rebuilds confidence in multilateralism. The FfD4 outcome document, while non-binding, can serve as more than just another symbolic text. If countries commit to translating commitments into implementation mechanisms, then Seville could mark a turning point.

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Indeed, many international actors have advanced proposals to establish a "Platform for Action", a structure designed to monitor follow-up, encourage accountability, and support coalitions of the willing. These coalitions, composed of lead implementers and endorsing partners, could drive specific agenda items forward, even in the absence of universal consensus.

But the political climate is challenging. Many low-income countries remain submerged in high levels of inflation, debt service costs, and limited fiscal space. Official Development Assistance (ODA) is experiencing a significant downturn and shift in allocation, multilateral institutions lack adequate funding, and key economic powers show limited commitments to systemic reforms. Moreover, distrust between the global North and South has heightened, especially around climate financing, debt restructuring, and global tax regulations.

Despite these obstacles, there is the possibility that Seville can deliver progress. A limited but high-quality outcome that prioritizes implementation, establishes frameworks of accountability, and advocates for targeted initiatives would go far in proving that multilateralism still works. FfD4 should aim for an agenda that is anchored in credibility, feasibility, and impact.

THE CONTEXT - THE ROAD TO SEVILLE: FROM MONTERREY TO A MISSED MOMENTUM

The International Conference on Financing for Development (FfD) was created as a space for dialogue where governments, international financial institutions, the private sector, and civil society could be brought together to tackle the systemic challenges of mobilising resources for sustainable development. Even though the initial process began with high hopes, lately it has struggled to maintain momentum and deliver concrete change.

The inaugural Monterrey Conference in 2002 was a landmark event. The resulting document, the Monterrey Consensus, established a bold vision: a comprehensive global framework aligning finance, trade, and development. It underlined the importance of mobilizing all sources of finance and, as the UN Secretary-General Kofi Annan at the time observed, it represented "a turning point in the quest for economic and social progress."

The Doha Conference in 2008, held amid the global financial crisis, was permeated by limited ambition and modest outcomes. The Doha Declaration, while reaffirming earlier commitments, fell short of generating the political will and institutional reforms necessary to change the unjust and fragmented status quo.

The Addis Ababa Action Agenda in 2015, aligned with the launch of the 2030 Agenda and the SDGs, aimed to create a financing framework to support global sustainability goals. Although it emphasized blended finance, private sector engagement, and domestic resource mobilization, it failed to tackle some of the most pressing structural issues, such as global tax cooperation, debt architecture reform, and systemic inequalities in financial governance. As a consequence, the conference delivered only operational outcomes.

One of the defining features of FfD conferences is that they conclude with a negotiated outcome document, adopted by consensus within the UN framework. However, while they have high symbolic value, these texts are not legally binding and lack formal mechanisms for enforcement or continuity. Hence, their effectiveness depends on the political will of participating states to deliver on promised actions. This leaves little room for accountability or for compromises to become a reality.

Now, nearly a decade later, the upcoming conference in Seville presents a unique opportunity – not to reiterate aspirations, but to deliver real commitments. There is growing pressure to go beyond paper agreements and ensure concrete implementation. Clarifying how adopted outcomes will be operationalized, tracked, and reported on will be crucial to avoid the outcome document becoming another lost opportunity. The FfD4 represents a crucial moment to bridge the gaps left by the past conferences and to set a realistic but progressive financing agenda for sustainable development.

WHY SEVILLE NEEDS TO SUCCEED - MULTILATERALISM ON TRIAL

The success of the FfD4 is not just about holding more technical discussions on development finance, it is about defending the very relevance of the multilateral system at a time when it is under intense scrutiny. Previous commitments made in Monterrey, Doha, and Addis Ababa have been only partially fulfilled, and many, especially in the Global South, are growing disillusioned with declarations that stay just on paper and lack concrete outcomes.

If Seville ends without meaningful progress, it risks reinforcing the perception that the international system is no longer capable of delivering results that unite nations towards common goals. Conversely, even small but credible outcomes can send a powerful signal that the international community is still capable of multilateral cooperation. In this sense, Seville's success may be measured not only by the agreements reached, but by what it enables: the political will, institutional mechanisms, and trust required to transform commitments into concrete action.

SEVILLE'S STRATEGIC AGENDA: THE SEVEN PILLARS OF THE FFD4

In this context, the Outcome Document of the FfD4 outlines seven key areas. They represent both the guiding vision and the central areas of debate for Seville. They address a critical part in creating a fairer, more sustainable, and resilient global financial system. Yet, each also presents its own implementation challenges, especially under the current geopolitical and fiscal constraints.

