Financing for Sustainable Development Report 2026

Inter-agency Task Force on Financing for Development

Implementing the Sevilla Commitment

United Nations

Report of the Inter-agency Task Force on Financing for Development

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Inquiries about the Task Force or its report and online annex can be sent to:

Financing for Sustainable Development Office
Department of Economic and Social Affairs
2 United Nations Plaza (DC2–23rd Floor)
New York, N.Y. 10017
United States of America
+1-212-963-4598

developmentfinance@un.org
https://financing.desa.un.org/iatf/

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Foreword

António Guterres
Secretary-General

Our world is navigating a moment of profound turbulence.

Millions are being drawn into cycles of conflict and displacement, while the climate crisis is hitting the most vulnerable the hardest. Aid is declining and geopolitical divides and mistrust are blocking effective action.

But last year, in the midst of this turmoil, Member States stood together and adopted the Sevilla Commitment—a renewed global framework for financing sustainable development.

The needs are urgent. The financing gap to achieve the Sustainable Development Goals now stands at over $4 trillion annually. Developing countries face shrinking fiscal space, high borrowing costs, declining aid flows, volatile trade and uneven access to technologies and innovation.

The global financial system as a whole is struggling to adapt to meet the evolving needs of today's economies, especially developing countries, and still largely reflects the economic and power structures of the past.

This report—the first comprehensive assessment since the adoption of the Sevilla Commitment—tracks how the world is delivering on the Commitment's calls for ambitious actions on investment, debt and reform of the international financial architecture.

Despite some early signs of progress around the world, the overall picture is sobering. We need to continue pushing forward in key areas: tripling the lending capacity of multilateral development banks; unlocking private capital at scale; scaling up new instruments that reduce debt vulnerabilities; speeding up support for countries facing debt distress; and giving developing countries a stronger voice and more meaningful participation in global financial institutions and international policymaking.

Financing for development is more than an economic imperative. It represents a pathway to a future in which all countries can thrive, trade and prosper together.

Using the data and recommendations contained in this report, we can renew faith in the power of international cooperation and truly deliver on sustainable development for people and the planet.

Preface

Li Junhua
Under-Secretary-General for Economic and Social Affairs
United Nations
Chair of the Inter-agency Task Force

Almost one year ago, Member States gathered in Sevilla, Spain, at the Fourth International Conference on Financing for Development (FFD4), to adopt the Sevilla Commitment, a renewed global framework to finance sustainable development. At a time of rising geopolitical tensions, widening financing gaps and growing pressures on multilateralism, the Sevilla Commitment reaffirmed that collective action remains both possible and necessary. It became an example of a new mode of international cooperation for a new era.

Today, the global environment remains equally difficult. While global growth has shown resilience, it remains uneven and fragile. Many developing countries face a financing squeeze characterized by high borrowing costs, elevated debt service burdens, structurally low tax revenues, declining official development assistance, and subdued investment flows. Trade tensions and fragmentation risk undermining predictability in global value chains and capital markets. Climate impacts are intensifying, further compounding fiscal and financing pressures. Against this backdrop, the urgency of implementing the Sevilla Commitment has only grown.

This 2026 Financing for Sustainable Development Report, the tenth report of the Inter-agency Task Force on Financing for Development, and the first since the adoption of the Sevilla Commitment, assesses early implementation efforts while examining the evolving global context. It provides both a data-driven update across all financing for development action areas and a deeper analysis of the four action areas that will be under in-depth review at the 2026 ECOSOC Forum on Financing for Development Follow-Up: private business and finance; international trade; the international financial architecture and systemic issues; and data, monitoring and follow-up.

Five key messages emerge from this year's report.

First, scaling up financing remains imperative. Closing the estimated $4 trillion SDG financing and investment gap requires strengthening domestic private sectors, supporting diversification and productive integration, reinforcing public finance efforts, and scaling up risk-sharing instruments. Many public development banks and development finance institutions have taken up this task and are expanding their efforts, including through several initiatives of the Sevilla Platform for Action.

Second, financing must be aligned with sustainable development outcomes. Quantity alone is not enough; quality, impact, and alignment with country-owned strategies and leadership are essential on both the private and public finance sides. There is real progress in this area, despite the challenging global context: many developing countries are increasingly integrating sustainability considerations into financial sector and real-economy policies.

Third, resilience must be strengthened in a more shock-prone world – through actions across the financing agenda. This includes building stronger domestic institutions and integrating climate and disaster risk considerations into financial instruments. Sevilla saw a strong effort to scale up pre-arranged financing. Efforts are also needed to enhance the global financial safety net, including further exploring the use of special drawing rights. Diversifying trade and productive structures strengthens countries' economic resilience to external shocks.

Fourth, implementation requires a coherent, multi-layered approach to cooperation. National leadership must be supported by coordinated international action. Stronger linkages between national development banks, regional and multilateral institutions, and improved coherence across trade and other frameworks are essential to preserving impact.

Fifth, multilateralism remains indispensable. In a more fragmented world, a predictable, rules-based international system is vital to lower risks, foster investment, and address shared global challenges. Yet multilateralism must evolve, and give countries the policy space to pursue new development pathways—backed by multilateral cooperation that lowers the risks of experimentation and delivers collective action where global consensus is required. The Sevilla Commitment illustrates this renewed multilateralism by bringing countries together to advance collective action—multilaterally where possible and through focused coalitions under the Sevilla Platform for Action.

The Inter-agency Task Force continues to evolve to reflect the breadth of the financing for development agenda. Since FFD4, several additional institutions have joined the Task Force, including the Inter-American Development Bank (IDB), the European Investment Bank (EIB), the Asian Infrastructure Investment Bank (AIIB), and Finance in Common. Their participation and unique perspectives further enrich the Task Force's collective expertise and reinforce the central role of public development banks and development finance institutions in advancing the Sevilla Commitment.

As Chair of the Inter-agency Task Force, I remain committed to ensuring that the Task Force brings its full analytical capacity, institutional expertise and convening power to support Member States in implementing the Sevilla Commitment. The Task Force will continue to provide evidence-based analysis and practical recommendations to help close financing gaps, strengthen resilience, and advance reforms to the international financial architecture.

The window to deliver on the Sustainable Development Goals is narrowing. But with political will, coordinated action, and sustained investment in multilateral cooperation, progress remains within reach.

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Inter-agency Task Force

Task Force coordinator and substantive editor

United Nations Department of Economic and Social Affairs (UN/DESA)

Financing for development major institutional stakeholders

World Bank Group

International Monetary Fund (IMF)

World Trade Organization (WTO)

United Nations Trade and Development (UNCTAD)

United Nations Development Programme (UNDP)

Regional economic commissions

Economic and Social Commission for Asia and the Pacific (ESCAP)

Economic and Social Commission for Western Asia (ESCWA)

Economic Commission for Africa (ECA)

Economic Commission for Europe (UNECE)

Economic Commission for Latin America and the Caribbean (ECLAC)

United Nations system and other agencies and offices

Asian Infrastructure Investment Bank (AIIB)

Basel Committee on Banking Supervision (BCBS)

Committee on Payments and Market Infrastructure (CPMI)

European Investment Bank (EIB)

Finance in Common (FiCS)

Financial Stability Board (FSB)

Food and Agriculture Organization of the United Nations (FAO)

Global Environment Facility (GEF)

Green Climate Fund (GCF)

Inter-American Development Bank (IDB)

International Association of Insurance Supervisors (IAIS)

International Atomic Energy Agency (IAEA)

International Civil Aviation Organization (ICAO)

International Development Finance Club (IDFC)

International Fund for Agricultural Development (IFAD)

International Labour Organization (ILO)

International Organization for Migration (IOM)

International Telecommunication Union (ITU)

International Trade Centre (ITC)

Joint United Nations Programme on HIV/AIDS (UNAIDS)

Office of the High Commissioner for Human Rights (OHCHR)

Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS)

Office of the Special Adviser on Africa (OSAA)

Organisation for Economic Co-operation and Development (OECD)

Principles for Responsible Investment (PRI)

Secretariat of the Convention on Biological Diversity (CBD)

South Centre

Sustainable Energy for All (SE4All)

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

The Global Alliance for Vaccines and Immunizations (GAVI)

UN Capital Development Fund (UNCDF)

United Nations Children's Fund (UNICEF)

United Nations Commission on International Trade Law (UNCITRAL)

United Nations Convention to Combat Desertification (UNCCD)

United Nations Educational, Scientific and Cultural Organization (UNESCO)

United Nations Entity for Gender Equality and the Empowerment of Women (UN Women)

United Nations Environment Programme (UNEP)

United Nations Forum on Forests (UNFFS)

United Nations Framework Convention on Climate Change (UNFCCC)

United Nations Global Compact (UNGC)

United Nations High Commissioner for Refugees (UNHCR)

United Nations Human Settlements Programme (UN-HABITAT)

United Nations Industrial Development Organization (UNIDO)

United Nations Office for Disaster Risk Reduction (UNISDR)

United Nations Office for Project Services (UNOPS)

United Nations Office for South-South Cooperation (UNOSSC)

United Nations Office for the Coordination of Humanitarian Affairs (OCHA)

United Nations Office on Drugs and Crime (UNODC)

United Nations Population Fund (UNFPA)

United Nations Research Institute for Social Development (UNRISD)

United Nations Technology Bank for Least Developed Countries (UN Technology Bank)

United Nations University (UNU)

United Nations World Food Programme (WFP)

United Nations Youth Office

World Health Organization (WHO)

World Intellectual Property Organization (WIPO)

Chapter I
Introduction and overview

1. Introduction

FFD4 took place during a moment of crisis and uncertainty. In mid-2025, United Nations Member States convened in Sevilla, Spain, for the Fourth International Conference on Financing for Development (FFD4). The Conference was held amid a challenging global context: large and growing financing gaps for the Sustainable Development Goals (SDGs), a difficult macroeconomic environment with lingering effects of the pandemic, trade tensions, aid cuts and rising geopolitical tensions that increasingly put multilateralism under strain. The growing impacts of climate change, persistent inequality, and gaps and stresses in the international financial and debt architectures added to the headwinds for the development financing agenda.

Against that backdrop, the successful adoption of the Sevilla Commitment[1] provided a boost for the financing for development agenda and multilateralism. The Sevilla Commitment symbolizes a renewed commitment to the sustainable development agenda and its financing. It provides a renewed global framework for financing sustainable development, with actions across three strategic areas: investment, debt, and international financial architecture reform. The full implementation of the Sevilla Commitment could help to address and overcome some of the key challenges that currently constrain development financing. To ensure early implementation, coalitions of Member States, international institutions and stakeholders launched 130 high-impact initiatives as part of the Sevilla Platform for Action (SPA). These initiatives complement the outcome document, often responding directly to commitments in the text, to advance tangible progress on investment, debt, and financial architecture reform.

Early progress in implementation will be critical. Developing countries are faced with significant financing challenges, such as limited progress made on mobilizing taxes, falling investment, trade turbulence, a sharp drop in official development assistance (ODA), and high costs of capital and debt service burdens. The conflict in the Middle East threatens to deliver a significant new shock to the already fragile global economy. Unless there is a rapid change in this trajectory, governments will need to further curtail development investments and risk further regression on achieving the SDGs.

This report reflects on the initial implementation efforts of the Sevilla Commitment. The Financing for Sustainable Development Report 2026 of the Inter-agency Task Force on Financing for Development assesses both the macroeconomic and global backdrop to FFD4 and its impact on development financing, and reflects on the early implementation efforts of the Sevilla Commitment. It focuses particularly on the action areas that are under in-depth review in 2026 (private business and finance; trade; international financial architecture and systemic issues; and data, monitoring and follow-up). It also provides data-driven updates across all action areas (including the chapters that will have in-depth reviews in 2027: domestic public resources; international development cooperation and development effectiveness; debt and debt

sustainability; and science, technology, innovation and capacity-building). As the first report issued by the Task Force since FFD4, it also contains a mapping of all of the actions and commitments set out in the Sevilla Commitment and the related initiatives under the SPA.

