SOUTHERN VOICE

Joint Statement towards the 4th International Financing for Development Conference

The 4th International Conference on Financing for Development (FfD4) is taking place in a context of growing economic instability and geopolitical fragmentation. For countries in the Global South, the need to mobilize financial resources is more urgent than ever. FfD4 must deliver concrete, time-bound, and equitable commitments that **address both 1) the structural failures of the global financial architecture and 2) the urgent resource constraints faced by developing countries.**

This statement was developed through the contributions of members of the Southern Voice network of leading Global South think tanks. It outlines recommendations to international stakeholders and national governments on directions for reform and/or specific actions which these parties should commit to, in Seville, to **put sustainable development for all within reach**. They concern: taking immediate steps to optimise the use of available resources; urgently lifting countries out of debt distress; accelerating the equitable mobilisation and use of domestic resources; and directing critical financing to climate action.

1. Optimising the use of existing resources

In 2025, with countries across the Global South facing limited development resources -- exacerbated most recently by significant ODA cuts – urgent measures are needed to unlock access to available resources and support. This means addressing some of the structural obstacles that prevent the optimal use of resources. These include donor fragmentation and competing financing scenarios; lack of policy coherence; as well as limited transparency and access to relevant data.

To this end, we recommend:

- Undertaking **regulatory reform to eliminate perverse incentives** that drive competition between financing sources, such as between public and private donors. This process should be supported by the establishment of a **working group** – involving local research experts from Global South countries – tasked with developing a coordination framework that aligns public and private investments. This should incorporate public disclosure systems to prevent issues like double-counting.

- Creating a **global forum at FfD4 for policymakers and donors to align financing and fiscal strategies**, share best practices, and ensure a unified development approach.

Further, we urge donors and International Financial Institutions to:

- **Upgrade auto-qualification mechanisms for financing**, with criteria reflecting most vulnerable countries' evolving challenges, so that these countries may gain prompt access to essential financial resources.

- Roll out comprehensive **systems to raise awareness** of financing opportunities, application modalities, and timelines, empowering countries to navigate the funding landscape effectively.

- Support the **role that civil society actors can play** in fostering alignment, by integrating CSO participation more systematically into processes at the national, regional, and international levels to support further coordination across actors. At the level of national and regional development banks, for example, CSOs can provide meaningful support in aligning various agendas 1) across institutions 2) with sustainable development imperatives. CSOs can also play a critical part in the follow up to FfD4, facilitating grassroots engagement and feedback to ensure the needs and priorities of local communities are reflected in sustainable finance.

- Accelerate **investments in advanced digital infrastructure** and facilitate **technology transfers** to enhance monitoring, tax collection, and debt evaluation.

2. Debt sustainability

Macroeconomic uncertainties, geopolitical tensions, and lingering COVID-19 impacts, have also intensified fiscal vulnerabilities in the Global South. In many countries in the region, **debt service now consumes an unsustainable portion of government spending**—up to 55% in some countries of Africa—exceeding combined spending on education, health, social protection, and climate investments.

Debt distress exposes deeper flaws within the global financial architecture. Lengthy, risky debt-reprofiling processes and irresponsible lending practices mean that external financing is frequently diverted from productive investments to debt servicing. Recent crises in Sri Lanka, Pakistan, Argentina, and Bolivia illustrate these challenges—where heavy debt burdens inhibit policy implementation and economic recovery. In the current global context, urgent steps are needed to **break the cycle of unsustainable debt and promote economic resilience** across the Global South.

To address this, we call for:

- Urgent **debt relief and debt restructuring** measures — such as longer repayment periods and relaxed debt relief procedures — to be implemented, to ensure financing at the national level can further support sustainable and inclusive development, rather than debt servicing.
- International partners to prioritize **non–debt–creating solutions** for developing countries.
- The establishment of a **dedicated forum to convene lenders** and co-develop an action plan for sustainable debt management.
- The G20 to **accelerate reforms of the Common Framework for Debt Treatment**, ensuring international principles equitably balance environmental, social, and human rights commitments.
- A temporary, automatic **standstill on debt service during negotiations** to facilitate private creditor participation and investments in green and inclusive recovery.
- Measures to **strengthen national-level capacity building on sustainable debt management**, and improve national systems to minimize debt vulnerability in Global Southern countries.

