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**High-level political forum on sustainable development convened under the auspices of the Economic and Social Council**

# Summary by the President of the Economic and Social Council of the forum on financing for development follow-up, including the special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development (New York, 22–25 April 2024)**

## I. Introduction

1. The ninth Economic and Social Council forum on financing for development follow-up was held from 22 to 25 April 2024. The forum included a special high-level meeting with the International Monetary Fund (IMF), the World Bank, the World Trade Organization (WTO) and the United Nations Conference on Trade and Development (UNCTAD). Held under the theme "Embarking on the path towards the fourth International Conference on Financing for Development", the Forum served as a launchpad for the preparatory process for the fourth International Conference. The four-day meeting featured high-level political engagement, including the participation of 26 ministers and vice-ministers. In addition, over 30 executive directors and other representatives of the World Bank Group and IMF attended the high-level meeting.

2. The discussions covered all areas of the Addis Ababa Action Agenda of the Third International Conference on Financing for Development, including international financial architecture reform, sovereign debt challenges, investment in the Sustainable Development Goals, the role of public development banks, the possibility of developing a United Nations framework convention on international tax cooperation, development cooperation, trade, technology and, at the country level, the development of financing strategies and integrated national financing frameworks.

3. The outcome document of the 2024 forum on financing for development follow-up addresses critical issues for financing sustainable development. Over the coming months, the forum's deliberations and outcome document will contribute to the

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follow-up and review of the implementation of the 2030 Agenda for Sustainable Development at the high-level political forum on sustainable development convened under the auspices of the Economic and Social Council in July 2024, as well as at the Summit of the Future, to be held during the seventy-ninth session of the General Assembly in September 2024. The forum also lays a strong foundation for substantive discussions leading to the Fourth International Conference on Financing for Development, to be held in Spain in 2025.

# II. Key messages

4. The world is facing a sustainable development crisis. Global challenges include sluggish post-pandemic economic recovery, conflict and increasing systemic risks, including climate change. The growing Sustainable Development Goal financing gap and higher debt burdens are impeding investments in sustainable development that are essential to overcoming these headwinds. Long-standing gaps in policy frameworks and the international financial architecture are more pertinent in a period of more frequent shocks and rising systemic risks. In recent years, this has led to setbacks and even regression in achieving the Sustainable Development Goals, and the widening of the financing gap.

5. Reforming the international financial architecture is critical to enhancing its inclusivity and effectiveness in responding to growing systemic risks and diverse challenges. International financial architecture reform discussions are intensifying in various forums. The Fourth International Conference on Financing for Development is an opportunity to build on this momentum, strengthen multilateralism and ensure that the global financial system better supports sustainable development.

6. Enhancing domestic resource mobilization, fostering international tax cooperation and combating illicit financial flows are critical to financing the Sustainable Development Goals and climate action. Strengthening tax administrations, in particular in developing countries, is essential. Ongoing momentum towards establishing a fair international tax system includes the creation of a United Nations Framework Convention on International Tax Cooperation. Combating illicit financial flows through improved international cooperation, increased transparency and the integration of technology in tax systems is vital for securing the financial bases of developing countries.

7. Accessible, scaled-up and affordable long-term financing for investments in the Sustainable Development Goals is urgently needed. Private investment is critical to achieving the Goals, but challenges such as high perceived risks, the technical capacity of developing countries, and regulatory clarity must be addressed. There are many ongoing efforts to mobilize private finance for sustainable development. Nonetheless, systemic changes are needed to align financing with the Goals.

8. International development cooperation has experienced drastic changes over the past two decades, while multiple crises in recent years have posed further challenges for all countries. International development cooperation needs to be rethought in terms of its architecture, policy and practice to achieve high-quality and high-impact results that better align with the Sustainable Development Goals. Meeting official development assistance commitments remains important, in particular for the most vulnerable countries.

9. The contraction of global value chains since 2008 owing to geopolitical tensions and crises, including the coronavirus disease (COVID-19) pandemic, underscores the need for countries to increase their resilience to global shocks and to manage trade-related risks. Economic diversification is critical to mitigate the risks associated with

climate change and commodity market volatility. The development of robust industrial and professional services sectors is key in this regard. Efforts should be made to better integrate small and medium-sized enterprises and smallholder farmers into the global economy through access to technology, financial services, and sustainable market practices.