2. A challenging global context

Implementation efforts have to grapple with an extraordinarily challenging global context. The report highlights three major challenges. First, the difficult macroeconomic environment; second, a financing "squeeze", particularly for the poorest and most vulnerable countries; and third, growing fragmentation, defined as a policy-driven reversal of global economic integration, which has created high levels of uncertainty, with potentially high economic and social costs. Along with persistent problems such as climate change, inequality and the profound transformations related to rapid technological change, those three major challenges threaten long-term sustainable development prospects.

2.1 A fragile global economy

The global economy performed better than expected in 2025. Global growth in gross domestic product (GDP) was estimated at 2.8 per cent in 2025, despite new trade frictions and a sharp increase in tariffs and was forecast to remain broadly stable through 2027 (see chapter IV.1 on the global economic context). Global economic activity was bolstered by the front-loading of shipments and inventory build-up amid trade policy uncertainty, sustained consumer demand underpinned by monetary easing, robust labour markets and the recent boom in investments in artificial intelligence (AI).

Nevertheless, the macroeconomic situation remains challenging, and there are significant downside risks. Growth remains well below the 3.2 per cent average for the 2010–2019 period, with growth performances and prospects highly uneven across countries: more than one in four developing countries still have per capita incomes below 2019 levels.[2] Major downside risks include a protracted conflict in the Middle East, with its impacts on energy prices and headline inflation, trade, financial markets and global interest rates, and remittances; and significant corrections in financial markets if valuations of AI-related assets change, which could spill over into developing countries and increase corporate and sovereign spreads.[3, 4] High global public debt levels could put pressure on interest rates, which eased in 2025.[5] More frequent and increasingly severe climate change-related extreme weather events could exacerbate countries' debt challenges.

2.2 A financing squeeze

The poorest and most vulnerable countries are experiencing a financing squeeze. Against the backdrop of large unmet SDG spending needs and rising costs from environmental degradation and climate impacts, the poorest and more vulnerable countries simultaneously face high costs of capital, fiscal pressures from high debt service burdens, structurally low tax revenue, declines in official development assistance (ODA) and trade and investment disruptions.

While global financial conditions were relatively accommodative in 2025, many developing countries faced high borrowing costs, eroding fiscal space. Global financing conditions benefited from the policy easing by major central banks, dollar weakness and buoyant financial markets. Nonetheless, many developing countries continue to face high borrowing costs and heightened rollover risk. In 2024, debt service on external debt reached 20-year highs in developing countries and small island developing States (SIDS), exceeding 20 per cent of government revenue in 14 developing countries, constraining essential social spending and crowding out priority investments in education, health and infrastructure. Average coupon rates of hard currency bonds for least developed and other low-income countries increased to 8.4 per cent in 2025, from 6.1 per cent in 2024 (see chapter III.5. on debt and debt sustainability). This has not only constrained fiscal space but raises concerns over the refinancing of debt, particularly if downside risks in financial markets materialize in response to the conflict in the Middle East.

Tax revenue remains structurally low in many countries. Tax revenue in developing countries increased only marginally over the past two decades, from 13 per cent to 14 per cent between 2000 and 2024. Overall, 77 developing countries remain below the 15 per cent threshold identified in the Sevilla Commitment (see chapter III.1), as compared to a median of around 24 per cent of GDP among developed countries, reflecting deep and persistent structural differences. Uneven recovery from the pandemic further widened the gap.

The fall in ODA will exacerbate those challenges. This is most acutely the case in the poorest countries, where ODA remains macrocritical. Amid shifting political priorities, ODA fell by 6 per cent in 2024 to $214.6 billion and is projected to decline

by a further 10–18 per cent in 2025 (see chapter III.3 on international development cooperation). The least developed countries (LDCs) are likely to be disproportionately affected by cuts in 2025 as forecasts estimate that bilateral ODA to LDCs could drop by a further 13–25 per cent, following a 3 per cent decline in 2024. With bilateral ODA representing, on average, 15 per cent of government revenues in LDCs, the projected drop could have significant impacts on their ability to finance their sustainable development.

Difficult financing and fiscal conditions are exacerbated by negative trends in international investment. Foreign direct investment (FDI), the largest source of external finance for developing countries, is continuing its downward trend. Excluding volatile flows through conduit economies, FDI fell by 11 per cent in 2024 to $1.49 trillion, marking the second straight year of contraction. Preliminary evidence suggests that weaknesses persisted in 2025. International project finance, a major source of finance for large infrastructure and energy projects in many developing countries, fell by 40 per cent between 2021 and 2024, and dropped further in the first half of 2025, with infrastructure-related deals particularly affected (see chapter IV.2 on private business and finance).

Trade flows were relatively stable in 2025, but that resilience may not be sustained. Despite record levels of trade policy uncertainty, global trade was supported by the front-loading of trade in anticipation of disruptions, as well as continued dynamism in green products, South-South trade and digital services. That resilience, however, may not be sustainable, particularly if the conflict in the Middle East is protracted or if other trade tensions flare up again. Trade tensions are already affecting trading relationships and supply chain management decisions by firms, and altering trade patterns along global value chains, with uncertain impacts over the medium term. The increase in tariffs and overall trade restrictiveness have disproportionately affected LDCs and other vulnerable economies (see chapter IV.3).

2.3 A more fragmented world

Trade, investment and capital flows are being reconfigured and are fragmenting along geopolitical lines.[6] The potential negative impacts of a more fragmented world economy, in which economic relations are increasingly shaped by geopolitical considerations, would cut across the action areas of the financing for development agenda, and, if left unaddressed, would undermine financing and development prospects.

FDI and trade relationships are continuing to reconfigure. FDI is showing signs of fragmenting along geopolitical lines, particularly in strategically important sectors such as semiconductors. FDI flows between geopolitical blocks, on the other hand, have decreased across the board, and sharply so since 2022.[7] Trade diversions driven by firms' efforts to mitigate exposure to policy-driven trade frictions also became apparent throughout 2025. A further erosion of the stability and predictability of the multilateral trading system could undermine the basis for global value chains, with significant long-term consequences for developing countries. A decline in global value chains would also slow down technology diffusion.

Heightened geopolitical tensions could discourage cross-border capital allocation and translate into higher volatility in financial markets. Developing countries tend to see both sharper and more prolonged falls in inflows than advanced economies do, with the more liquid and risk-sensitive instruments—such as portfolio equity and portfolio debt flows—most strongly affected.[8] This could further drive up the costs of capital.

Fragmentation is also affecting aspects of the international financial and development cooperation architecture. Signs of fragmentation in the cross-border payment system, for example, include the emergence of alternatives emerging to the Society for Worldwide Interbank Financial Telecommunication (SWIFT), the international messaging network for interbank relations. While recent payment system developments have created challenges, particularly for smaller developing countries, the disorderly emergence of payment blocks or digital assets could reduce the network benefits of modern digital payment technologies and increase the risks to financial stability and financial integrity. In parallel, the emergence of new donors, institutions and funds has provided welcome new resources but has also added to significant fragmentation in the development cooperation landscape, with the number of donor agencies having more than doubled over the past 20 years, adding to transaction costs for recipient countries.

Fragmentation can also complicate the formulation and implementation of effective multilateral responses. This is visible, for example, in ongoing efforts to reform the World Trade Organization (WTO) and to restore a functional dispute settlement system. Continued disagreement over governance reforms at a number of international economic and financial institutions could further undermine trust in multilateralism. Fragmentation complicates the fight against long-standing global challenges that require concerted action, such as the climate crisis, which shows no signs of abating, and which is exacerbating financing challenges

through physical damage costs, stranded asset risks and the effects of climate vulnerability on sovereign borrowing costs.

3. Towards a response—implementing the Sevilla Commitment

Against this challenging backdrop, the adoption of the Sevilla Commitment launched an ambitious package of reforms. Key commitments pertain to closing the $4 trillion investment gap, for example by scaling up multilateral development bank (MDB) lending, mobilizing additional support for tax and scaling up investment with a focus on impact. The Sevilla Commitment presents a strong package of reforms to address the debt challenges of developing countries as well as steps to advance the reform of the international financial and development cooperation architecture.

The Sevilla Commitment balances actions at the domestic and international levels. Following the structure of prior financing for development outcomes, the document contains actions to mobilize and better align public and private and domestic and international financing (action areas A to C) to create an enabling international economic environment (action areas D to F), and to mobilize technology, capacity support and data (action areas G). Many of these actions can be taken by countries domestically (around 120 across all action areas), complemented by efforts to strengthen international coordination and institutions (around 175 actions), as well as cross-border financial and technical support (around 115 actions) (see figure I.1).

The Sevilla Commitment is complemented by SPA. Coalitions of countries and stakeholders have put forward 130 high-impact initiatives under SPA, to begin implementation of the Sevilla Commitment. These initiatives cover all action areas, with most addressing the "flow" action areas focused on mobilizing private finance, strengthening development cooperation and enhancing domestic resource mobilization. In the first nine months since the Conference, 105 initiatives have provided updates on their activities, demonstrating widespread efforts for early implementation of the Sevilla Commitment. In chapter II of this report (In the Sevilla Commitment), the Task Force provides a detailed overview and mapping of actions and commitments as well as of the SPA initiatives.

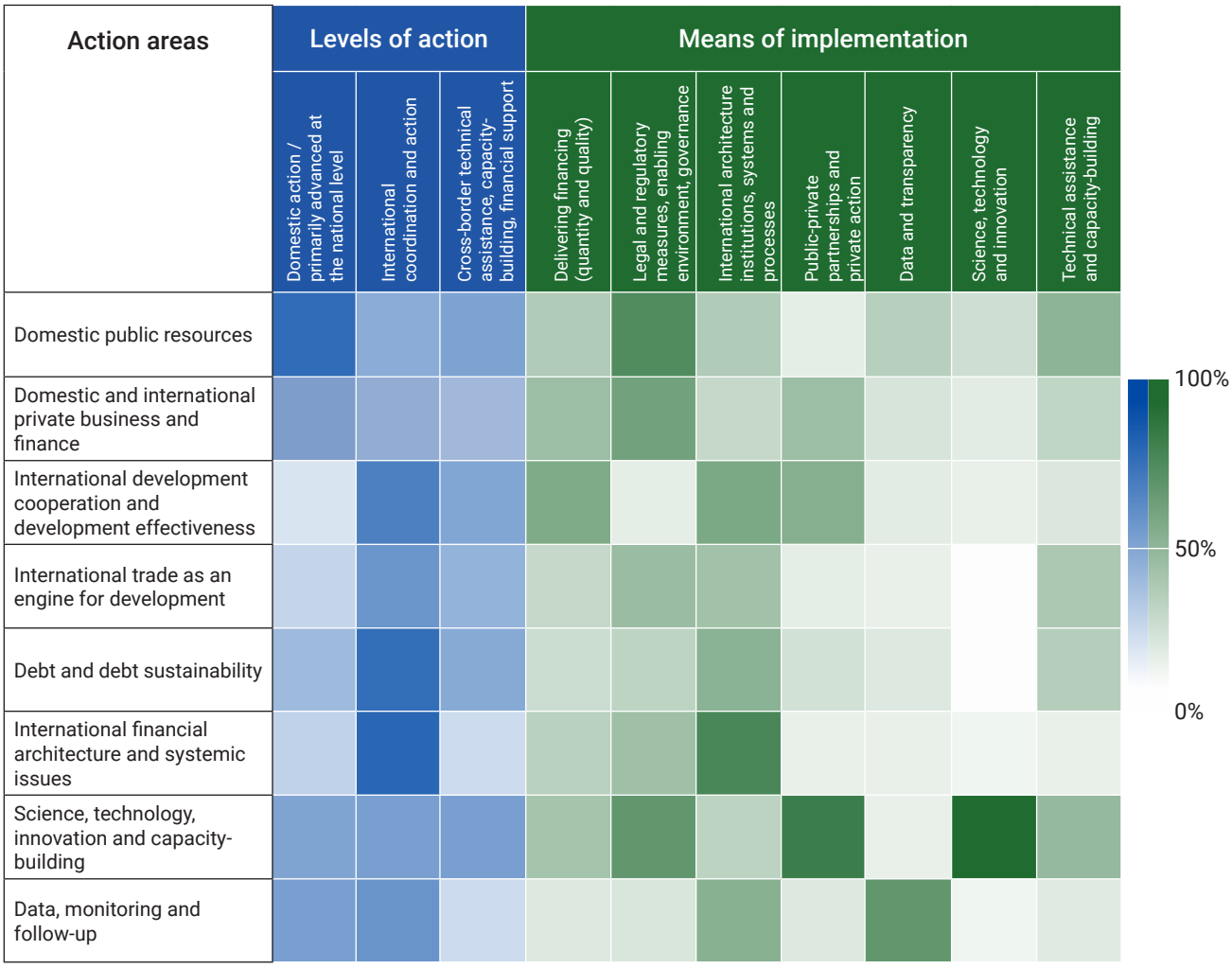
The full implementation of the Sevilla Commitment would address many of the financing challenges that countries are currently facing. Implementing the Sevilla Commitment in full would go a long way towards addressing the above-mentioned financing squeeze and finding constructive responses at the international level to address a more fragmented world. In the *Financing for Sustainable Development Report 2026,* the Task Force identifies a set of priority actions and recommendations in five areas that could help countries to get back on track towards achievement of the SDGs:[9]

