Position Paper

Reclaiming Development Justice at FfD4: Civil Society Demands for a Fair and Inclusive International Financial Architecture

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FfD4: A Critical Juncture for Global Development Finance

We are now less than five years away from the deadline to achieve the 2030 Agenda for Sustainable Development. A significant financing gap remains a major obstacle for countries in the Global South in meeting the SDG targets. According to the Financing Sustainable Development Report 2024, this persistent gap amounts to between USD 2.5 and USD 4 trillion annually.

The Fourth International Conference on Financing for Development (FfD4), scheduled for 30 June – 3 July 2025 in Seville, Spain, presents a critical opportunity to reshape the global development financing landscape so that it better serves both people and the planet. It may well be our final chance to rescue the SDGs.

Since its inception in Monterrey in 2002, the FfD process has focused on strengthening international financial cooperation for development – mobilizing domestic resources, addressing debt, promoting fair trade, and unlocking financial flows, particularly for developing countries. The goal has been to eradicate poverty, foster sustained economic growth, and promote sustainable development as part of a transition to a fully inclusive and equitable global economic system.

The fourth iteration of the Conference aims to assess progress in implementing existing global frameworks for development financing – especially the 2015 Addis Ababa Action Agenda (AAAA), the outcome of FfD3, and to identify new strategies in response to today's evolving global challenges, including the climate crisis, rising debt burdens, and geopolitical instability.

The Conference aims to scale up investments to accelerate progress on the Sustainable Development Goals (SDGs) while pushing for reforms within the international financial architecture, emphasing equity and justice at its core. Strengthening multilateral cooperation among governments, financial institutions, businesses, and civil society is a central priority, ensuring coordinated efforts toward development financing. Additionally, FfD4 seeks to close financing gaps for climate action and critical public services such as health, education, energy, and social protection, making financial flows more accessible to vulnerable communities.

The four sessions of the Preparatory Committee (PrepCom) – beginning in July 2024 in Addis Ababa, followed by sessions in New York (December 2024; January and April 2025) – reviewed the implementation of the Addis Ababa Action Agenda (AAAA), refined policy proposals, and published drafts of the outcome document. Mexico, Nepal, Norway, and Zambia co-facilitated the negotiations of the FfD4 outcome document.

The first draft of the outcome document, available in March, was followed by intersessional negotiations and consultations. A final draft, 'Compromiso de Sevilla,' was agreed upon by UN member states in June and is recommended for adoption at the FfD4 conference in Sevilla at the end of June.

'Compromiso de Sevilla': The Missed Opportunity for Structural Reform

The Fourth International Conference on Financing for Development (FfD4) opens important pathways for closing the financing gaps required to address today's intersecting polycrisis – including the climate crisis, the debt crisis, and the urgent need to meet the Sustainable Development Goals (SDGs) – while keeping justice at the centre. It also presents a unique opportunity to shift the historically biased global governance of the international financial architecture in favour of the Global South by moving negotiations away from G20- and OECD-led forums to the more inclusive platform of the United Nations.

However, the promises outlined in the final draft of the outcome document 'Compromiso de Sevilla' stand in stark contrast to the worsening trends in Official Development Assistance (ODA) to developing countries, particularly those most economically and geographically disadvantaged – Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs), and Small Island Developing States (SIDS). LDCs, LLDCs, and SIDS face additional challenges associated with structural and systemic barriers stemming from geographical constraints, limited infrastructure, and resource disparities.

According to the latest OECD data, ODA from the Development Assistance Committee (DAC) countries fell by 7.4 per cent in real terms in 2024 compared to 2023. Of the aid that remains, a significant portion is being redirected toward geopolitical priorities: for example, 7.4 per cent of total net ODA was allocated to Ukraine in response to the Russia-Ukraine conflict. Only four countries met or exceeded the United Nations target of 0.7 per cent of Gross National Income (GNI) for ODA in 2024: Denmark (0.71 per cent), Luxembourg (1.00 per cent), Norway (1.02 per cent), and Sweden (0.79 per cent). Meanwhile, net bilateral aid from DAC members to LDCs fell to USD 35 billion – a 3 per cent decline in real terms compared to 2023.