10. High debt levels and increased debt service payments continue to undermine sustainable development in many developing countries. Concessional finance and debt resolution mechanisms should be enhanced, including by improving the Common Framework for Debt Treatments to make it more efficient and inclusive. There is a need for improved debt sustainability analyses, enhanced transparency, and re-evaluation of the role of credit rating agencies.

11. The global financial safety net should be reassessed to ensure that it is robust, globally inclusive and centred on sustainability and equity. Resource allocation methodologies also need to be more comprehensive, taking into account factors such as geographical isolation and exposure to shocks, beyond just income levels and institutional frameworks. Reforms to enhance the participation of developing countries in decision-making processes are urgent to enable them to overcome economic vulnerabilities and accelerate progress towards the Sustainable Development Goals.

12. Science, technology and innovation are pivotal drivers for achieving sustainable development, but their benefits are not equally distributed across the globe. Enhanced technology transfer, knowledge-sharing and the alignment of science, technology and innovation policies with the Sustainable Development Goals are needed to address this disparity. Artificial intelligence has significant potential to advance innovation, but robust digital infrastructure, human capital investment and strong ethical frameworks will be needed.

13. Developing countries are proactively employing integrated national financing frameworks. The growing demand for capacity-building within integrated national financing frameworks calls for increased international support. Innovative financial instruments, such as green and social bonds, and blended finance focused on impact can enhance resource mobilization for the Sustainable Development Goals.

# III. Summary of the discussion

14. The summary reflects the discussions, which began with a panel discussion on the road to the Fourth International Conference on Financing for Development and the special high-level meeting with the Bretton Woods institutions, WTO and UNCTAD. Subsequent sessions covered the seven action areas of the Addis Ababa Action Agenda. There was also a dedicated session on integrated national financing frameworks.

## A. Opening session

15. The President of the Economic and Social Council noted that the world was at a critical juncture, with urgent measures required to accelerate the world's ability to achieve the Sustainable Development Goals, as only 15 per cent of the Goals' targets were on track. She emphasized the need for more effective mechanisms for debt relief and to resolve debt crises. The volume of concessional financing must be increased significantly. In that regard, broadening resources for multilateral development banks was crucial. She stressed the need to continue strengthening the global financial safety net and to provide sufficient contingency financing for countries that were in crisis. There was an urgent need to make breakthroughs in reforming the governance

structures of international financial institutions to make them more inclusive and representative.

16. In his remarks, the Secretary-General highlighted that the world was facing a sustainable development crisis. He noted that the cascade of challenges was tied to a lack of financing, and said that it was time to move from words to actions and deliver affordable long-term financing at scale. Developed countries, led by the Group of 20, must step up. There should be an immediate general capital increase for multilateral development banks, and the banks should make better use of their resources. Donors also needed to meet their official development assistance commitments. In addition, the Secretary-General called for bold actions to ease countries' debt distress. New financing should be used for productive investments and the Sustainable Development Goals, not to service unsustainable and unaffordable debt. Debt restructuring systems and mechanisms, including the Common Framework for Debt Treatments, needed to be strengthened. Debt repayment pauses must be considered for countries facing liquidity crises. He also emphasized that the representation of developing countries across the system needed to be improved. The Secretary-General concluded by noting that the Summit of the Future and the Fourth International Conference on Financing for Development would be key opportunities to gather the world to reform the global financial architecture so that it served all who needed it.

17. The President of the General Assembly reiterated the calls made by the Inter-Agency Task Force on Financing for Development in the *Financing for Sustainable Development Report 2024* regarding closing financing gaps for achieving the Sustainable Development Goals and revamping the global financial architecture to make it work better for all. He noted that the report called for the rebuilding of trust in multilateral institutions and local and national governments, as well as the innovation, formulation and financing of new development pathways to fast-track progress across the Sustainable Development Goals.