1. ***Scaling up financing and investment to close financing gaps, including based on actions in the Sevilla Commitment;***
2. ***Focusing policies and financing flows on sustainable development to maximize impact, aligned with country priorities;***
3. ***Investing in resilience to protect impact in the face of more frequent shocks;***
4. ***Strengthening multilayered institutions and cooperation; and***
5. ***Continuing to invest in multilateralism***.

First, scaling up financing. Actions to close the SDG financing gap are at the heart of the Sevilla Commitment, with a total of 104 actions targeting more and better-quality financing. Many of the SPA initiatives also target these areas, with a strong focus on private business and finance (56 initiatives), international development cooperation (45 initiatives) and domestic public resources (33 initiatives). In this 2026 report, the Task Force lays out actions to reignite the dynamism of the private sector and enhance its contribution to sustainable development, while recognizing that there are many structural challenges and limits to private capital mobilization that are difficult to change in the short run.

The actions include efforts to strengthen countries' domestic private sectors: for example, by enhancing local firms' access to finance through investments in the local banking system, national development banks and/or cooperative or savings banks, as well as through pass-through loans and increased local currency financing from development finance institutions. It also includes measures to support diversification and productive integration in a rapidly changing global economy, for example by overcoming digital readiness gaps or enhancing local value addition in critical minerals and other commodities. Improving the risk/return profiles of investments will require both real de-risking through improved enabling environments at both the national level and the international levels level, the latter, for example, through an improved

Figure I.1
Levels of action and means of implementation
(Percentage)



Source: UN DESA.
Note: The colour scale (0-100%) represents the proportion of actions under each implementation category relative to the total number of actions within the corresponding action area.

financial safety net that could reduce reliance on self-insurance. It also includes scaling up the use of risk-sharing instruments, which is a key focus of the Sevilla Commitment and many SPA initiatives aimed at standardizing and scaling blended finance mechanisms.

There are also commitments in the public finance action areas (to be reviewed in depth by the Task Force in the *Financing for Sustainable Development Report 2027*) through which financing can be mobilized at scale: by scaling up support for domestic resource mobilization, for progress in international tax cooperation and the fight against illicit flows, and by taking full advantage of momentum around strengthening public development banks; by arresting and reversing declining trends in ODA and increasing and optimizing MDB lending; and by making concerted efforts to bring down the borrowing costs and debt service burden of developing countries, and for those countries that are insolvent, efficient and timely restructurings.

Second, maximizing sustainable development impact. In line with the emphasis in the Sevilla Commitment on country ownership and impact, resources must be directed towards investments that are aligned with national priorities and needs and that generate lasting sustainable development impact.

On the private finance side, maximizing sustainable development impact implies that measures to improve the enabling business environment should support investment and business activity that is

sustainable, for example activities that create decent jobs and are environmentally sustainable. For the private capital mobilization agenda, it implies a shift in focus towards maximizing development impact in addition to leverage ratios. Focusing on investments with the highest impact per public dollar committed could also help to overcome the bias in blended finance deals towards those closest to profitability and in middle-income countries. Lastly, maximizing sustainable development impact underlines the importance of integrating sustainability considerations into financial sector and real-economy policies, which is proceeding in many developing countries, particularly in Asia and Latin America, and which can incentivize long-term investment even in the face of regulatory rollbacks in some jurisdictions.

The full alignment of financing flows will also require further investments in data and impact measurements. Joined-up data systems and open platforms greatly improve the ability of public and private decision-makers to access and use data and information to advance sustainable development with impact. This requires investment in integrated data approaches that reinforce national statistical systems, to maximize the gains from interoperability. The Task Force will place a special thematic focus on impact measurement across financing action areas in its 2027 report.

Impact is at the core of public finance for development. In the 2027 report, the Task Force will explore efforts to integrate sustainable development considerations into fiscal frameworks, as well as progress on impact and effectiveness of development cooperation.

Third, investment in resilience. In a more crisis-prone world, enhancing the resilience of countries is critical. Member States have clearly articulated this priority through 82 commitments for providing capacity support and technical assistance across the action areas of the Sevilla Commitment to strengthen countries' capacities to deal with shocks and crises.

At the international level, domestic measures should be complemented by enhanced coverage and responsiveness of the global financial safety net to the growing frequency and intensity of crises. The incorporation of relevant clauses, such as climate resilient debt clauses, in financial instruments is also advancing, thanks to the relevant efforts of the Debt Pause Clause Alliance, an initiative under SPA. Countries' economic resilience to shocks can also be strengthened through trade diversification, for example in the form of regional trade agreements and South-South trade cooperation, which can also enhance diversification and increase value addition. However, much more needs to be done to enable LDCs to take advantage of such opportunities, including supporting their capacity to negotiate and implement trade agreements and to industrialize, diversify exports and develop service exports.

Fourth, a multilayered approach to international cooperation. Preserving sustainable development impact also depends on policy coherence and coordination across countries and coherence across various national, regional and international layers of the financial architecture. A coherent multilayered approach can help to link national investments in resilience with regional and global support, aligning external financing with country-owned strategies. Indeed, in the Sevilla Commitment, Member States elevated country leadership as a core principle of effective cooperation and called for support to be fully aligned with national strategies.

For example, the Sevilla Commitment underscores the role of a more coherent system of public development banking, strengthening the links between national public development banks and regional and multilateral development banks and other development finance institutions through enhanced coordination, support and alignment of mandates. Important lessons learned from the successful bilateral component of the global financial safety net can also be applied to help to expand coverage and improve the depth and quality of resources available from regional facilities. On trade, in the Sevilla Commitment, Member States highlight the necessity to both preserve the multilateral trading system with WTO at its core, and foster regional trade integration, through the consolidation, expansion and deepening of regional and interregional trade agreements. Many initiatives under SPA are well placed to add to a more coherent framework as they are aimed at strengthening country leadership and to better coordinate support around national priorities. SPA is also facilitating the closer collaboration by initiatives that target similar priorities.

Fifth, invest in multilateralism. None of the above actions imply a retreat from multilateralism. Countries' sustainable development prospects still rely on a predictable and rules-based multilateral system. Withdrawal from multilateral cooperation weakens the stability and shared frameworks that underpin the investment, risk-sharing and collective action needed to address global challenges. This is strongly reflected in the Sevilla Commitment, which contains more than 130 actions to strengthen international financing architectures, institutions, systems and processes. However, multilateral cooperation must adapt. Ever tighter economic integration (also known as hyper-globalization) is no longer viable when decisions are increasingly driven by geopolitical rather than economic considerations.

Countries need the policy space to experiment as they seek new development pathways, and test and refine new policy and regulatory frameworks, industrial policies and financing models. Such iterative approaches, however, will work only if they happen in a favourable global environment: one supported by multilateral cooperation that can lower the risks associated with such experimentation, including through bolstering long-term, affordable financing, risk-sharing instruments, an enabling trade, financial and debt architecture, and platforms for peer learning; and also delivering global action in areas that require true global consensus, such as governance reforms at international institutions, effective climate change mitigation and international tax cooperation.

The Sevilla Commitment has demonstrated that such progress is possible even in the current environment, by bringing together Member States to agree to joint actions, and galvanizing coalitions of actors through SPA. The Fourth International Conference on Financing for Development can serve as an example of a new mode of cooperation, where many countries agree to move forward and together tackle global challenges both multilaterally, when possible, and in coalitions on the SPA initiatives. The financing for development follow-up process can continue to facilitate discussions—as it did for financial integrity and credit ratings in the Economic and Social Council—that engage relevant institutions and stakeholders in an inclusive format to advance agreement.

4. About this report

This is the tenth report of the Inter-agency Task Force on Financing for Development and the first since the adoption of the Sevilla Commitment. As implementation of the Sevilla Commitment has just begun and much of the data available for analysis in this report precedes adoption, the 2026 report puts a particular focus on mapping actions in the Sevilla Commitment and the related SPA initiatives. Following this introduction and overview, chapter II (In the Sevilla Commitment) provides a detailed overview of what this agreement covers, the types of actions and commitments and how the SPA initiatives can support implementation. Chapter III (In Numbers) provides a data-driven brief update on progress in all action areas of the financing for development outcomes. The sections in chapter IV (In Depth) provide a detailed analysis of the global economic context (IV.1), and the action areas under in-depth review in the 2026 Financing for Development Forum: private business and finance (IV.2), trade (IV.3), international financial architecture and systemic issues (IV.4), and data, monitoring and follow-up (IV.5).

5. About the Inter-agency Task Force on Financing for Development

The Inter-agency Task Force is made up of more than 60 United Nations agencies, programmes and offices, the regional economic commissions and other relevant international institutions. The report draws on their combined expertise, analysis and data. The major institutional stakeholders of the financing for development process—the International Monetary Fund (IMF), World Bank Group, WTO, United Nations Conference on Trade and Development (UNCTAD) and United Nations Development Programme (UNDP)—play a central role, jointly with the Financing for Sustainable Development Office of UN DESA, which also serves as the coordinator of the Task Force and substantive editor of the report.

Originally convened after the Third International Conference on Financing for Development, the Task Force's mandate was renewed in the Sevilla Commitment (paragraph 65a). Since FFD4, several more entities have also joined the Task Force, including several MDBs (the Inter-American Development Bank (IADB), European Investment Bank (EIB), Asian Infrastructure Development Bank (AIIB) and Finance in Common).

While the *Financing for Sustainable Development Report 2026* is based on inputs from and review by the members of the Inter-Agency Task Force and their different perspectives enrich its analysis, the views and conclusions expressed herein do not necessarily reflect the opinions, positions or endorsements of the individual members of the Task Force. Members of the Task Force are bound by their own legal and policy frameworks in respect of the Sevilla Commitment and SPA. They do not necessarily endorse all aspects of the Sevilla Commitment and reserve all rights in respect of this document and the proposals reflected in it.

Endnotes

1 Sevilla Commitment, Pub. L. No. A/RES/79/323, https://digitallibrary.un.org/record/4087700.
2 World Bank, *Global Economic Prospects* (2026), https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099710001132613726.
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5 IMF, *World Economic Outlook Update, January 2026*.
6 Gita Gopinath et al., "Changing Global Linkages: A New Cold War?," *Journal of International Economics* 153 (2025): 104042, https://doi.org/10.1016/j.jinteco.2024.104042.
7 Gopinath et al., "Changing Global Linkages."
8 IMF, *Global Financial Stability Report* (2023), https://digitallibrary.un.org/record/4023913.
9 The focus of recommendations is on the action areas under in-depth review, but there are recommendations across all action areas.