At a time of deepening global challenges, this backsliding in aid represents a serious failure of the international aid architecture to uphold the commitments made since the Monterrey Consensus in 2002. While the FfD4 Outcome Document does reaffirm the commitment to allocate 0.7 per cent of GNI as ODA to developing countries and 0.15-0.20 per cent of GNI to LDCs, the goal appears increasingly distant. Although the Outcome Document acknowledges the declining ODA trend and urges donor countries to "scale up and fulfil their respective ODA commitments and preserve the concessional character of ODA flows" (Paragraph 36(b)), meeting this longstanding pledge remains highly challenging in the current geopolitical context.

The climate crisis further amplifies the need for substantial and sustained financing. Following the Paris Agreement, major pledges made through climate funds remain unmet, especially in terms of adaptation and loss and damage. Based on the principle of common but differentiated responsibilities (CBDR), developed countries – having historically contributed the most to global emissions and resource extraction – must deliver on their responsibilities by mobilizing at least USD 5 trillion per year in climate finance. This climate finance must be public, non-debt creating, additional to existing aid commitments, adequate, and predictable. It must also support the Global South comprehensively across adaptation, loss and damage, mitigation, and the pursuit of a just transition – one that centres the rights and needs of workers and vulnerable communities.

Amidst the declining ODA contribution, there has been a growing call to leverage public finance to attract private capital – an approach that has the potential to allow developed countries to shy away from their responsibility to provide adequate, stable, and accessible finance for development. While emphasis has been placed on mobilizing private international capital and promoting blended finance, the G77+China – supported by the African Group and LDCs – has stressed that such financing must complement and align with national development plans and priorities. They also emphasized that private capital is not a substitute for traditional ODA, especially given the lack of clarity surrounding the additionality and development outcomes of blended finance in the Global South.

At the same time, development assistance is expected to be supplemented by domestic resource mobilization, primarily through strengthened tax collection at the national level. However, a shrinking tax base and illicit financial flows have long been major concerns for developing countries. The final draft of the outcome document, in this regard, acknowledges progressive taxation, emphasizing the effective taxation of high-net-worth individuals, as a means to raise revenue, reduce inequalities within and among countries, and finance social protection systems. In addition, the final draft of 'Compromiso de Sevilla' makes important commitments regarding international tax cooperation, affirming the need to "ensure that international tax cooperation is fully inclusive, effective, and beneficial to all." It references the UN Tax Convention (Paragraph 28(a)) and includes mention of gender-responsive and green budgeting (Paragraphs 27(g) and 27(h)) – both welcome steps forward.

Nevertheless, there has been a deliberate effort to weaken the hard-won gains achieved through the UN General Assembly resolution that initiated the process of establishing a UN Framework Convention on International Tax Cooperation (UNFCITC). The outcome document calls for "constructive engagement" in the UN Tax Convention process, while also referencing the G20-OECD BEPS framework – despite the latter having been effectively superseded by the UN resolution to establish a UNFCITC (Paragraph 28(b) versus Paragraph 28(d)). Such ambivalent language in the outcome document indicates an undermining of the UN-led process and reducing the Convention's potential impact – effectively rendering it symbolic rather than substantive.

Likewise, the current debt architecture, from the perspective of developing countries in the Global South, is fundamentally unjust, unsustainable, and incompatible with climate and development goals. By 2023, the total external debt stock of low- and middle-income countries (excluding China) reached USD 6.4 trillion, with public and publicly guaranteed (PPG) debt driving much of this surge. This trend is not accidental but a result of structural shifts since 2010, including a sharp increase in private sector exposure, particularly through the proliferation of sovereign bond issuances. Therefore, debt justice is not a marginal issue but central to achieving development justice and climate justice.