18. The Managing Director of IMF, in her keynote address entitled "What can be achieved at the Fourth International Conference on Financing for Development?", noted four priorities: strong domestic reforms; support for global innovation and coordination among development partners on financing for the Sustainable Development Goals; addressing the risks to macroeconomic and financial stability stemming from climate change; and laying a strong foundation in digital public infrastructure and a digitally competent workforce to ensure that the transformative impacts of artificial intelligence – both positive and negative – did not lead to widening inequalities.

## B. Special high-level meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development

19. Building on the consultations between the Bureau of the Economic and Social Council, the Boards of Directors of the World Bank Group and the Executive Board of IMF held in February 2024 in Washington, D.C., the special high-level meeting was an opportunity for the Executive Directors of the Bretton Woods institutions to discuss issues of shared interest with the broader United Nations membership. Representatives of the Development Committee, the International Monetary and Financial Committee and the Trade and Development Board of UNCTAD also presented the outcomes of those bodies.

20. Some participants highlighted recent IMF analysis indicating that global economic activity had proved more resilient than expected and that a "soft landing" was imminent, while others underscored that for many developing countries, the

economic environment was more subdued, with weak post-pandemic recovery and limited fiscal space. There was agreement that the world was not on track to achieve the Sustainable Development Goals, which were out of reach for many least developed countries by 2030. During the discussion, enhancing resilience emerged as a key policy priority to facilitate attaining development objectives, together with pursuing price stability, implementing comprehensive international tax reforms and promoting an open, fair and rules-based international trading system.

21. Many low-income and middle-income countries face higher levels of poverty, inequalities, conflict and climate vulnerability, which has led many people to lose trust and hope in both their governments and multilateral processes to implement solutions for fair, equitable and inclusive sustainable development. The challenges to the financing for development agenda must be addressed with urgency, coherence and collaboration among all multilateral institutions. Establishing productive dialogues in the lead-up to the Fourth International Conference on Financing for Development can help to rebuild trust in multilateralism.

### External debt

22. The nature of sovereign debt challenges has remained largely unchanged since 2023, with debt burdens returning to levels seen in the early 2000s. External shocks and high debt burdens, and related servicing costs, continue to pose significant challenges to many countries, from least developed countries to middle-income countries, as well as small island developing States. Developing countries' average interest cost on external borrowing is three times higher than that of developed countries, while their ratio of tax revenue to gross domestic product (GDP) is about half that of advanced economies, on average. Many sub-Saharan African countries spend substantial amounts of their budget to service debt, rather than invest in sustainable development. Addressing debt burdens is key to advancing the financing for development agenda.

23. While issuing debt can create problems down the line, it also enables countries to finance their investments in the Sustainable Development Goals. Safeguarding debt sustainability is therefore a central component in supporting countries with fiscal reforms and debt management to expand the fiscal space to invest in key development policies. Reforming the international debt architecture is essential to help those countries that are still solvent but face high debt burdens and servicing costs. Solutions such as debt pauses and concessional financing can help to promote investment in the Goals and prevent new financing from being used to pay off existing debt.

24. Countries facing climate and debt vulnerabilities can face a vicious cycle when rebuilding efforts are financed by issuing new debt. To support countries in such situations, climate-resilient debt clauses and debt-for-nature swaps could be evaluated as possible solutions. Debt transparency and debt management are also necessary components to ensure greater support to developing countries.

25. Faster and more effective debt management and resolution practices are also needed. While some progress has been made by the Group of 20 Common Framework for Debt Treatments, its effectiveness, speed and efficiency must be enhanced. The Global Sovereign Debt Roundtable, co-chaired by IMF, the World Bank and the presidency of the Group of 20, was highlighted as an initiative fostering a greater understanding of processes and principles to facilitate more timely and predictable restructurings. It is intended to improve creditor coordination outside the Common Framework.

26. IMF and the World Bank are reviewing the debt sustainability analysis frameworks for low-income countries. Additional proposed reforms of the international debt architecture include encouraging credit rating agencies to review

current assessment methodologies and adopt fair criteria, as well as calls for the establishment of a public credit rating agency.