Chapter II
In the Sevilla Commitment

1. The Sevilla Commitment—an overview

The Sevilla Commitment launched an ambitious package of reforms on investment, debt and the international financial architecture. In total, the Sevilla Commitment contains 280 actions across the global financing framework, the seven action areas and the chapter on data, monitoring and follow-up. It incorporates actions to mobilize and better align public and private and domestic and international financing (action areas A-C) to create an enabling international economic environment (D-F), and to mobilize technology, capacity support and data (G). These actions were complemented by 130 voluntary initiatives in the Sevilla Platform for Action (SPA). Put forward by coalitions of countries and stakeholders, these initiatives work on delivering tangible progress on specific actions and priorities.

2. Mapping the actions in the Sevilla Commitment

Following the structure of prior financing for development outcomes, the Sevilla Commitment is based on a broad conception of development financing. Development financing is not just about the provision of concessional financing across borders. The financing for development outcomes address the mobilization and alignment of all financing flows, domestic and international, public and private, as well as the domestic and international policy frameworks that underlie resource mobilization. There is a careful balance of national actions, with countries primarily responsible for their own economic and social development, and international actions and support to create an enabling international environment. The 2026 report provides an overview of the Sevilla Commitment along two dimensions—the level at which implementation is to take place, and the means of implementation. Findings are summarized in figure II.1 and table II.1 and then detailed for each specific action area in tables II.2–II.10.

The Sevilla Commitment contains actions to be taken at domestic and international levels. Many actions can be taken by countries domestically (119 in total, across all action areas), complemented by efforts to strengthen international coordination and institutions (174 actions), as well as cross-border financial and technical support (114 actions).

Its actions address not just financing in a narrow sense but cut across all means of implementation. Overall, there are 104 actions that directly target the mobilization of additional and better-quality financing. They are complemented by actions aimed at improving enabling environments and legal and regulatory frameworks

Box II.1

Selected major actions in the Sevilla Commitment

First, the Sevilla Commitment aims to catalyze investments to close the $4 trillion SDG financing gap in developing countries through commitments that, for example, aim to: (i) triple multilateral development bank (MDB) lending; (ii) double support to countries to achieve at least a 15 per cent tax-to-GDP ratio (supported by an initiative in SPA by providers of official development assistance for tax); and (iii) better leverage private investment in terms of both quantity and impact (supported by SPA initiatives by MDBs, international organizations, private investors and governments).

Second, the Sevilla Commitment addresses the debt and sustainable development crisis, building on the commitments in the Pact for the Future to allow countries to borrow sustainably for investment in their development, for example through actions to: (i) reduce debt service burdens, including through a debt facility at international financial institutions (IFIs) (supported by a new initiative by Spain and the World Bank Group for a Global Hub on Debt for Development Swaps); (ii) prevent future debt crises, including through a global debt registry and a commitment to increase state contingent debt instruments (supported by a "Debt Pause Clause Alliance" initiative by Spain, Barbados, Canada, France, the United Kingdom and MDBs); and (iii) address gaps in the debt architecture to give more voice to debtor countries through a platform for borrower countries (launched as the Borrowers' Forum as part of SPA) and an intergovernmental process on debt at the United Nations.

Third, the Sevilla Commitment advances reform of the international financial and development cooperation architecture through, for example: (i) enhancing developing countries' voice in IFIs, for example by inviting consideration to increase the basic votes in the International Monetary Fund while recognizing their independent governance structures; (ii) increasing access to emergency funding to better protect countries during shocks and crises, for example by inviting consideration of Special Drawing Right usage; and (iii) inclusive country-led coordination platforms and a revitalized Development Cooperation Forum to strengthen the development cooperation architecture at national and global levels. Several initiatives support both country platforms and discussions on the future of development cooperation.

Source: UN DESA.

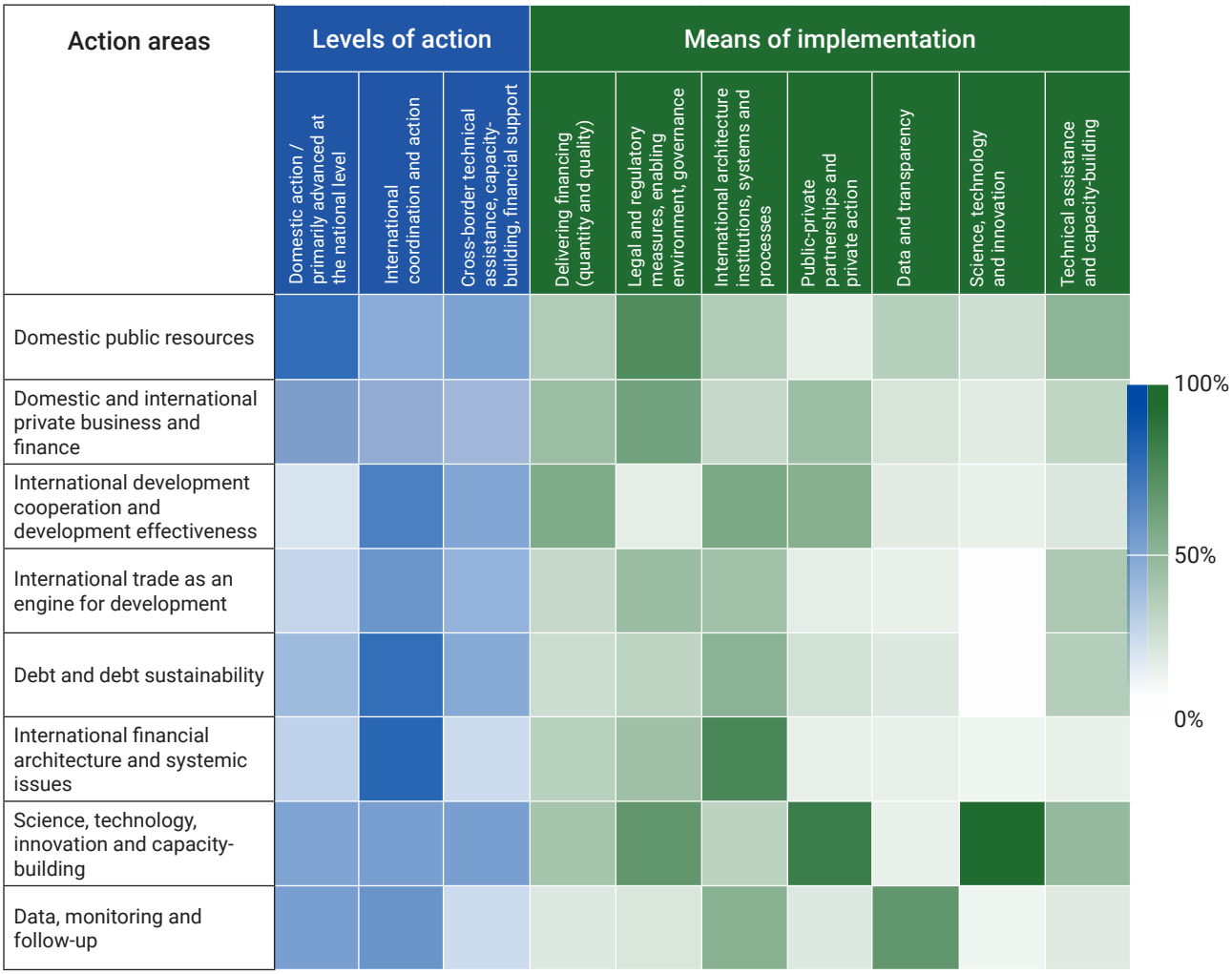
at both national (131 actions) and international (131) levels; data and transparency (48); science and technology (50); and technical assistance and capacity-building, with 82 actions in this area.

3. The Sevilla Platform for Action

The Sevilla Platform for Action (SPA) was launched at FFD4 as a voluntary, multi-stakeholder mechanism to ensure the early implementation of the Sevilla Commitment. The SPA welcomed 130 initiatives led by a diverse set of actors across the financing for development ecosystem. In total, over 240 lead entities are involved in these initiatives, including 44 developing countries and 21 developed countries, alongside many international organizations, MDBs and other development banks, civil society organizations and private sector institutions.

A mapping of SPA initiatives against the chapters of the Sevilla Commitment shows that the initiatives directly support the implementation of 170 specific Sevilla Commitment actions. Coverage spans all action areas, with a strong focus on private business and finance (36 out of 43 actions in the action area), domestic public resources (30 out of 37 actions), debt and debt sustainability (14 out of 21 actions) and international development cooperation (20 out of 37 actions) (see figure II.2). Many initiatives cut across multiple action areas, reflecting the linkages among

Figure II.1
Levels of action and means of implementation
(Percentage)



Source: UN DESA.
Note: The colour scale (0-100%) represents the proportion of actions under each implementation category relative to the total number of actions within the corresponding action area.

the action areas of the financing for development agenda and underscoring the role of SPA as a cross-cutting implementation layer that advances progress across the entire Sevilla Commitment.

In the first nine months since Sevilla, 105 initiatives have provided updates and 92 have reported specific progress in implementation. Much of the reported progress has concentrated on technical assistance and capacity- building activities. For example, the Global Hub on Debt Swaps for Development – led by Spain and the World Bank Group – has been operationalized with a one-stop knowledge base and a database for active debt swaps; a Technical Assistance Hub and dedicated Catalogue – launched by the Finance in Common Secretariat – aims to increase access to technical assistance and capacity-building for public development banks and now features over 35 technical assistance offers; and the Tax Inspectors Without Borders 2.0 – led by the Organisation for Economic Co-operation and Development (OECD) and the United Nations Development Programme (UNDP) – has launched seven programmes since Sevilla to support jurisdictions in addressing transfer pricing challenges and criminal tax investigation, among others.

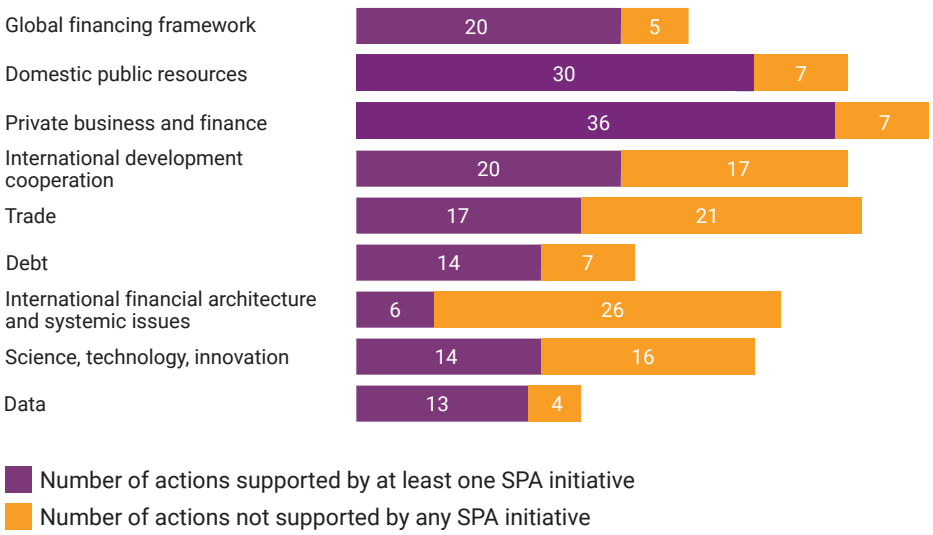
SPA will continue to evolve to support initiatives. Going forward, the focus of the platform will shift from early operationalization towards enabling initiatives to continue to deliver impact, facilitating collaboration and coalition-building among initiatives, and situating SPA meaningfully within the broader financing for development follow-up ecosystem. Initiatives will be invited to present progress and engage at the ECOSOC Financing

Table II.1
Summary of actions across the Sevilla Commitment

Section of the Sevilla Commitment	Levels of action			Means of implementation						
	Domestic action/ primarily advanced at the national level	International coordination and action	Cross-border technical assistance, capacity-building, financial support	Delivering financing (quantity and quality)	Legal and regulatory measures, enabling environment, governance	International architecture institutions, systems and processes	Public-private partnerships and private action	Data and transparency	Science, technology and innovation	Technical assistance and capacity-building
I. A renewed global financing for development framework	17	18	12	13	15	14	6	1	3	5
II.A Domestic public resources	30	17	19	13	29	13	1	12	8	19
II.B Domestic and international private business and finance	25	21	18	19	27	11	19	8	5	12
II.C International development cooperation and development effectiveness	2	26	18	21	1	22	20	5	1	6
II.D International trade as an engine for development	9	22	16	10	17	16	1	1	0	14
II.E Debt and debt sustainability	8	17	10	5	6	11	4	3	0	7
II.F International financial architecture and systemic issues	4	27	3	10	14	26	2	3	2	3
II.G Science, technology, innovation and capacity-building	15	16	16	12	21	9	26	3	30	14
III. Data, monitoring and follow-up	9	10	2	1	1	9	2	12	1	2
All areas	119	174	114	104	131	131	81	48	50	82

Source: UN DESA.