However, the calls for a UN convention on sovereign debt by the Africa group, similar to the UN Tax Convention, have been ignored, and the draft outcome document maintains the centrality of the G20 Common Framework and proposes the convening of the UN Secretary General Working Group comprising of the International Monetary Fund and the World Bank (Paragraph 48). This indicates that the failed model of debt relief led by the G20, IMF, and World Bank – which affirms countries do not need debt cancellation, and allows private creditors to drag out debt relief negotiations for years, leaving countries highly indebted even after debt relief is finally agreed – would continue.

A central demand from civil society and governments in the Global South is the democratization of global financial governance, particularly through voting rights and accountability mechanisms. This demand reflects a broader push to reposition the United Nations as the central norm-setter in global economic governance, moving away from the dominance of creditor-driven and OECD-led platforms. The ongoing process to establish a UN Framework Convention on International Tax Cooperation (UNFCITC) stands as a key example of this shift. However, countries in the Global North have resisted these reforms. During the FfD4 negotiations, countries including the United Kingdom, the European Union, Switzerland, Australia, New Zealand, and Japan actively blocked proposals for more inclusive, UN-led processes, such as intergovernmental negotiations on debt, a framework convention on sovereign debt, and efforts to move away from the OECD-G20-led Inclusive Framework on BEPS, despite progress on the UNFCITC. Instead, the outcome document has tasked undemocratic institutions – such as the International Monetary Fund, which has historically played a role in creating the very debt crises – with resolving them. In doing so, they undermine the potential for democratic, multilateral solutions rooted in the UN system and continue to consolidate power in exclusive, creditor-driven forums.

The outcome document, in its present form, is a compromised text that responds minimally to the just demands of the Global South and the unfolding crimes against humanity, inequality, debt, and climate change. It represents a missed historic opportunity to realign the international financial architecture with the principles of fairness, inclusivity, and accountability. Its approach to change relies on refining the existing system, falling far short of the meaningful reform that is urgently needed.

Reclaiming Multilateralism: Global South Leadership in a Changing World Order

After initially attempting to block progress on the FfD4 negotiations, the United States ultimately withdrew from the process, leaving the remaining countries to adopt a closely negotiated text by 'consensus' – without a vote. The U.S. not only rejected key elements of the Outcome Document – particularly on debt, taxation, gender equality, and the international financial architecture – but also fully withdrew from the FfD process, including the Seville conference itself. The U.S. walkout marked a significant rupture in multilateral cooperation, signaling a retreat from its traditional leadership role in global development policy.

The so-called 'consensus' achieved on the FfD4 Outcome Document, although hailed as a triumph of multilateralism, was in fact a manufactured outcome – secured only after major concessions by developing countries. Despite its symbolic value, the document fell short of delivering the transformation long demanded by the Global South. Following the U.S. walkout, negotiations were further weakened by countries in the Global North – particularly the EU, the UK, Switzerland, Canada, and Japan. Working behind the scenes, they systematically watered down the language on systemic issues such as international tax governance, debt restructuring, and climate justice. In doing so, these countries upheld a financial governance system dominated by creditor interests and OECD-led platforms – resisting any shift toward inclusive, rights-aligned mechanisms under the UN. In the end, the Global South – particularly the G77 – faced a stark choice: block the document entirely or accept a compromised text that fell short of transformational change.