**Reform of the international financial architecture**

27. The existing international financial architecture and mechanisms are ill-suited to address the multiple concurrent crises unfolding at present and the heterogeneity of countries seeking support. Financing instruments and actors often lack the scale, timing and tailored approach to adequately meet the needs of borrowing countries, making the timeliness and scope of international financial architecture reform critical.

28. Discussions on international financial architecture reform are gaining momentum in the lead-up to the Summit of the Future and the Fourth International Conference on Financing for Development, further boosted by the Brazilian presidency of the Group of 20. Many international financial institutions are stepping up financing and have already embarked on reform paths. However, challenges remain in achieving the scale, speed and adaptability to respond to rapid shifts in geopolitical influence and demands for representation at the global level. On the one hand, all financing sources must be enhanced, from private investment to sovereign borrowing. Multilateral development banks have a key role to play in increasing access to and the volume of financing by becoming bigger and better, although that will take time. On the other hand, support for developing countries needs to go beyond financing and include knowledge transfer and capacity-building, as well as greater representation in global economic governance.

29. Financial support needs to be urgently and massively scaled up, as set out in the Secretary-General's Sustainable Development Goal stimulus launched in 2023. This can only be achieved with a broad set of measures and concerted efforts, including: (a) collaborating across and within all stakeholder groups (creditors, borrowers, multilateral development banks, the United Nations system, civil society and the private sector) in a coherent manner and consistent with institutional mandates, as partnerships are key for financing actors to become more responsive to developing countries' needs and the changing global landscape; (b) rechannelling special drawing rights to IMF trust funds or through multilateral development banks; (c) supporting the central role of domestic resource mobilization in financing development priorities by reforming the international tax system and promoting international tax cooperation; and (d) facilitating the adoption and use of innovative financing instruments and aligning incentives to promote private sector participation.

## C. Road to the Fourth International Conference on Financing for Development

30. The policy response to the COVID-19 global economic shock was unprecedented in its magnitude and content, which led to sharp increases in debt levels amid decelerating global growth. The post-pandemic macro environment, conflicts, food and energy insecurity, population ageing and the climate crisis threaten to derail progress on the Sustainable Development Goals. Financing needs for achieving the Goals and climate goals are mounting, and meeting those needs has become more urgent than ever. Without adequate financing, the developing world may face a lost decade.

31. Developing countries require increased access to concessional financing. Middle-income countries often face stricter borrowing conditions and have less access to concessional loans compared with low-income countries. Given the important roles of the Bretton Woods institutions and multilateral development banks as essential sources of affordable financing and counter-cyclical support, the structural inequalities embedded in the current international financial architecture need to be addressed.

32. At the same time, new sources of financing for development and innovative financing mechanisms should be explored, including ones that incentivize private finance. Private finance needs to be better regulated to ensure that it is directed to areas consistent with the achievement of the Sustainable Development Goals and national priorities.

33. Concerted efforts are needed to address challenges concerning debt sustainability and debt resolution, key obstacles to financing the Sustainable Development Goals. Overindebtedness of low- and middle-income countries is a major issue requiring international cooperation.

34. International tax cooperation must be strengthened and fiscal reforms introduced, with the support of technical training and international cooperation, to bring about more progressive, transparent, efficient and effective tax systems. Tax cooperation is already being strengthened through the negotiations regarding a United Nations Framework Convention on International Tax Cooperation, which could help to generate policy space for developing countries to implement their national development priorities.

35. Countries need to ensure political will to produce a successful and meaningful outcome to the Fourth International Conference on Financing for Development. The outcome of the Conference should also strengthen the follow-up process.

## D. Domestic public resources

36. Enhancing domestic resource mobilization, fostering international tax cooperation and combating illicit financial flows are central to financing the Sustainable Development Goals, addressing challenges such as climate change and debt burdens, and bolstering social protection systems.

37. Robust tax administrations are fundamental to improving domestic resource mobilization. However, in developing countries, such institutions often face limitations owing to a lack of financial and human resources, which affects their capacity to address the challenges posed by large multinational enterprises and complex international tax evasion schemes. Strengthening the capacities of tax administrations is imperative, therefore, to ensure a steady flow of resources for achieving the Sustainable Development Goals.

