

Financing for Development

A Primer

From 30 June to 3 July 2025, world leaders will gather in Sevilla, Spain, to adopt a renewed global financing framework for sustainable development. They will do so at a challenging time. Aid budgets are being cut, tariffs and trade barriers are rising, and the global macroeconomic outlook is highly uncertain. Even before these most recent shocks, the Sustainable Development Goals (SDGs) were severely off track, and climate goals increasingly out of reach. SDG and climate financing gaps are in the trillions and growing. The fourth International Conference on Financing for Development (FFD4) represents a unique opportunity turn this trajectory around and to rebuild trust in multilateralism.

FINANCING FOR DEVELOPMENT AT THE UNITED NATIONS

In taking on this challenging task, FFD4 builds on a long history of discussions on financing for development at the United Nations. They started more than two decades ago in Monterrey, Mexico, in 2002, and have led to both concrete advances in tackling financing challenges and to the development of a comprehensive global financing framework for sustainable development that has guided development financing policy making at all levels. It has reshaped thinking on development finance by considering all flows of financing and policies in an integrated and holistic manner.

Before the Monterrey Conference, discussions on financing at the United Nations were limited to foreign aid. Matters of international financial, monetary, trade and development policy were primarily discussed in multilateral forums that were “limited to a few countries or a restricted range of issues, and very often behind closed doors.”¹ But financing issues affect all international goals and all aspects of people’s lives. They are too important to leave to Finance Ministers alone. Bringing these issues to the United Nations anchored global financing discussions in the development agenda, with the UN discussions often providing a major point of reference for subsequent decisions in Finance Ministry-led bodies.

These advances have come in three main dimensions, helping to increase resources, inclusiveness, and policy coherence.



1. Herman, Barry. 2006. The politics of Inclusion in the Monterrey Process. DESA Working Paper No. 23.

1

Raising **new, additional and quality resources** for sustainable development. The Financing for Development Conferences provided a major impetus to increasing volumes and enhancing impact of development financing:

- On **aid**, the 2002 Monterrey Consensus set targets for donors, which was followed by a **major uptick in official development assistance**.² It also launched the development effectiveness agenda.
- On the multilateral development banks reform agenda, the 2015 Addis Ababa Action Agenda called on MDBs to:
 - *“Make optimal use of their balance sheets consistent with maintaining their financial integrity,”* as the first step toward what would become the MDBs’ Capital Adequacy Framework (G20 CAF Review)
 - *“Establish a process to examine their own role, scale and functioning to enable them to adapt and be fully responsive to the sustainable development agenda,”* as a basis for what would become the World Bank’s Evolution Roadmap and similar efforts at other MDBs.
- On the system of **public development banks**, the Addis Agenda recognized the importance of development banks more broadly; the Conference initiated efforts that ultimately led to the creation of the Finance in Common network of over 500 public development banks.
- On **sustainable finance**, the Addis Agenda called for harmonizing initiatives on sustainable business and financing. Since then, the International Sustainability Standards Board (ISSB), founded in 2021, consolidated five major reporting standards and published sustainability and climate-related financial disclosures.
- On increasing **domestic resource mobilization**, the Addis Tax Initiative and OECD/UNDP Tax Inspectors Without Borders were launched at the 2015 Conference; the OECD DAC adopted a for domestic resource mobilization monitoring code for its Creditor Reporting System in 2016; donor-funded capacity-building for domestic public revenue mobilization increased dramatically post-2015, but levelled off in recent years.

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Enabling more **open and inclusive discussion and decision-making** on financing, enhancing voice and representation of developing countries in global financing policy making, and giving voice to non-state actors:

- The Monterrey Consensus galvanized calls for more **democratic governance** of the international financial institutions and global economic policy making, catalyzing governance reform processes in those institutions in subsequent years.
- The Addis Conference spurred global calls for a **more inclusive international tax cooperation** architecture, catalyzing the OECD Inclusive Framework, as well as discussions at the UN.

2. OECD (2016), “Official development assistance”, in OECD Factbook 2015-2016: Economic, Environmental and Social Statistics, OECD Publishing, Paris. <https://doi.org/10.1787/factbook-2015-83-en>

3

Strengthening **policy coherence**, between financing policies and sustainable development and across macro, financial, trade and technology policies:

- The Financing for Development process has served as a coherence forum, pioneering a global framework to consider **financing in an integrated manner** – including all financing flows (tax, aid and private investment) and domestic and global enabling environments (trade, debt sustainability, technology, macro-economic and systemic issues).
- The FFD process **brings together finance, foreign affairs, development and other line ministries**, helping to strengthen coherence on financing for development. In a moment when geopolitical and geoeconomic challenges not only increase but are increasingly inseparable, such a space is more important than ever.
- On the national level, the Addis Agenda called on countries to develop financing frameworks (**integrated national financing frameworks** or INFFs) to ensure that national development strategies are financed, emphasizing synergies and trade-offs. Today, 86 countries are implementing such plans. In negotiations for FFD4, the approach is being considered as basis to improve country leadership in, and effectiveness of, country coordination platforms.

PREVIOUS CONFERENCES ON FINANCING FOR DEVELOPMENT



2002

The **2002 Monterrey Consensus** provided the first comprehensive global framework for financing development. Monterrey was based on shared responsibility: countries are responsible for their own development; the international community is responsible for providing an enabling international economic environment



2006

The **2008 Doha Declaration** reviewed progress in implementing Monterrey, but also added new aspects: that gender considerations are essential in all financing policies, and the recognition of the essential need for climate finance.



2015

Developed in parallel to the 2030 Agenda and the SDGs, the **2015 Addis Ababa Action Agenda** reflected the evolution in the understanding of sustainable development. It fully integrated the economic, social and environmental dimensions of sustainable development into financing policies.

FFD4: THE OPPORTUNITY FOR SEVILLA

The emerging narrative and draft outcome for FFD4 under negotiation recognizes the sustainable development crisis we are facing, and contains an ambitious set of actions:

- Concrete actions for a large-scale **investment push, that is i) publicly-led to align with public goals; ii) leverages private investment and innovation; iii) and has SDG impact at its core.**
- This sustained investment push requires **international financial architecture reform** to more effective and fit for purpose to address the challenges of today i) **bring down the cost of capital; ii) better support countries during ever more frequent shocks and crises; iii) and make it more inclusive.**

Building on the FFD4 outcome document, the **Sevilla Platform for Action** will mobilize alliances of countries and other stakeholders to implement specific initiatives to take forward financing actions for sustainable development.

Alongside FFD4, the **International Business Forum** will be held in Sevilla. Organized by the FFD4 Business Steering Committee to drive solutions that unlock private finance and investments for sustainable development.

Hundreds of **side events** and **special events** organized by UN Member States, UN entities, intergovernmental organizations, and accredited stakeholders will provide a platform for discussions on financing for development, innovative financial mechanisms, and policy solutions to scale up development finance.

The FFD Civil Society Mechanism will organize an offsite **Civil Society Forum 2025** in Sevilla to engage stakeholders in pre-conference discussions.

SOCIAL MEDIA

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