The events leading up to the compromised 'consensus' outcome during the FfD4 negotiation process – particularly the U.S. withdrawal and the formation of alliances among countries in the Global South, such as the G77 – reveal a deep fracture in the multilateral system. As demonstrated by the recent UN resolution adopting the Terms of Reference for the UN Framework Convention on International Tax Cooperation (UNFCITC), which was passed through voting, global consensus is no longer a prerequisite for progress in multilateralism. In the face of political gridlock, the alliances among the likeminded – especially from the Global South, including the G77 – are stepping up with strong demands for reforming the governance of the international financial architecture. Countries such as Spain, Mexico, Egypt, Tunisia, Malaysia, Brazil, and Pakistan have taken leadership roles in forming coalitions focused on real solutions. These include promoting gender-responsive budgeting, investing in the care economy, defending the proposal for a UN Tax Convention, advancing a sovereign debt framework under the UN, and pushing for systemic reforms of multilateral development banks and financial institutions.

Despite the watering down of proposals put forward by countries in the Global South demanding system change, the multilateral and intergovernmental processes such as the FfD4 present important opportunities toward strengthening the UN's leadership in global economic governance, particularly meaningful in a context where alliances among governments are shifting toward a multipolar world. At a time marked by the proliferation of war, crimes against humanity, unprecedented inequality, and climate emergency, the UN system remains a vital platform to keep ambition alive, build practical momentum, and demonstrate that another world is possible.

The unity of the G77 is, therefore, crucial for advancing strong demands for UN-led intergovernmental processes to address the unfair global tax regime, provide sustainable solutions to the debt crisis, and mobilize climate finance. However, there is a significant risk that actors in the Global North will attempt to stall progress by applying bilateral pressure on individual countries, seeking to fracture the G77's collective position. Since the U.S. withdrawal, growing apprehension about geopolitcal marginalization has prompted increased European engagement at the negotiation table – largely to prevent the G77 from moving forward independently.

A key challenge lies in the tendency of Northern countries to reframe the push for a fair international tax system as a matter of domestic capacity limitations in the Global South. By focusing on weaknesses in tax administration, they deflect attention from the structural and international dimensions of tax injustice – shifting the burden of proof onto Southern countries and thereby undermining their position in global negotiations.

To counter such narratives, civil society actors supporting the Global South agenda must diversify their advocacy strategies and reshape the discourse. It is essential to reject the framing of development aid as an act of charity and instead expose how underdevelopment has been systematically produced through exploitative global structures. Advocacy should assert that closing the financing gap and addressing global inequalities are issues of justice and accountability – not benevolence.

Reclaiming Development Justice: Civil Society Demands from the Global South

As civil society organisations from the Global South – representing developing countries, Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs), and Small Island Developing States (SIDS) – we express our deep concern over the diluted commitments contained in the final draft of the Compromiso de Sevilla. At a time of overlapping crises – debt distress, global inequality, climate emergency, and shrinking fiscal space – this outcome document fails to deliver the structural reforms urgently needed to realign global financial governance with the principles of justice, equity, and sustainability.

The following are our core demands to ensure that the Financing for Development (FfD) process truly responds to the lived realities and urgent needs of the Global South.

A. ***Cancel illegitimate and unsustainable debt; establish a UN Framework Convention on Sovereign Debt***

We fully support the call for a UN Framework Convention on Sovereign Debt aimed at preventing the accumulation of unsustainable and illegitimate debt and ensuring lasting resolution to debt crises. However, we cannot wait for the lengthy ratification of such a convention while debt levels spiral beyond control.

The public debt of LDCs has been consistently increasing since 2006, which is a pivotal year for debt relief under the Highly Indebted Poor Countries (HIPC) and Multilateral Debt Relief Initiatives (MDRI). By 2023, however, their total public debt hit an unprecedented USD 774 billion. Despite this, the Compromiso de Sevilla reduces the call for UN-led reform of the debt architecture to a mandate that merely "makes recommendations" – a major step back from the demand for binding, fair multilateral mechanisms.

We call for urgent, unconditional debt cancellation, particularly for countries in chronic debt distress. This includes immediate action by bilateral creditors, international financial institutions (IMF, World Bank, and regional development banks), and governments that host private creditors. Furthermore, we reiterate our demand for a binding multilateral sovereign debt resolution mechanism under the auspices of the United Nations, not dominated by creditor countries and institutions.