38. Efforts to promote inclusive and effective international tax cooperation continue to gain momentum. The establishment by the General Assembly of an Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation marks a significant step towards a fairer international tax system. This initiative aims to foster inclusive participation by developing countries in shaping international tax norms that fully take into account their specific needs, priorities and capacities. Regional platforms are also important as they facilitate discussions on cross-border tax issues and technical exchanges.

39. Combating illicit financial flows is key to securing the financial bases of countries, in particular in developing regions. Strengthening mechanisms for international tax cooperation, improving information-sharing, enhancing transparency and building the capacities of tax administrations should be prioritized to address the challenge of illicit financial flows. The integration of technology into tax systems and public financial management can significantly improve these processes.

40. The global effort to reform financial and tax systems continues to gather strength. Such reform aims to establish tax policies that not only ensure fairness but also contribute actively to achieving the Sustainable Development Goals, thereby mitigating gender and economic disparities and fostering equitable wealth distribution.

## E. Domestic and international private business and finance

41. A transformation in business practices is needed to better align private finance with sustainable development objectives. Managing long-term risks, ensuring regulatory clarity and strengthening governance frameworks are key priorities to attract private capital and enhance the alignment of business with sustainability goals.

42. Public-private partnerships can help to align private sector investments and sustainable development priorities. The experiences of Member States indicate the importance of enhancing regulatory frameworks, promoting projects that foster job creation and social impact, and guaranteeing transparency to ensure public integrity. Tourism, construction and renewable energy are examples of sectors in which some Member States have successfully implemented such strategies. Innovative approaches, such as artificial intelligence-driven job creation and inclusive training programmes, could potentially address social issues and promote sustainable development through collaborative efforts between the public and private sectors.

43. Innovative mechanisms and tools are supporting sustainable investment, such as guarantees, to mobilize private finance. Sustainable bond markets now represent 10–15 per cent of all international bond issuance, with an annual issuance of $800 million over the past three years. The adoption of sustainable finance taxonomies has also been a helpful driver of growth in the private sector. Sustainable finance taxonomies should be expanded to take the just transition into account. More rigorous and standardized sustainability disclosures and reporting frameworks, in particular in developing countries, are also needed to ensure that investments are genuinely contributing to sustainable outcomes.

44. The role of private sector investment is essential, and increased collaboration is needed between multilateral development banks, the United Nations and other stakeholders to effectively mobilize and align private finance with sustainability goals. Initiatives such as the Global Investors for Sustainable Development Alliance are crucial in that regard.

## F. International development cooperation

45. Despite increases in official development assistance, progress towards the Sustainable Development Goals continues to lag. Moreover, a significant portion of recent increases in official development assistance has been dedicated to multiple crisis response measures, including in-donor refugee costs, and does not represent additional resources for long-term sustainable development objectives. Developed countries should fulfil their official development assistance commitments, aiming for 0.7 per cent of their gross national income to assist developing countries, including 0.15 to 0.20 per cent of gross national income for the least developed countries.

46. It is important that new measures of development aid, including metrics such as "total official support for sustainable development", do not divert attention from traditional official development assistance commitments. New sustainable development measures that complement GDP should be supported, such as the multidimensional vulnerability index for small island developing States and other multidimensional indicators that go beyond GDP. The debate on the effectiveness, quality and impact of official development assistance must be strengthened, including through the Development Cooperation Forum of the Economic and Social Council.

47. More effective international development cooperation also requires reforming the international financial architecture to establish a system that is stable, inclusive and adept at addressing contemporary development financing challenges. Strengthening

the capacity and improving the lending terms of multilateral development banks, as well as increasing the voice and participation of developing countries in their governance structures, would lead to more effective and larger multilateral development banks and help catalyse progress towards the Sustainable Development Goals. In addition, it is critical to revise the criteria for middle-income countries to access concessional loans from multilateral development banks – beyond just GDP metrics – in order to expand loan accessibility in line with financing needs. Cooperation and coordination should also be enhanced among national, regional and global development banks to boost their contribution to financing sustainable development.