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A. Domestic Public Resources - Reclaiming Fiscal Sovereignty: Tackling Tax Injustice and Illicit Flow

Mobilizing domestic public resources is a foundational pillar for achieving sustainable development. However, many developing countries continue to struggle with low tax to GDP ratios, big informal sectors, and high levels of illicit financial flows (IFFs). The gap in tax revenue collection between high income and low income countries is stark: tax revenues account for just 13.5% of GDP in low income countries, compared to 35.8% in OECD nations. Moreover, the world loses around half a trillion dollars annually to tax abuse—including both legal avoidance (like profit shifting to tax havens) and illegal evasion. These practices drain public revenues, especially from Least Developed Countries (LDCs), and are worsened by a few wealthy nations that block progress on UN-led tax reforms. As a result, the current system hinders LDCs abilities to mobilize resources, and many argue it is disproportionately benefiting wealthier nations.

Strengthening tax administrations and tackling corporate tax evasion is critical because it enables governments to mobilize domestic resources, reduce aid dependency, and build public trust by showing that taxes are collected fairly and used for public good. Without this, tax abuse deepens inequality and weakens state legitimacy. However, political resistance remains strong – not only from wealthy countries and multinational corporations that benefit from loopholes in the current system, but sometimes also from actors within low-income countries, where weak oversight may allow informal revenue streams and corruption to persist.

Seville can become a turning point by establishing a mechanism to combat IFFs and promote capacity building encouraging countries to adopt automatic exchange of information standards to enhance transparency and accountability. However, this remains challenging, as many major economies are reluctant to support a shift from the current OECD-led model to a UN-based framework, which would give LDCs a greater role in shaping global tax rules.

B. Domestic and International Private Business and Finance - Unlocking Private Finance: From Remittances to Responsible Investment

The private sector plays a vital role in bridging the financing gap, but current global instability, rising protectionism, and weak financial frameworks, have made capital flows more volatile. This particularly affects the Global South, where underdeveloped financial markets limit foreign investment.

Remittances remain a vital source of private financial flows, reaching around $656 billion globally in 2023—over three times the volume of Official Development Assistance (ODA). Yet, the average global cost of sending remittances was 6.35% in early 2024, still far from the SDG target of 3% by 2030. Lowering these costs and formalizing remittance systems could have significant impact in countries where remittances represent a large share of GDP. To achieve this, governments should improve regulatory frameworks, while private providers – especially mobile money and fintech firms – must expand affordable, digital remittance solutions.

Furthermore, aligning private incentives with development goals will require stronger public-private relationships, which some countries may be skeptical to implement.

C. International Development Cooperation - From Aid to Partnership: Reimagining Development Cooperation

Despite repeated commitments, Official Development Assistance (ODA) remains well below the 0.7% of Gross National Income (GNI) target, with OECD countries providing only 0.37% in 2023. Projections for 2024 and 2025 suggest this figure may decline further, as several major donors face domestic fiscal constraints and are shifting resources away from development aid.

The gap between policy and delivery, deepened by recent budget constraints and donor fatigue, continues to erode trust. Amid these limitations, the Total Official Support for Sustainable Development (TOSSD) has gained traction as a more flexible and inclusive alternative measurement. However, even with support from Multilateral Development Banks (MDBs), current funding levels fall short of the estimated $4 trillion USD development gap.

> International trade remains a critical engine for development, yet structural inequalities and growing protectionism limit its benefits for developing countries.

Seville presents an opportunity to redefine cooperation as a partnership of mutual investment, rather than a model of aid, strengthening South-South cooperation and creating new financing coalitions. Also, revisiting current terminology – such as replacing "assistance" with more appropriate language that reflects genuine cooperation – can help align discourse with the principles of partnership and mutual responsibility.

D. International Trade as an Engine for Development - Addressing Structural Imbalances

International trade remains a critical engine for development, yet structural inequalities and growing protectionism limit its benefits for developing countries. Least Developed Countries (LDCs), despite representing 14% of the global population, account for less than 1% of global exports. High tariffs, especially on agricultural goods, which face nearly 20% duties under most-favoured-nation (MFN) treatment, along with increasing trade fragmentation, limit their development prospects. Recent U.S. trade policies have exacerbated these challenges. These measures have disrupted global trade dynamics, leading to retaliatory tariffs and increased uncertainty, which disproportionately affect LDCs that rely heavily on access to major markets.