Figure II.2
Number of Sevilla Commitment actions supported by at least one SPA initiative



Source: UN DESA.

for Development Forum and other international forums, and to engage with regional and country-level United Nations coordination and delivery structures, where appropriate.

4. A detailed mapping of actions in the Sevilla Commitment and related SPA initiatives

Tables II.2–II.10 present a detailed overview of actions across all chapters and action areas of the Sevilla Commitment. Actions are categorized along two dimensions:

- The level at which implementation is primarily expected to take place: at the domestic level/ primarily advanced at the national level (***Domestic action***); international coordination and action (***Int. coord.***); and/or cross-border technical assistance, capacity-building, financial support (***Int. support***);
- The type or means of implementation: delivering financing (quantity and quality) (***Financing***); legal and regulatory measures (***Enabling environment***); enabling environment, governance, international architecture, institutions, systems and processes (***Int. architecture***); public-private partnerships and private action (***Private***); data and transparency (***Data***); science, technology and innovation (***STI***); technical assistance and capacity-building (***TA***).

The tables also map specific initiatives of the SPA to the actions in the Sevilla Commitment, based on self-reporting by lead entities of the initiatives. This provides an indication of which intergovernmentally agreed actions in the Sevilla Commitment benefit from voluntary coalitions of actors that can contribute to their implementation.

The tables summarize the actions of the Sevilla Commitment in column 2. This is done only for presentation purposes; readers should refer to the Sevilla Commitment for the full text and precise nature of each of the actions.

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Para	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
1	Renewed global financing for development framework											
2	SDGs and poverty eradication											Climate-Resilient Social Protection And Smallholder Agriculture Finance Partnership; Climate Risk & Early Warning Systems Initiative; Investing In Care For Equality And Prosperity; 2030 Pact For Effective Development Co-Operation; 40 By 30 Food Systems Transformation Initiative
3	Human rights for all											Investing In Care For Equality And Prosperity; Unlocking social protection financing – from pledge to practice
4	Severe setbacks and $4T annual financing gap											
5	Multilateral cooperation											Coalition To Build Support For Global Public Investment; Investing In Care For Equality And Prosperity
6	Closing financing gap by urgent reforms											Action Plan To Achieve FFD4 Private Investment Mobilization Objectives and Standards; Climate Risk & Early Warning Systems Initiative; Common Principles On Private Capital Mobilization; Investing In Care For Equality And Prosperity; Joint Declaration On Partnership Opportunities Between Institutional Investors And MDBs; Public Finance For SDGs Collaborative
7	Reform of international financial architecture											Action Plan To Achieve FFD4 Private Investment Mobilization Objectives and Standards; Investing In Care For Equality And Prosperity; Scaling Up The Global Alliance Of Subnational Development Banks; 4P Roadmap For A Better Inclusion Of Multidimensional Vulnerability
8	Country-led development with international support											Country-Driven Approaches To Financing Sustainable Development And Climate Action; 2030 Pact For Effective Development Co-Operation
9	Support for countries in special situations											Hand In Hand Initiative of FAO/UN; 4P Roadmap For A Better Inclusion Of Multidimensional Vulnerability
10	Equality and social protection											Public Finance For SDGs Collaborative; Unlocking social protection financing – from pledge to practice
11	Gender equality											Accelerator For Investments In Comprehensive Care in LAC; Financing For Gender Equality; Investing In Care For Equality And Prosperity; Public Finance For SDGs Collaborative; Zero Adolescent Pregnancy Movement In LAC
12	Combating discrimination and promoting inclusion											Inclusive Financing Monitoring Initiative
13	Combating illicit financial flows and corruption											Finance Your Cities; Global Forum On Asset Recovery Action Series; Integrated Approach To Capacity-Building For Financing Sustainable Development; Leveraging UNCAC IRM And Regional Technical Assistance for IFFs reduction; Public Finance For SDGs Collaborative
14	Peaceful, just and inclusive societies											

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Para	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
15	Climate action											Climate Risk & Early Warning Systems Initiative; Integrated Finance For Development, Climate And Nature; Public Finance For SDGs Collaborative; 4P Dialogue On Export Credits; 4P Eminent Persons Group On Barriers To Investment In EMDEs; 4P Implementation Pathway On Debt, Nature And Climate; 4P Risk Resilience Group; 4P Roadmap For A Better Inclusion Of Multidimensional Vulnerability
16	Reaffirming the Rio principles											
17	Disaster risk financing											Climate Risk & Early Warning Systems Initiative; Financial Instruments For Ready And Resilient (FIRRe); Risk To Resilience Finance Initiative
18	Investing in argifood systems											Climate-Resilient Social Protection And Smallholder Agriculture Finance Partnership; Monitoring Of Financing Flows For A Greater Impact In Food Crises; 40 By 30 Food Systems Transformation Initiative; Hand In Hand Initiative of FAO/UN
19	Investing in health systems											Investing In Care For Equality And Prosperity; Towards A Renewed Global Health Ecosystem
20	Investing in education systems											Digital Public Infrastructure (DPI), AI And Financing For MSMEs & Science; Investing In Care For Equality And Prosperity
21	Entrepreneurship and job creation											Bridging The Finance Gap: Enhancing SME Access To Financial Services In Africa; Emprende Pro Mujer As A Transformative Digital Ecosystem; Investing In Care For Equality And Prosperity; Women For Strong Communities And Growth
22	Closing infrastructure gap in developing countries											Investing In Care For Equality And Prosperity; Pooled Technical Assistance Platform For Greater, Greener Impact
23	Strengthening data and statistics											Bridging Data Systems For Financing For Development; Community Of Practice To Track The Hidden and To Combat IFFs; FFD4 And The Future Of Data; Investing In Care For Equality And Prosperity; World Observatory On Subnational Government Finance And Investment
24	Multi-stakeholder collaboration											Climate Risk & Early Warning Systems Initiative; Investing In Care For Equality And Prosperity; Localizing Finance To Drive Systemic Impact For The 2030 Agenda; OECD Netfwd-Afd Group 3D Platform: Dialogue, Data, Deals
25	Sevilla framework for sustainable development											

Domestic public resources

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
27 (a)	Strengthen tax systems & transparency											Public Finance For SDGs Collaborative; Revenue Action For Development In Africa; The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation
27 (b)	Promote budget transparency & accountability											Coalition For Tax Expenditure Reform; FFD4 And The Future Of Data; Public Finance For SDGs Collaborative; Scaling Of The Outcomes Accelerator And The Outcomes Finance Alliance; The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation; World Observatory On Subnational Government Finance And Investment
27 (c)	Align budgets with sustainable development, including INFFs											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems; Country-Driven Approaches To Financing Sustainable Development And Climate Action; Inclusive Financing Monitoring Initiative; Public Finance For SDGs Collaborative
27 (d)	Integrate informal economy inclusively											Public Finance For SDGs Collaborative; The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation
27 (e)	Progressive fiscal systems & HNWI											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems; Enforcing Effective Taxation Of High Net Worth Individuals; Public Finance For SDGs Collaborative; The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation
27 (f)	Natural resources taxation											The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation
27 (g)	Gender-responsive fiscal systems and capacity development											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems; Financing For Gender Equality; Investing In Care For Equality And Prosperity; Public Finance For SDGs Collaborative; The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation
27 (h)	Environmental considerations in fiscal systems											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems; Climate-Resilient Social Protection And Smallholder Agriculture Finance Partnership; Integrated Finance For Development, Climate And Nature; Public Finance For SDGs Collaborative; Risk To Resilience Finance Initiative; The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation; Global Solidarity Levies Task Force
27 (i)	Social protection											Unlocking social protection financing – from pledge to practice
27 (j)	Introduction and increase of health taxes											Accelerating Health Taxes: The 3 by 35 Initiative; Public Finance For SDGs Collaborative
27 (k)	Scale up DRM capacity-building											Integrated Approach To Capacity-Building For Financing Sustainable Development; Public Finance For SDGs Collaborative; Risk To Resilience Finance Initiative; The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation; Strengthening Customs Institutions; Tax Inspectors Without Borders 2.0
27 (l)	Support to modernize digital revenue systems											Community Of Practice To Track The Hidden and To Combat IFFs; FFD4 And The Future Of Data; The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation; World Observatory On Subnational Government Finance And Investment

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
27 (m)	MSME tax processes and open-source digital solutions											The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation
27 (n)	Double DRM support by 2030											Public Finance For SDGs Collaborative; The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation; World Observatory On Subnational Government Finance And Investment
27 (o)	Strengthen subnational fiscal systems											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems; Finance Your Cities; Public Finance For SDGs Collaborative; Scaling Up The Global Alliance Of Subnational Development Banks; UN-Habitat Statement On Subnational Finance And Sustainable Urban Development; World Forum Of Local Economic Development; World Observatory On Subnational Government Finance And Investment
27 (p)	Support for infrastructure asset management											Finance Your Cities; Scaling Up The Global Alliance Of Subnational Development Banks; Digitalise STAIRS Self-Assessment Methodology; World Observatory On Subnational Government Finance And Investment
28 (a)	Inclusive, effective and beneficial to all international tax cooperation											The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation
28 (b)	Engage and support UN tax negotiations											
28 (c)	Promotion of cooperation among tax authorities and Committee of Experts											
28 (d)	Pillar Two implementation											
28 (e)	Tax multinationals											The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation
28 (f)	Transparency standards support & central database of CBCR											Community Of Practice To Track The Hidden and To Combat IFFs; FFD4 And The Future Of Data; The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation
28 (g)	Beneficial ownership transparency & global registry											Community Of Practice To Track The Hidden and To Combat IFFs; The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation
28 (h)	Capacity-building in international tax cooperation											Community Of Practice To Track The Hidden and To Combat IFFs; The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation
29 (a)	Regulate professional service providers											

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
29 (b)	Support media and CSO scrutiny											
29 (c)	ECOSOC special meeting on financial integrity											
29 (d)	UNCAC implementation											Leveraging UNCAC IRM And Regional Technical Assistance for IFFs reduction
29 (e)	Ensure asset return											Global Forum On Asset Recovery Action Series
29 (f)	Strengthen international cooperation in asset recovery											Global Forum On Asset Recovery Action Series; Sevilla Initiative For Accountable Service Providers
29 (g)	Anti money-laundering measures											
29 (h)	End safe havens and loopholes											Anti-IFFs Policy Tracker; The Addis Tax Initiative's Seville Declaration On Domestic Revenue Mobilisation
29 (i)	Customs IFF detection capacity											Anti-IFFs Policy Tracker; Community Of Practice To Track The Hidden and To Combat IFFs; Strengthening Customs Institutions
29 (j)	Improve trade data transparency and related support											Anti-IFFs Policy Tracker; Community Of Practice To Track The Hidden and To Combat IFFs; FFD4 And The Future Of Data
30 (a)	Support national development banks											Scaling Up The Global Alliance Of Subnational Development Banks
30 (b)	Strengthen multilateral bank support											Action Plan To Achieve FFD4 Private Investment Mobilization Objectives and Standards; PDB Market Access & Guarantee Facility; Scaling Up The Global Alliance Of Subnational Development Banks
30 (c)	Align regulations with development mandates											Finance Your Cities; Scaling Up The Global Alliance Of Subnational Development Banks