48. Support for developing countries to adapt to and increase their resilience to climate change, which continues to pose growing social, economic and environmental risks and challenges, should remain a key focus of international development cooperation, including through discussion of appropriate reforms of the international financial architecture. The climate financing gap needs to be closed. Current commitments continue to be unfulfilled, and the focus on adaptation support needs to be strengthened. Countries that are most vulnerable to climate change and those with increasing debt burdens are in particular need of additional climate finance at more concessional terms. Climate finance commitments should be in addition to existing official development assistance pledges.

49. Innovative financial instruments, such as blended finance mechanisms, green and Sustainable Development Goal bonds, and debt-for-climate swaps, can have a positive development impact if their risk-reward structure is fair and fully understood by all participating parties. In many instances, blended finance instruments have not delivered substantial development impacts. The international community should therefore strengthen the metrics of blended finance instruments to reflect their development impact rather than leverage.

50. South-South and triangular cooperation have become increasingly important to realize the 2030 Agenda for Sustainable Development, yet such forms of cooperation are complements to, and not substitutes for, North-South cooperation. North-South collaboration should be strengthened without conditionalities. Initiatives within the global South were crucial during the COVID-19 pandemic, especially considering the simultaneous shortfall in North-South cooperation. Such initiatives yielded a range of lessons learned for future development cooperation.

## G. International trade as an engine for development

51. International trade is an engine for economic growth, but since the 2008 crisis, the expansion of global value chains has contracted. Geopolitical tensions, increasing systemic risks, including the COVID-19 pandemic, and the increasing permeation of national security concerns into trade policy highlight the need for countries to manage the risks associated with global trade and increase their resilience to global shocks. Concurrently, the increasing financialization of commodities has more deeply embedded the volatility and speculation of international financial markets into economies that are highly dependent on commodities. These scenarios require mechanisms to stabilize financial markets, curb speculative activities and provide fiscal supports that buffer against the adverse effects of fluctuations.

52. Commodity dependence presents significant challenges to economic stability and growth, particularly in developing nations. These countries are often vulnerable to the volatile nature of commodity markets, which can lead to unpredictable economic cycles. Addressing this issue requires a multifaceted approach that includes diversifying economies away from an overreliance on primary commodities, enhancing value addition through industrial development, and integrating smallholder

farmers and small and medium-sized enterprises into broader value chains. Such strategies not only stabilize economies but also promote sustainable economic practices and reduce exposure to global price fluctuations. Moreover, fostering an environment that encourages technological advancement and the development of a skilled workforce is crucial for these countries to climb up the value chain and improve their competitive stance on the global stage.

53. Climate risk poses a substantial threat to global economic stability. Commodity-dependent nations prone to extreme weather events are particularly affected. As global temperatures rise, the necessity for economic diversification becomes paramount. This diversification involves moving beyond primary commodities to develop more robust industrial and professional services sectors capable of withstanding climate impacts and contributing to a greener economy.

54. Small and medium-sized enterprises and smallholder farmers are crucial for the success of economic development initiatives in commodity-driven countries, yet often remain marginalized in global value chains. Providing these groups with access to technology, financial services and markets is essential. Efforts should focus on integrating these players more fully into the economy and ensuring that they meet sustainability standards that open up new market opportunities and contribute to broader economic resilience and growth.

55. Digitization and the transfer of technology are vital for connecting countries more effectively to the global economy. By adopting advanced technologies and facilitating technology transfer, countries can enhance their productive capacities, access new markets and improve competitiveness. This transformation is particularly crucial for developing nations striving to overcome structural challenges and exploit emerging opportunities in the digital realm.

56. "Friendshoring" is reshaping supply chains and fostering increased South-South trade, which allows developing countries to diversify their economic partnerships and reduce their dependence on traditional economic powerhouses. This model has supported the rise of new economic blocs within the global South, enhancing regional cooperation and development.

57. Fiscal burdens can overshadow the ability to invest in essential social services, which enable low-income countries to move up the value chain through human capital development. There is a need for international support systems and policies that allow low-income countries to redirect their financial resources from servicing debt to investing in critical public services, ultimately supporting long-term sustainable development.