While WTO reform and simplified customs procedures could ease market access, political sensitivities and structural complexities around trade liberalisation remain a major barrier. Seville should serve as a platform to advocate for inclusive trade systems and regional trade agreements that benefit LDCs. This conference must voice its commitment in defending a fair multilateral trading system against fragmentation and protectionism. Yet with the growing nationalism from key trading partners, it is unlikely that meaningful progress in this area will be achieved.

E. Debt and debt Sustainability - Towards Fair and Effective Debt Restructuring

Now, more than 30 countries are either in or at high risk of debt distress – a crisis exacerbated by increased borrowing after the pandemic, inflation, and rising global interest rates. Sovereign debt restructuring remains inefficient and fragmented, largely due to the absence of a comprehensive international framework and the growing complexity of creditor landscapes. Unlike in the past, where most debt was owed to a few bilateral or multilateral lenders, today's debt is increasingly held by a mix of private bondholders, non-Paris Club countries (notably China), and multilateral institutions, each with different interests and legal frameworks. This lack of coordination among creditors results in delayed negotiations, unequal burden-sharing, and restructuring deals that are often too little, too late. Furthermore, subsequent restrictive monetary policies and interest rate hikes have inflated debt service burdens, leaving governments in a situation of higher risk of default.

To improve outcomes, advancing Comparability of Treatment (CoT) across creditors is crucial to restore debt sustainability for less advantageous economies. This principle, as encouraged under the G20 Common Framework, would ensure equitable burden-sharing in debt restructuring. In parallel, institutionalizing the use of Special Drawing Rights (SDRs) in times of crisis could enhance fiscal space and reduce debt distress. However, progress is constrained by disagreements among creditors, limited SDR redistribution frameworks, and a lack of transparency in debt contracts.

F. International Financial Architecture and Systemic Issues - Rebalancing Power: Reforming Global Financial Governance

The current international financial architecture remains structurally imbalanced, disproportionately favoring advanced economies. Developed countries hold 60% of IMF quotas despite representing only 14% of the global population.

Decision-making power and access to emergency financial support remain highly unequal, as high-income countries control over 60% of Special Drawing Rights (SDRs) – the IMF's primary reserve asset. This concentration limits the ability of low- and middle-income countries to access liquidity during crises, reinforcing systemic inequalities in the global financial safety net. Gender disparities further exacerbate this imbalance, with women holding less than 30% of leadership positions in major financial institutions.

Reforming global financial governance will be difficult due to contrasting interests and the reluctance of high income countries to confer influence within institutions like the IMF and the World Bank. If given the possibility of progress, Seville could offer a chance to put forward new allocation models that prioritize crisis response in vulnerable nations (SDRs), and propose avenues for structural reforms of the system.

G. Science, Technology, Innovation, and Capacity Building - Closing the Innovation Divide

Science, Technology, and Innovation (STI) are central to advancing sustainable development, yet access to these tools remains highly unequal. Currently, 80% of global spending on Research and Development (R&D) is concentrated in just seven countries. Meanwhile, access to higher education and digital infrastructure faces the same problem: in high income countries, 80% of the population reaches tertiary education, compared to under 10% in low income nations.

> The real legacy of the FfD4 will not lie on perfect consensus, but in laying the foundation for an effective Platform for Action, and coalitions ready to implement it.

Closing global technology gaps will be challenging due to limited financial resources, lack of infrastructure, and the competitive nature of technological advancement. To address this, it is necessary to expand funding for STI within development cooperation frameworks, and strengthen South-South cooperation in digital innovation. The UN's Pact for the Future calls for closing the digital divide and promoting inclusive AI governance. However, limited ODA allocated to technology (less than 1.5%) and the fragmented structure of global technological governance make progress difficult.

Taken together, these seven areas represent not just thematic silos but interconnected instruments of systemic reform. The real legacy of the FfD4 will not lie on perfect consensus, but in laying the foundation for an effective Platform for Action, and coalitions ready to implement it, advancing towards a sustainable and pragmatic development.

POLICY RECOMMENDATIONS - BUILDING A PLATFORM FOR ACTION: PRAGMATIC PROPOSALS FOR SEVILLE

The FfD4 in Seville arrives at a time of deep global uncertainty, but also significant opportunity. Rather than viewing Seville as an endpoint, it must be seen as the beginning of a renewed roadmap for action: a platform for sustainable cooperation, not just a meeting to create more promises.