3. Domestic resource mobilisation

In many countries, a narrow tax base, inefficient revenue collection, and widespread informal economies also keep tax-to-GDP ratios below desired benchmarks. Outdated systems and low digitalization further weaken public finances. In addition, profit shifting and illicit financial flows continue to hinder domestic resource mobilization for sustainable development in many Global South countries. Effective taxation reforms are fundamental to creating fiscal systems that can truly support sustainable development.

We urge all countries to:

- Implement progressive wealth taxation systems to address income inequality, ensuring the ultra-wealthy contribute proportionately to public services and sustainable development initiatives.
- Fast-track investments in robust ICT infrastructure across the Global South, to modernize revenue collection and public finance management, enhance transparency, and reduce tax evasion. These investments should be supported by efforts to strengthen institutional capacity.
- Establish a global minimum corporate tax rate applicable beyond the OECD/G20 membership, to curb profit shifting, prevent tax haven exploitation, and ensure multinational corporations contribute fairly based on their economic footprint.
- Explore innovative taxation mechanisms, such as a Financial Transaction Tax and a Carbon Tax, to generate revenue for development programs, while also incentivizing more sustainable economic and environmental practices, by gradually implementing these taxes, allocating the revenue to specific initiatives, coordinating internationally, and ensuring equity and inclusivity.

4. Climate finance

Finally, **climate finance is critical for the Global South**; however, COP29 failed to scale up major instruments. Meanwhile, the **competition** between climate finance, sustainable finance, and development investments often crowds out comprehensive support. Furthermore, there is a **disconnect** between climate adaptation financing and financing for the SDGs, as well as between the financial goals of the Paris Agreement and existing mechanisms. Greater international cooperation is essential to scale up effective financing tools, align climate finance with SDG objectives, and strengthen institutional arrangements that support innovative solutions.

We call on donors to:

- Prioritize **grants, long-term concessional loans, and non-debt instruments** to meet the Baku-Belém Roadmap to $1.3T target, directly supporting national adaptation and mitigation plans, as outlined in the National Determined Contributions (NDCs).
- Allocate **50% of climate finance to adaptation**, per Article 9.4, targeting locally led initiatives (e.g., water security, resilient agriculture).
- Accelerate the **deployment of innovative financial instruments in alignment with international climate commitments**, particularly Articles 2.1(c) and 9 of the Paris Agreement,

ensuring that supported initiatives avoid austerity-related conditionalities; guarantee the meaningful participation of local communities throughout the entire process of designing and implementing initiatives, including guaranteeing the right to Free, Prior, and Informed Consent (FPIC) of Indigenous Peoples; incorporate robust environmental and social safeguards to minimize negative externalities and uphold community input, and promote biodiversity co-benefits in line with the Kunming-Montreal Framework.

- **De-risk** investments in climate action, stimulate additional private capital, and accelerate a sustainable, just and low-emission global transition.

We further call on United Nations Member States to:

- Support the establishment of a **Matchmaking Platform under the UNFCCC** to advance global efforts in mobilizing finance, capacity building (e.g. towards estimating country-specific financing/investment requirements) and technology transfer for just transitions. Inspired by the Global Alliance Against Poverty and Hunger, the Platform should be structured around three key pillars:
    - i) Policy Basket: a menu of rigorously evaluated policy instruments and programs to promote just transitions, which can be adapted to specific national or subnational contexts.
    - ii) Finance & Tech Hub: attracting supportive entities, including global and regional funds, vertical climate funds, development banks, and public and private donors, committed to providing financial and technological support to state and non-state actors in fulfilling national commitments to implement just transition programs within the Platform's Policy Basket.
    - iii) Knowledge-Sharing: bringing together national, regional, and international institutions to foster knowledge generation, technical assistance, and voluntary exchange.

- Set up a working group tasked with designing a **monitoring framework** with objective criteria (e.g., additionality, SDG alignment) to rapidly build on existing evidence of best practices in various countries and to prevent greenwashing and crowding-out effects.

- Establish a **Permanent Coordination Mechanism** that aligns climate bodies, IFIs, ECOSOC, and other multilateral parties, integrating the Matchmaking Platform and ensuring Global South leadership in governance.

We are now past the midpoint of the SDGs, yet significantly behind on meeting targets. Without meaningful reform and bold financial commitments, the gap between ambition and action will continue to widen—especially for the most vulnerable countries. This moment demands from the international community significant progress on critical issues within the current financing for development architecture.

We call on all governments, multilateral institutions, and financial actors to treat FfD4 as a test of global solidarity. The success of this process will be judged by its ability to deliver real, transformative change for the Global South— in resources, rights, and results.

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