Domestic and international private business and finance

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
32 (a)	Enabling environments for private sector											Blue Dot Network; BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems; Global Financing Playbook; SDG Impact Finance Initiative; Green Financing Platform For The Arab States; Timbuktoo Initiative
32 (b)	Domestic financial market development											Unlocking Capital With Finance Expertise Hubs
32 (c)	Capital market development											Advancing Africa-Europe Cooperation on Climate, Trade and Development; African Exchanges Linkage Project; Amazonia Bond Issuance Program; FX Edge; Global Financing Playbook; Global Partnerships For Unlocking Private Capital For Local Sustainable Development; Global Takaful Alliance; LAC Capital Markets Innovation Alliance; Public Markets Mobilisation For Development; SDG Impact Finance Initiative; Unlocking Capital With Finance Expertise Hubs
32 (d)	Support to financial market development											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems; Unlocking Capital With Finance Expertise Hubs
32 (e)	Risk management and insurance											Financial Instruments For Ready And Resilient (FIRRe); Transforming Agricultural Commodity Markets Through The Act Fund
32 (f)	Prearranged financing											Global Coalition To Scale Up Pre-Arranged Financing
32 (g)	Entrepreneurship and SMEs											Building A Better Policy Environment For SMEs In West Africa; Emprende Pro Mujer As A Transformative Digital Ecosystem; Scaling Social & Sustainability-Linked Trade Finance; Timbuktoo Initiative
32 (h)	Social and solidarity economy											
32 (i)	Women's participation											Emprende Pro Mujer As A Transformative Digital Ecosystem; Financing For Gender Equality; Timbuktoo Initiative; Women For Strong Communities And Growth
32 (j)	Industrialization and skill development											
32 (k)	Rural economies											
32 (l)	SME finance											Bridging The Finance Gap: Enhancing SME Access To Financial Services In Africa; Catalyzing Sustainable Investment And Outcomes-Based Finance In The Congo Basin; Emprende Pro Mujer As A Transformative Digital Ecosystem; Financing For Gender Equality; Scaling Up The Global Alliance Of Subnational Development Banks; SDG Impact Finance Initiative
32 (m)	Digital solutions to finance SMEs											Delta; Digital Public Infrastructure (DPI), AI And Financing For MSMEs & Science
32 (n)	Financial inclusion and financial health											Bridging Gaps: Community-Led Pay-It-Forward Microloans; Emprende Pro Mujer As A Transformative Digital Ecosystem; SDG Impact Finance Initiative

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
32 (o)	Remittance and their cost											FFD4 And The Future Of Data; Remitaid™ Remittance Match Funding Innovative Finance Mechanism
32 (p)	Correspondent banking relationships											
33 (a)	FDI promotion											Action Plan To Achieve FFD4 Private Investment Mobilization Objectives and Standards; PDB Market Access & Guarantee Facility; The FDI Qualities Indicators Visualisation Platform; Unlocking Capital With Finance Expertise Hubs; 4P Dialogue On Export Credits; 4P Eminent Persons Group On Barriers To Investment In EMDEs
33 (b)	Investment support											
33 (c)	FDI and national planning											4P Dialogue On Export Credits; 4P Eminent Persons Group On Barriers To Investment In EMDEs
33 (d)	Infrastructure project development											FFD4 And The Future Of Data; Financing Urban Transformation For Resilient Environments; Global Financing Playbook; Platform For Investment Support And Technical Assistance; Pooled Technical Assistance Platform For Greater, Greener Impact; Technical Assistance Catalogue: A PDBs Hub For Technical Assistance Program; Unlocking Capital With Finance Expertise Hubs
33 (e)	Partnerships between public and private											Financing Urban Transformation For Resilient Environments; Unlocking Capital With Finance Expertise Hubs
33 (f)	Energy investment											Financing Urban Transformation For Resilient Environments; India Germany Platform For Investments In Renewable Energy Worldwide
33 (g)	Blended finance approach											Action Plan To Achieve FFD4 Private Investment Mobilization Objectives and Standards; Common Principles On Private Capital Mobilization; Debt Restructuring & Blended Finance For Development; Fohrsa: Hemispheric Fund For Agricultural Resilience And Sustainability; Financing Urban Transformation For Resilient Environments; Global Financing Playbook; Green Guarantee Group; Integrated Finance For Development, Climate And Nature; LAC Facility For Financing Resilient Human Development; SCALED – Scaling Capital For Sustainable Development; SDG Impact Finance Initiative; Unlocking Capital With Finance Expertise Hubs; 40 By 30 Food Systems Transformation Initiative
33 (h)	Mobilisation ratios and impact											Debt Restructuring & Blended Finance For Development; Financing Urban Transformation For Resilient Environments; Global Financing Playbook; Green Guarantee Group; Integrated Finance For Development, Climate And Nature; Joint Declaration On Partnership Opportunities Between Institutional Investors And MDBs; PDB Market Access & Guarantee Facility; Scaling Finance From DFI: Policy Action Plan For The Mobilisation Of Private Finance; SDG Impact Finance Initiative; Strengthening Currency Risk Management At PDBs And Their Borrowers; Unlocking Capital With Finance Expertise Hubs; 4P Eminent Persons Group On Barriers To Investment In EMDEs; 40 By 30 Food Systems Transformation Initiative
33 (i)	Replicable, scalable blended finance structures											Financing Urban Transformation For Resilient Environments; Global Financing Playbook; Integrated Finance For Development, Climate And Nature; Recovery & Resilience Financing Platform; SDG Impact Finance Initiative; Unlocking Capital With Finance Expertise Hubs

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
33 (j)	Innovative structures for fair risk/reward sharing											Financing Urban Transformation For Resilient Environments; Global Financing Playbook; SDG Impact Finance Initiative; Unlocking Capital With Finance Expertise Hubs ; 4P Implementation Pathway On Debt, Nature And Climate
33 (k)	MDBs and DFIs catalytic role											Financing Urban Transformation For Resilient Environments; Global Financing Playbook; SDG Impact Finance Initiative; Unlocking Capital With Finance Expertise Hubs
33 (l)	Risk-sharing instruments and insurance for PCM											Financing Urban Transformation For Resilient Environments; Global Financing Playbook; PDB Market Access & Guarantee Facility; Scaling Finance From DFI: Policy Action Plan For The Mobilisation Of Private Finance; SDG Impact Finance Initiative; Unlocking Capital With Finance Expertise Hubs ; 4P Eminent Persons Group On Barriers To Investment In EMDEs; 4P Implementation Pathway On Debt, Nature And Climate
33 (m)	UNCDF and PCM in LDCs											Unlocking Capital With Finance Expertise Hubs
33 (n)	Local currency lending											SDG Impact Finance Initiative; Unlocking Capital With Finance Expertise Hubs
33 (o)	Pools of catalytic capital and guarantee repositories											OECD Netfwd-Afd Group 3D Platform: Dialogue, Data, Deals; PDB Market Access & Guarantee Facility; SDG Impact Finance Initiative; Unlocking Capital With Finance Expertise Hubs ; 4P Implementation Pathway On Debt, Nature And Climate
33 (p)	Forex risk mitigation and hedging solutions											SDG Impact Finance Initiative; Unlocking Capital With Finance Expertise Hubs ; 4P Eminent Persons Group On Barriers To Investment In EMDEs
33 (q)	Regulation of state- and MDB-guaranteed financing											SDG Impact Finance Initiative; 4P Dialogue On Export Credits; 4P Eminent Persons Group On Barriers To Investment In EMDEs
33 (r)	Risk and impact data											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems; FFD4 And The Future Of Data; SDG Impact Finance Initiative ; 4P Eminent Persons Group On Barriers To Investment In EMDEs
33 (s)	Diaspora investment											
33 (t)	Official export credit agencies											4P Dialogue On Export Credits
34 (a)	Impact investing promotion											Foresight For Sustainable Finance; Global Partnerships For Unlocking Private Capital For Local Sustainable Development; Joint Declaration On Partnership Opportunities Between Institutional Investors And MDBs; Paragraph 34: From Commitment To Action; Scaling Of The Outcomes Accelerator And The Outcomes Finance Alliance; SCORE Africa: Financial Flow Alignment Index For The Sustainable Transition; SDG Impact Finance Initiative
34 (b)	Impact management and voluntary standards											Global Financing Playbook; Impactworks Alliance; SDG Impact Finance Initiative
34 (c)	Private entities and intergovernmental agreements											SDG Impact Finance Initiative; Unlocking Capital With Finance Expertise Hubs

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
34 (d)	Sustainable business and finance regulation											
34 (e)	Sustainability disclosure standards											FFD4 And The Future Of Data; Fostering Convergence And Interoperability In SME Sustainability Reporting
34 (f)	Impact management and regulation											Scaling Social & Sustainability-Linked Trade Finance
34 (g)	Interoperability of regulation											Scaling Social & Sustainability-Linked Trade Finance; SDG Impact Finance Initiative

International development cooperation and development effectiveness

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
36 (a)	Continued importance of ODA											Development Agencies: Translating FFD4 Ambition Into Action On The Ground
36 (b)	Reverse declining ODA trends											
36 (c)	Concrete and binding timeframes for meeting ODA targets											
36 (d)	Country-programmable ODA, budget support, grants											Maximising Development Impact Through Outcomes-Based Financing Mechanisms; Scaling Of The Outcomes Accelerator And The Outcomes Finance Alliance; 2030 Pact For Effective Development Co-Operation
36 (e)	SSC volumes scale up											Global Development Initiative; Public Finance For SDGs Collaborative; 2030 Pact For Effective Development Co-Operation
36 (f)	SSC impact and effectiveness											Community Of Practice To Leverage South-South Data; Public Finance For SDGs Collaborative; 2030 Pact For Effective Development Co-Operation
36 (g)	Enhancing triangular cooperation											2030 Pact For Effective Development Co-Operation
36 (h)	Strengthening regional mechanisms for SSC											
37 (a)	Tripling of MDB annual lending capacity											
37 (b)	G20 CAF implementation											
37 (c)	SDR rechanneling through MDBs											
37 (d)	MDB capital increases											
37 (e)	MDB concessional windows replenishments											
37 (f)	MDB lending terms improvements											
37 (g)	Local currency lending by MDBs											Delta; FX Edge; Scaling Up The Global Alliance Of Subnational Development Banks; Strengthening Currency Risk Management At PDBs And Their Borrowers; Unlocking Capital With Finance Expertise Hubs