B. *Tax the rich, not the poor*

In the context when the Terms of Reference for the UN Framework Convention on International Tax Cooperation (UNFCITC) has already been endorsed, we strongly object to the downgrading of language from "support" to mere "constructive engagement" in the negotiations on a UNFCITC and its protocols, while at the same time making reference to the G20/ OECD-led Inclusive Framework on Base Erosion and Profit Shifting (BEPS). This weakens political commitment to the process of UN Tax Convention and risks derailing the momentum for reform.

At the national level, we urge Member States to establish progressive and gender-responsive tax systems; tax wealth, windfall profits, and climate polluters; end illicit financial flows and dismantle harmful tax incentives.

Global tax justice must serve human rights and climate goals – not the interests of multinational corporations or high-net-worth individuals.

C. *Deliver public, adequate, and non-debt-creating climate finance at speed and scale*

LDCs have contributed only 3 per cent of the global total cumulative emissions of greenhouse gases from the Industrial Revolution to the present, against 58 per cent from the developed countries. However, they are disproportionately affected by climate change impacts. Yet, the Compromiso de Sevilla removed references to the phase-out of fossil fuel subsidies and significantly weakened language around public climate finance and the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC).

We demand climate finance be delivered annually in trillions, not only billions, to cover adaptation, loss and damage, mitigation, and just transition, particularly for workers and communities on the frontlines. Climate finance must be public, grant-based, additional to ODA, non-debt-creating, and without conditionalities. Finance must comprehensively support adaptation, mitigation, loss and damage, and just transition.

D. ***Meet the minimum ODA threshold and make it grant-based and predictable***

The recent fall of 7.4 per cent in ODA from DAC countries in 2024 represents a non-fulfilment of the commitments made since the Monterrey Consensus and the 0.7 per cent ODA-to-GNI target. Redirecting aid toward geopolitical priorities, such as the Russia-Ukraine conflict, while reducing support to LDCs, LLDCs, and SIDS, reveals the fragility and politicization of the current aid architecture.

We demand the immediate reversal of ODA cuts and reaffirmation of the 0.7 per cent target, including 0.15-0.20 per cent for LDCs. Development assistance must be grant-based or concessional, predictable, free from any conditions, and focused on long-term development. Governance reform of the current international development cooperation is called for. An increasing share of ODA is to be earmarked for gender rights.

E. ***Private finance must not replace public commitments***

We demand that private international capital and blended finance must strictly complement – and not substitute – traditional Official Development Assistance (ODA). These forms of finance must align with nationally defined development plans and priorities, ensuring that country ownership and democratic accountability are upheld.

We raise serious concerns about the lack of clarity on the additionality and actual development outcomes of blended finance in the Global South.

Moreover, private sector investments must be held accountable to international human rights, environmental, and labour standards. We also caution against the uncritical promotion of bonds (such as green bonds), which risk creating perverse incentives and shifting public obligations onto volatile markets. Development finance must serve people and the planet – not private profit.

Seville and beyond: Will the Global North step up?

As the world turns its attention to Seville, the FfD4 Conference stands as a test of political will – particularly for the countries in the Global North. Governments now face a clear choice: to stand in true solidarity with countries confronting debt, climate, and development crises, or to continue to rally behind the entrenched power structures that perpetuate global inequality and extractivism. Real partnerships with the Global South cannot be built while simultaneously blocking the very reforms these countries demand. The 'Sevilla Platform for Action,' launched alongside the Outcome Document, offers a potential opportunity for the stakeholders to monitor the progress against the commitments made. Implementation of the commitments made in the Compromiso de Sevilla must be people-centered, transparent, and accountable – anchored in human rights, climate justice, and decolonial solidarity. Civil society will remain vigilant and engaged to make the international financial architecture democratic so that it truly serves the people and the planet.

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