58. On the issue of unilateral economic, financial or trade measures not in accordance with international law, the majority of Member States insisted on the need to refrain from their application.

## H. Debt and debt sustainability

59. Debt challenges continue to undermine sustainable development in many developing countries. Thirty-four of the poorest countries are in or are at high risk of debt distress, and countries are allocating increasing amounts of their budgets to service their debts. In the past three years, 18 sovereign defaults have been recorded, the highest number in two decades.

60. The debt crisis in many countries has been exacerbated by both internal and external shocks. External shocks include the COVID-19 pandemic and, for importing countries, increased commodity prices following the war in Ukraine. In addition, structural and systemic challenges have also contributed to the debt crisis, including

low growth, commodity dependence, illicit financial flows, climate vulnerability, volatile private capital flows, high financing costs, and the absence of an effective multilateral sovereign debt resolution mechanism.

61. The debt crisis is a systemic issue that requires systemic solutions that address the underlying causes and vulnerabilities. This includes reforming the international financial architecture to ensure that developing countries have a stronger voice in discussions and negotiations and increasing concessional finance, guarantees and grants.

62. Improvements to the Common Framework for Debt Treatments are needed, including expediting timelines, enhancing predictability, ensuring the engagement of private creditors alongside official creditors, and extending the mechanism to middle-income countries and small island developing States. Some participants called for the establishment of a new framework on sovereign debt resolution under the auspices of the United Nations that would be multilaterally binding, transparent, and better reconcile the interests of creditor States and vulnerable borrowers.

63. Reassessing the role of credit rating agencies, enhancing data and transparency, improving the IMF debt sustainability analysis and reducing IMF surcharges are other measures that could be considered. The Fourth International Conference on Financing for Development will be a unique opportunity for agreements towards a new sovereign debt architecture, alongside broader systemic changes.

## I. Addressing systemic issues

64. The global financial safety net plays an important role in supporting countries, especially during periods of economic crisis. Recent economic disruptions have underscored developing countries' vulnerability to shocks. Countries' access to the global financial safety net has been uneven. Current financing mechanisms need to be reassessed to ensure that they are not only robust but also centred on sustainability and equity principles, leaving no country vulnerable to economic shocks.

65. In 2023, emerging and developing countries had greater capital outflows through interest and amortization payments than inflows received from international financial institutions. This underscores the critical situation for developing countries, in which the most impacted are the ones struggling the most with a lack of investment.

66. The methodologies currently used for resource allocation must be more comprehensive, going beyond income levels and countries' institutional frameworks. The assessments must include critical aspects affecting countries' vulnerability, such as geographical isolation, economic size and exposure to financial and environmental shocks. Reducing bureaucratic barriers for the most vulnerable countries is also important to alleviate the immediate pressure and avoid setbacks in critical areas for sustainable development, such as infrastructure, health and education.

67. At this critical moment and with many profound challenges to address, comprehensive global governance and the reform of multilateralism are urgent to support developing countries in moving away from economic vulnerability and accelerating progress towards the Sustainable Development Goals. Improving access to financial resources, stakeholder engagement, and equitable and efficient allocation according to different countries' specific needs are fundamental steps that require increasing developing countries' participation in decision-making bodies.

## J. Science, technology, innovation and capacity-building

68. Science, technology and innovation are rapidly evolving and play a critical role in achieving sustainable development. They have the potential to act as a catalyst for progress and prosperity for all, but the gains are unevenly distributed. The digital divide continues to grow, but it can be addressed by enabling technology transfer and knowledge-sharing within and across countries, and aligning science, technology and innovation policies with the Sustainable Development Goals. The rapid extension of the financial technology industry, for example, has diversified financial services, creating more financial inclusion.

69. In less developed countries, optimizing science, technology and innovation and facilitating technological catch-up will require multistakeholder interventions and collaborative efforts. To accomplish this, it is paramount to reduce barriers to technology transfer through intellectual property rights reforms; to invest in capacity-building and skills development through human capacity investing and the establishment of technology absorption centres that can empower individuals and organizations to use technology; and to foster inclusive technology innovation policies that support the development of an innovation ecosystem and measure social impact.