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
37 (h)	MDB impact measurement											
37 (i)	System of MDBs and other PDBs											Finance Your Cities; Pooled Technical Assistance Platform For Greater, Greener Impact; Scaling Up The Global Alliance Of Subnational Development Banks; Technical Assistance Catalogue: A PDBs Hub For Technical Assistance Program; Unlocking Capital With Finance Expertise Hubs
38 (a)	Access to concessional finance											
38 (b)	Beyond GDP measures											Beyond GDP Global Alliance; Reimagining Development Finance; 4P Roadmap For A Better Inclusion Of Multidimensional Vulnerability
38 (c)	Use of MVI by IFIs											4P Roadmap For A Better Inclusion Of Multidimensional Vulnerability
38 (d)	Support for smooth graduations											Strengthened Process For Graduation From The DAC List Of ODA Recipients; 4P Roadmap For A Better Inclusion Of Multidimensional Vulnerability
39 (a)	Effectiveness principles											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems; Finance Your Cities; From Potential To Prosperity: Empowering Nations To Finance Their Own Future; 2030 Pact For Effective Development Co-Operation; 4P Roadmap For A Better Inclusion Of Multidimensional Vulnerability; 2030 Pact For Effective Development Co-Operation
39 (b)	Supporting country ownership											Climate Risk & Early Warning Systems Initiative; FFD4 And The Future Of Data; Finance Your Cities; Integrated Approach To Capacity-Building For Financing Sustainable Development; LAC Facility For Financing Resilient Human Development; SCORE Africa: Financial Flow Alignment Index For The Sustainable Transition; 2030 Pact For Effective Development Co-Operation
39 (c)	Actions to reduce fragmentation											Climate Risk & Early Warning Systems Initiative; Scaling Up The Global Alliance Of Subnational Development Banks; Unlocking Capital With Finance Expertise Hubs; 2030 Pact For Effective Development Co-Operation
39 (d)	Financing for poverty and hunger eradication											Building Better Integrated Finance For SDG 1 And 2; Hand In Hand Initiative of FAO/UN; 40 By 30 Food Systems Transformation Initiative
39 (e)	Addressing humanitarian emergencies and disasters											Climate Risk & Early Warning Systems Initiative; Financial Instruments For Ready And Resilient (FIRRe); Global Coalition To Scale Up Pre-Arranged Financing; Risk To Resilience Finance Initiative; Scaling Up Pre-Arranged Finance In Fragile And Conflict-Affected Contexts
39 (f)	Peacebuilding and sustaining peace											
39 (g)	Operationalising policy coherence											Finance Your Cities; 2030 Pact For Effective Development Co-Operation

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
40 (a)	Country-led plans and coordination platforms											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems; Climate Risk & Early Warning Systems Initiative; Country-Driven Approaches To Financing Sustainable Development And Climate Action; Finance Your Cities; Global Accelerator On Jobs And Social Protection For Just Transitions; Global Financing Playbook; Integrated Finance For Development, Climate And Nature; Localizing Finance To Drive Systemic Impact For The 2030 Agenda; Recovery & Resilience Financing Platform; Scaling Up The Global Alliance Of Subnational Development Banks; UN-Habitat Statement On Subnational Finance And Sustainable Urban Development; Unlocking Capital With Finance Expertise Hubs; World Forum Of Local Economic Development; 2030 Pact For Effective Development Co-Operation; 4P Roadmap For A Better Inclusion Of Multidimensional Vulnerability
40 (b)	UN role in IDC											
40 (c)	Measurement of ODA, dialogue on parameters of IDC											2030 Pact For Effective Development Co-Operation
40 (d)	Revitalised DCF											Coalition To Build Support For Global Public Investment; Community Of Practice To Leverage South-South Data; FFD4 And The Future Of Data; Future Of Development Cooperation Coalition; Investing In Care For Equality And Prosperity; Paris Dialogue - A Coalition For Innovation; 2030 Pact For Effective Development Co-Operation
41 (a)	System of climate and environmental funds											Scaling Up The Global Alliance Of Subnational Development Banks
41 (b)	Financing for climate											Amazonia Bond Issuance Program; Climate Risk & Early Warning Systems Initiative; OPEC Fund Island Resilience Facility; The Adaptation Benefits Mechanism; Unlocking Capital With Finance Expertise Hubs
41 (c)	Financing for biodiversity											Catalyzing Sustainable Investment And Outcomes-Based Finance In The Congo Basin
41 (d)	Financing for combating desertification											
41 (e)	Financing for oceans											

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
43 (a)	Preserving the multilateral trading system and WTO											
43 (b)	Accelerating WTO enlargement											Enhanced Integrated Framework (EIF) Phase Three
43 (c)	Implementing WTO Agreement on Trade Facilitation											Enhanced Integrated Framework (EIF) Phase Three
43 (d)	Bringing WTO Agreement on Fisheries Subsidies into force											
43 (e)	Advancing WTO negotiations on agriculture											
43 (f)	Advancing WTO reform											
43 (g)	Reaffirming Special and Differential treatment provisions											
43 (h)	Facilitating market access for LDC products											Enhanced Integrated Framework (EIF) Phase Three
43 (i)	Enhancing market access for LLDCs and SIDS products											
43 (j)	Strenghtening (inter-) regional trade agreements											Enhanced Integrated Framework (EIF) Phase Three
43 (k)	Ensuring the multilateral trading system provides policy space											
43 (l)	Reforming investor-State dispute settlements											
43 (m)	Updating and reforming investment agreements											
43 (n)	Discussing trade-related environmental measurs in multilteral forums											
43 (o)	Ensuring level playing field and fair competition											

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
43 (p)	Refraining from using Unilateral Coercive Measures											
43 (q)	Encouraging WTO work on trade resilience											
44 (a)	Supporting trade infrastructure											FFD4 And The Future Of Data
44 (b)	Supporting trade infrastructure in MICs											
44 (c)	Supporting digital trade and e-commerce											Model Digital Economy Agreement
44 (d)	Recognising the role of UNCTAD											Scaling Social & Sustainability-Linked Trade Finance
44 (e)	Encouraging PDBs to provide trade finance											LAC-European Cooperation on Agroexportable Products MRL Standards ; Scaling Social & Sustainability-Linked Trade Finance
44 (f)	Strengthening trade finance mechanims for SMEs											LAC-European Cooperation on Agroexportable Products MRL Standards ; Scaling Social & Sustainability-Linked Trade Finance
44 (g)	Supporting the ITC											
44 (h)	Supporting regional value chains											Enhanced Integrated Framework (EIF) Phase Three
44 (i)	Accelerating accession to the Kyoto Convention											Strengthening Customs Institutions
45 (a)	Strenghtening preferential market access for LDCs											Enhanced Integrated Framework (EIF) Phase Three
45 (b)	DTQF for LDC graduates											Enhanced Integrated Framework (EIF) Phase Three
45 (c)	Supporting LDCs in industrialization and diversfication											Advancing Africa-Europe Cooperation on Climate, Trade and Development; Enhanced Integrated Framework (EIF) Phase Three; Transforming Agricultural Commodity Markets Through The Act Fund
45 (d)	Enhancing capacity-building for LDC in negotiations											Enhanced Integrated Framework (EIF) Phase Three

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
45 (e)	Developing capacity building for LDCs											Enhanced Integrated Framework (EIF) Phase Three
45 (f)	Doubling Aid for Trade for LDCs by 2031											Enhanced Integrated Framework (EIF) Phase Three
46 (a)	Increasing added value in crtitcal minerals and commodities in developing countries											
46 (b)	Encouraging global commodity partnerships											
46 (c)	Encouraging transparency and accountability in mineral value chain											
46 (d)	Inviting countries to contribute to CFC											
46 (e)	Providing support to developing countries in commodity contracts negotiations											
46 (f)	Encouraging collaborative efforts in commodity markets											

Debt and debt sustainability

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
48 (a)	Principles on responsible borrowing and lending											
48 (b)	Debt management and transparency (national level)											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems; FFD4 And The Future Of Data; 4P Risk Resilience Group
48 (c)	Global central debt data registry at World Bank											FFD4 And The Future Of Data; 4P Risk Resilience Group
48 (d)	Use of state-contingent clauses in lending											Debt Pause Clause Alliance; Financial Instruments For Ready And Resilient (FIRRe); 4P Risk Resilience Group
48 (e)	Access to concessional finance											
48 (f)	Scale up local currency lending											Strengthening Currency Risk Management At PDBs And Their Borrowers
48 (g)	Use of innovative debt instruments											Amazonia Bond Issuance Program; LAC Facility For Financing Resilient Human Development; LAC Capital Markets Innovation Alliance
48 (h)	Curb corrupt borrowing and lending											
48 (i)	Borrowers Club											
49 (a)	SIDS Debt Sustainability Support Service											FFD4 And The Future Of Data
49 (b)	Dedicated facility offering systematized support to countries											Debt Restructuring & Blended Finance For Development; Global Hub on Debt for Development Swaps; Ten Years Initiative Debt-For-Development Swap Program; 4P Implementation Pathway On Debt, Nature And Climate; 4P Implementation Pathway On Debt Nature And Climate; 4P Risk Resilience Group
50 (a)	Strengthening the G20 Common Framework											4P Implementation Pathway On Debt, Nature And Climate; 4P Risk Resilience Group
50 (b)	Legislation limiting holdout creditors											4P Risk Resilience Group
50 (c)	Contratual clauses used in debt restructurings											
50 (d)	Legal and financial advice to developing countries											

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
50 (e)	Attaining long-term debt sustainability											4P Risk Resilience Group
50 (f)	Intergovernmental process on debt at United Nations											
51 (a)	Refine debt sustainability assessments											Macroeconomic Action For Climate Resilience In Africa; 4P Eminent Persons Group On Barriers To Investment In EMDEs; 4P Implementation Pathway On Debt, Nature And Climate
51 (b)	Improve credit rating assessments											4P Dialogue On Export Credits; 4P Implementation Pathway On Debt, Nature And Climate
51 (c)	Address high debt premium of borrowing countries											4P Implementation Pathway On Debt, Nature And Climate
51 (d)	Africa Credit Rating Agency											

International financial architecture and systemic issues

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
53 (a)	Developing country voice in Global economic governance											Towards An Improved Global Economic Governance
53 (b)	Reform IMF quota and votes											
53 (c)	Reform World Bank shareholding											
53 (d)	IFI board size increase											
53 (e)	Merit-based leadership selection of IFIs											
53 (f)	IFI board diversity reviews											
53 (g)	IMF management representation											
53 (h)	Transparency of IFI decisions											
54 (a)	Macroeconomic policy coordination											
54 (b)	GFSN strengthening											
54 (c)	Maintain strong IMF											
54 (d)	IMF resources increase											
54 (e)	IMF surcharges											
54 (f)	IMF RST review											
54 (g)	IMF PRGT review											
54 (h)	Social protection in crisis											Unlocking social protection financing – from pledge to practice

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
54 (i)	SDR rechannelling											
54 (j)	SDR Playbook											
54 (k)	SDR role											
54 (l)	Regional financial arrangements											
54 (m)	African Financial Stability Mechanism											
54 (n)	GFSN size											
55 (a)	ECOSOC Special meeting on CRAs											
55 (b)	CRA regulation											
55 (c)	Risk data availability											FFD4 And The Future Of Data; 4P Eminent Persons Group On Barriers To Investment In EMDEs; 4P Risk Resilience Group
55 (d)	CRA engagement and capacity building											
56 (a)	Report on risk weightings											4P Eminent Persons Group On Barriers To Investment In EMDEs; 4P Risk Resilience Group
56 (b)	NBFI risk and resilience											
56 (c)	Impacts of risk weightings											4P Eminent Persons Group On Barriers To Investment In EMDEs
56 (d)	Climate risk in regulation											4P Eminent Persons Group On Barriers To Investment In EMDEs; 4P Risk Resilience Group
57 (a)	Improve payments infrastructure											
57 (b)	Capacity building on payments and CBDC											

Science, technology, innovation and capacity-building

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
59 (a)	National innovation strategies											Advancing African Science Leadership Globally; FFD4 And The Future Of Data; Govstack Initiative; Knowledge-Exchange, Capacity-Building And Innovation To Enable F4D; LAC-SMART Platform
59 (b)	Digital market competition											
59 (c)	Digital trade and digital technology investment											Model Digital Economy Agreement
59 (d)	Intellectual property rights and technology diffusion											
59 (e)	Transfer of environmentally sound technologies											
59 (f)	STI education and training											Advancing African Science Leadership Globally
59 (g)	SIDS Center of Excellence Innovation and Technology Mechanism											
59 (h)	Faciliate access to STI funds											Advancing African Science Leadership Globally
59 (i)	Integrate STI financing in national development frameworks											Climate Risk & Early Warning Systems Initiative; Digital Public Infrastructure (DPI), AI And Financing For MSMEs & Science; Digital Infrastructure Investment Catalyser
59 (j)	Financing and capacity support to STI projects											Advancing African Science Leadership Globally; Digital Public Infrastructure (DPI), AI And Financing For MSMEs & Science
59 (k)	Artificial intelligence											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems
59 (l)	Open science and open data											FFD4 And The Future Of Data; Knowledge-Exchange, Capacity-Building And Innovation To Enable F4D
59 (m)	Science-policy panels											
59 (n)	Technology Faciliation Mechanism and Tech Bank for the LDCs											
59 (o)	Enchance collaborations among international platforms											