For many, the conference should establish a dynamic framework that goes beyond consensus to form a *coalition of the willing*, in which those states committed to meaningful implementation could put forward initiatives without relying on a major consensus. This model has precedent in initiatives like the Addis Tax Initiative, a voluntary partnership where committed countries have advanced tax cooperation despite the absence of universal consensus.

Most importantly, Seville must send a clear signal: *multilateralism is alive*. In an international system now defined by fragmentation and distrust, the conference can help restore confidence, and demonstrate that coordinated, cooperative action is still possible. But for this to happen, the policy outcomes of FfD4 must set a balance between what is intellectually ambitious and what is politically feasible. With the current global stance, international conferences and their policy outcomes call for a new approach in which there is no need for every party to agree in order to effectively move a part of the agenda forward. Bold coalitions could be powerful catalyzers of progress.

Among the most feasible and impactful actions is a firm commitment to reducing the cost of remittances to below 3%, as mandated by the SDGs. Transaction costs are currently more than double, amounting to 6.2%, meaning migrant workers are facing the burden of losing around 21 billion USD. Cutting transaction fees would directly benefit millions of low income households and serve as a tangible outcome that the FfD4 can deliver.

Additionally, establishing the use of Special Drawing Rights (SDRs) as a crisis response mechanism would strengthen the resilience of the global financial safety net, particularly for vulnerable economies. While the 2021 SDR allocation offered critical liquidity support during the COVID-19 pandemic, its distribution was based on IMF quotas, meaning over 60% went to high income countries that needed it the least. The FfD4 should advocate for a renewed mechanism to rechannel SDRs toward countries in distress and consider automatic standstill clauses on external debt during times of crisis. This would allow developing countries to redirect their scarce fiscal resources toward urgent needs without facing the risk of entering into default. In doing so, liquidity would reach where it is most needed, at times of urgent necessity.

Another area where progress is possible is international tax cooperation, particularly through strengthening the tax system to ensure transparency and accountability. Moreover, establishing Integrated National Financing Frameworks (INFFs) for better allocation of resources could be highly beneficial. This would not only increase domestic fiscal space for development but also send a strong message that development financing is not assistance, but cooperation based on transparency and fairness.

At the same time, high impact systemic reforms must remain on the table. Expanding concessional finance for LDCs through MDBs and PDBs will be essential for closing the 4 trillion USD annual financing gap. Though politically complex, reforming governance structures to favor development impact deserves continued effort.

Climate finance must also be redefined as development finance, especially addressing mitigation, adaptation, and development as a coherent whole. FfD4 should push for synergies between the climate agenda and the development agenda, as they are both intertwined and must be addressed concurrently to see clear and long-lasting impact. More importantly, these commitments must be backed by a *Platform for Action* that ensures accountability and a roadmap for the future. A successful outcome would be a mechanism that is able to track country implementation, foster transparency, and encourage engagement from the private sector.

> A successful outcome in Seville could help rebuild trust in international institutions, signal commitment to the previously agreed Sustainable Development Goals (SDGs), and set the foundation for policies needed for true and equitable development.

To advance this agenda, Seville should endorse the creation of a coalition of countries that commit to the implementation and prioritisation of this action framework. This group could have the power to advance specific parts of the agenda and demonstrate that coalitions – not unanimity – can deliver positive development outcomes. By doing so, the FfD4 could lay the foundation for a financing system that is grounded on the principles of development and environmental protection, transforming global promises into measurable progress.

CONCLUSION - FROM COMMITMENT TO ACTION: SEVILLE AS THE LAUNCHPAD FOR A NEW FINANCING ERA

The FfD4 is more than a diplomatic gathering, it is a critical test of the international community's ability to cooperate under pressure. While the political landscape may limit the scope of agreement, even modest, actionable progress can outweigh the costs of inaction. A successful outcome in Seville could help rebuild trust in international institutions, signal commitment to the previously agreed Sustainable Development Goals (SDGs), and set the foundation for policies needed for true and equitable development.

This conference in Seville carries immense symbolic weight: The first FfD conference in nearly a decade and taking place in a time of multiple overlapping crises. The world needs a new platform for collective action, Seville must become that platform: *a starting point for developing a feasible and equitable global sustainable financing framework, grounded in cooperation and accountability.*

The conference will not be able to solve every systemic issue, but it can lay the foundation for meaningful change.

As the Deputy Secretary-General remarked, the Fourth International Conference on Financing for Development is a critical moment for the international community, where we "must shape a more prosperous, sustainable, and inclusive future that leaves no one behind."

GPC Policy Briefs are subject to peer review and editing. For more information, please contact our editor, Kerry Parke.

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