70. Artificial intelligence technologies can drive innovation further, but they require solid digital infrastructure, human capital investment and strong ethical frameworks. The use of artificial intelligence to provide personalized education opens up opportunities for countries to train educators and reach a broader number of students.

71. Digital transformation requires Internet infrastructure and a digitally literate workforce. At the same, the potential adverse effects on livelihoods, local economies, job losses, the environment, societal culture, and civil and political rights are important considerations. A multilaterally agreed global framework could potentially equitably distribute the benefits of digital technologies, in particular for women and Indigenous populations. Cybersecurity is essential and must be guaranteed through proper safeguards, supervision and regulation.

## K. Integrated national financing frameworks: taking stock of national-level progress

72. Strategic financing strategies, innovative approaches and robust institutional frameworks will be essential in bridging the financing gap for achieving the Sustainable Development Goals. Developing countries are actively seeking to advance on their development paths through integrated national financing frameworks. Such frameworks are not an alternative to addressing the shortcomings of the international financial architecture, but they offer country-led plans, aligned with the principles of the Addis Ababa Action Agenda, within the broader international framework.

73. Integrated national financing frameworks effectively support countries in financing their national development priorities. As emphasized by Member States, such frameworks are a country-led, country-owned tool to transform national financial systems. They ensure that policies are integrated, tailored and aligned with each country's priorities, facilitating monitoring and policy interventions. Currently, 85 countries are at various stages of developing and delivering integrated national financing frameworks, with 17 countries reporting having leveraged $16 billion for investments in sustainable development. This demonstrates the potential when countries take the lead in restructuring their financial systems.

74. Collaborative efforts among stakeholders are an important aspect of integrated national financing frameworks. Different line ministries and civil society working together can ensure inclusiveness and an integrated approach, embracing the complexity of the country's financing challenges during the process of implementing an integrated national financing framework. Such frameworks have empowered the public and private sectors, had a significant impact on sustainable development progress and served as a catalyst for reforming countries' institutional infrastructure.

75. The demand for capacity-building within the scope of integrated national financing frameworks is rising. Increasing stakeholder support and collaboration, including with international financial institutions, is urgent. Exploring innovative financing methods, such as green bonds, social bonds and blended finance, could promote the scaling up of resource mobilization to support countries in accelerating progress in financing the Sustainable Development Goals.

## L. Closing of the Forum

76. The draft intergovernmentally agreed conclusions and recommendations (E/FFDF/2024/L.1) were adopted by a recorded vote (160 votes to none, with 2 abstentions).[1] Nevertheless, the need for a consensus-based approach was emphasized, and many delegations signalled their strong support and willingness to engage constructively in the preparatory process for the Fourth International Conference on Financing for Development.

77. The Co-Chairs of the Preparatory Committee for the Fourth International Conference on Financing for Development delivered remarks on the path ahead. They emphasized that the forum had effectively set the stage for the Fourth International Conference and its preparatory process by highlighting key systemic challenges that demanded new global agreements. They said that the preparatory process, starting with a session in Addis Ababa, followed by sessions in New York and Mexico City, was intended to engage diverse stakeholders, including civil society and the business community, in order to forge a comprehensive and ambitious agenda that responded to the most urgent financing needs and emerging issues since the Third International Conference in 2015.

78. In his closing remarks, the Under-Secretary-General for Economic and Social Affairs noted that the forum had generated a strong sense of both accomplishment and anticipation. He commended the quality of the discussions held throughout the forum, which had focused on decisive actions needed to close the financing gap and overhaul the international financial architecture. He noted that the forum had emphasized the importance of global partnership and multilateralism and had provided a good basis for concrete deliverables that Member States could agree to at the Fourth International Conference on Financing for Development.

79. The President of the Economic and Social Council expressed her gratitude to all those who had participated in the 2024 forum on financing for development follow-up. She reflected on the engaging and innovative discussions that had set the groundwork for the Fourth International Conference on Financing for Development in 2025. The President expressed optimism and readiness to address forthcoming challenges, stressing the importance of continuous efforts to fulfil the promise of sustainable development and ensure that no one was left behind.

[1] See E/FFDF/2024/3.