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
59 (p)	Data governance											FFD4 And The Future Of Data
59 (q)	Assess obstacles to international tech diffusion											
60 (a)	Digital infrastructure and digital public goods investment											Climate Risk & Early Warning Systems Initiative; Digital Infrastructure Investment Catalyser
60 (b)	Digital infrastructure design											Climate Risk & Early Warning Systems Initiative; Digital Infrastructure Investment Catalyser
60 (c)	Access to science and technology											Advancing African Science Leadership Globally; Climate Risk & Early Warning Systems Initiative
60 (d)	DPG and DPI projects at SDG Investment Fair											Climate Risk & Early Warning Systems Initiative
61 (a)	Enbabling environment for digital financial service development											
61 (b)	Digital solutions to address remoteness and other constraints											
61 (c)	Financial and digital literacy programmes											Emprende Pro Mujer As A Transformative Digital Ecosystem
61 (d)	Digital financial service discussion at FFD Forum											
61 (e)	AI and fintech discussion at FFD Forum and other processes											
61 (f)	AI use in financial services											
61 (g)	Financial inclusion											
61 (h)	Open finance											FFD4 And The Future Of Data
61 (i)	Access to digital financial services											

Data, monitoring and follow-up

SEVILLA COMMITMENT		LEVELS			MEANS							RELATED SPA INITIATIVES
Action	Description	Domestic action	Int. coord	Int. support	Financing	Enabling environment	Int. architecture	Private	Data	STI	TA	SPA initiatives
63 (a)	Strengthen disaggregated data collection and use											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems
63 (b)	Implement Medellin Framework for Action on Data											FFD4 And The Future Of Data
63 (c)	Invest in data capacity											World Observatory On Subnational Government Finance And Investment
64 (a)	Strengthen SDG indicator framework, including 17.3.1											Community Of Practice To Leverage South-South Data; FFD4 And The Future Of Data
64 (b)	Encourage SSC reporting											Community Of Practice To Leverage South-South Data; FFD4 And The Future Of Data
64 (c)	Encourage open and interoperable data platforms											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems; Bridging Data Systems For Financing For Development; FFD4 And The Future Of Data
64 (d)	Enhanced coordination on data											Community Of Practice To Leverage South-South Data; FFD4 And The Future Of Data
64 (e)	MDBs and donors support LDC data capacity											BRIDGES: Build Resilience Through Innovative Digital Governance Ecosystems; FFD4 And The Future Of Data
64 (f)	Encourage non-traditional data sources											FFD4 And The Future Of Data
64 (g)	Develop Beyond GDP framework											Beyond GDP Global Alliance
65 (a)	Call upon IATF on FFD to report on FFD progress											World Observatory On Subnational Government Finance And Investment
65 (b)	Deepen ECOSOC FFD Forum discussions											
65 (c)	HLD on FFD											
65 (d)	National focal points and platforms											From Potential To Prosperity: Empowering Nations To Finance Their Own Future
65 (e)	Voluntary national reporting on FFD											People-Centered Accountability Framework For FFD4
65 (f)	Regional FFD follow-up											
65 (g)	FFD5 consideration											

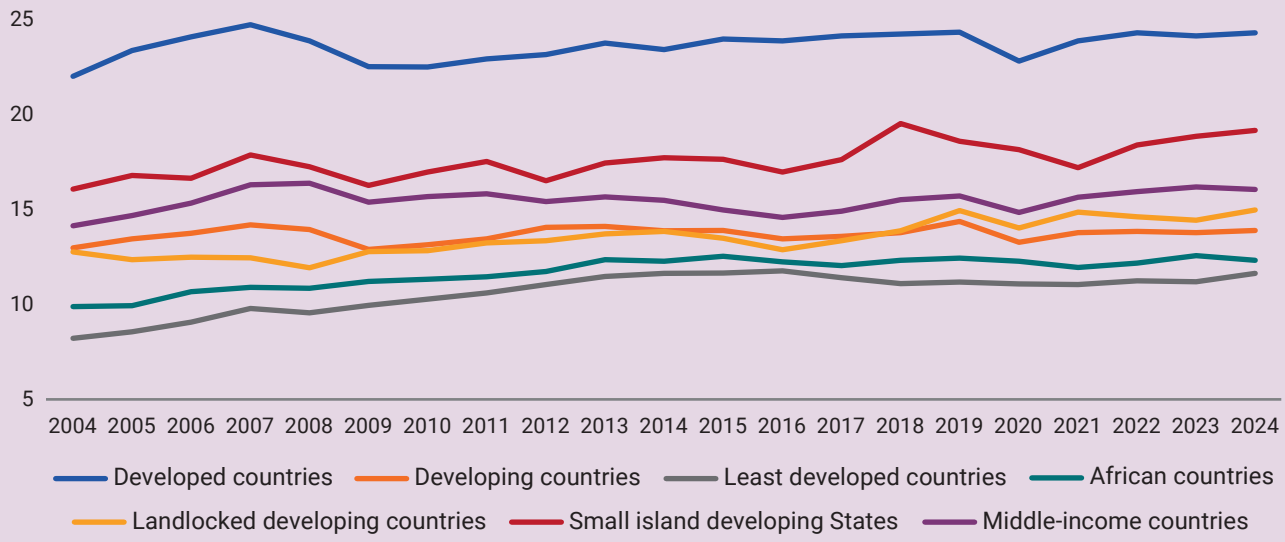
Domestic public resources In Numbers

Para 27: Ensuring that countries have the necessary resources and that they are collected and spent transparently and efficiently

The Sevilla Commitment reaffirms that public resources, policies and plans are central to financing sustainable development and calls for decisive national and subnational actions to strengthen fiscal systems, emphasizing broadening tax bases, improving tax administration and strengthening public financial management. It also promotes gender-responsive budgeting, environmental and green fiscal measures, and expanded financing of social protection systems.

Tax revenues have increased over time, but large differences between developed and developing countries persist. Between 2004 and 2024, both developed and developing countries increased their tax revenues as a share of GDP. This includes least developed countries (LDCs), which achieved significant increases primarily between 2004 and 2016. However, throughout the period, developed countries consistently collected far more tax revenue as a share of their GDP than developing countries. By 2024, the median tax-to-GDP ratio in developed countries was about 10 percentage points higher than in developing countries, reflecting persistent differences in economic structure and revenue capacity. There was some narrowing of these differences between 2017 and 2020, but convergence

Figure III.1.1
Tax revenue, median, by country group, 2004–2024
(Percentage of GDP)



Source: UN DESA calculations, based on IMF World Revenue Longitudinal Database (WoRLD), 2026.
Note: Tax revenues exclude social security contributions.

stalled following the COVID-19 pandemic, which marked a turning point and widened disparities, reflecting uneven recovery paths.

Advanced digital technologies are widely used in the tax administrations of developed countries but their use remains uneven and limited in developing countries. In 2023, developed countries were operating at a high level of digitalization, with almost all having implemented application programming interfaces (APIs) (96 per cent) and large majorities using data science and analytics tools (85 per cent), whole-of-government identification systems (78 per cent), and artificial intelligence (AI) and machine learning (63 per cent). While around two thirds of developing countries had adopted APIs, fewer than half used data analytics tools, only 30 per cent had whole-of-government identification systems, and just 18 per cent had adopted AI. The gap is even wider for least developed countries (LDCs), where only small minorities had data analytics, integrated identification systems or AI in place. Digital innovations are also being applied to public expenditure management. A regional example, part of the Sevilla Platform for Action (SPA), is the Integrated Budget Intelligence Toolkit (iBIT), developed by the United Nations Economic and Social Commission for Western Asia, which uses data analytics and AI to assess budget effectiveness, identify inefficiencies and simulate alternative allocation scenarios.

Fiscal redistribution has increased slightly since 2000 across all country groups, but developed economies remain around six times more redistributive than developing countries. All country groups recorded some increase in progressivity of fiscal systems since 2000, measured through relative redistribution, which captures the percentage reduction in income inequality—as measured by the change in the Gini index—achieved through the combination of direct taxes collected and social protection cash benefits paid out. In developing countries, the median reduction in income inequality is small, and increased only marginally, from 5 per cent in 2000 to 6 per cent in the latest year. In developed countries, taxes and transfers reduced inequality by 34 per cent in 2000 and by 37 per cent in the latest year.

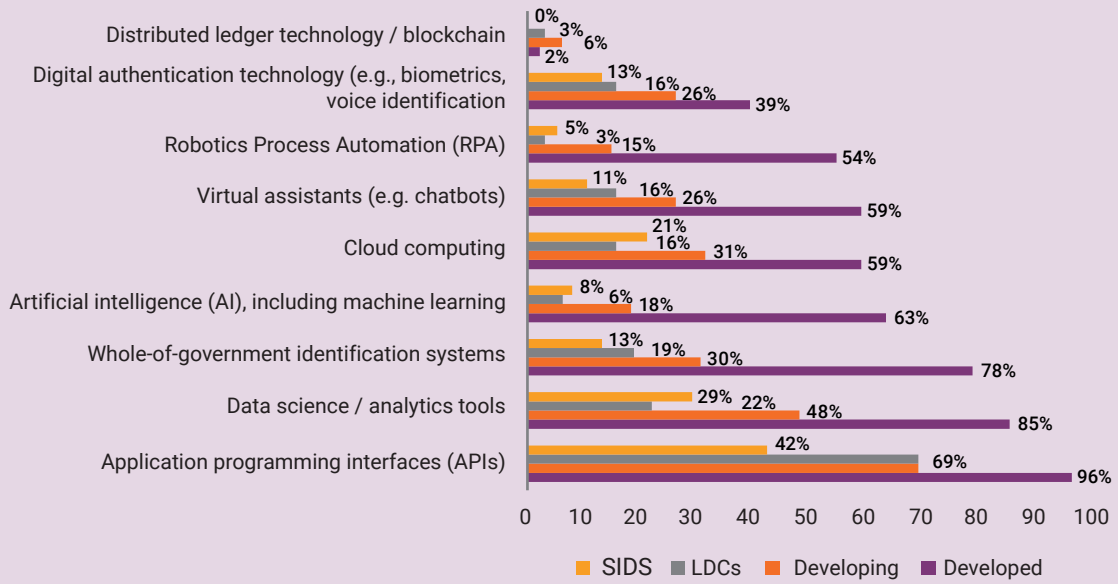
Among countries assessed, only about one quarter had comprehensive systems to track budget allocations for gender equality. Of the 123 countries assessed to monitor SDG indicator 5.c.1 in 2025, 31 had fully institutionalized gender-responsive budgeting systems. A much larger group—71 countries—had systems that partially meet good-practice standards, while 21 countries did not meet minimum requirements.

Explicit carbon pricing is expanding, while implicit fiscal measures account for a substantial share in developing countries. The share of GHG emissions covered by an ETS or a carbon tax (direct or "explicit" carbon pricing) rose from only 6 per cent in 2005 to 28 per cent by 2025. Eighty direct carbon pricing instruments were in operation worldwide in 2025—comprising 37 ETS and 43 carbon taxes—with recent growth coming from countries expanding these mechanisms to sectors such as cement,

Figure III.1.2

Adoption of advanced digtal technologies in tax administrations, by country group, 2023

(Percentage of countries per group adopting each technology)



Source: UN DESA elaboration, based on International Survey on Revenue Administration (ISORA) December 2025.

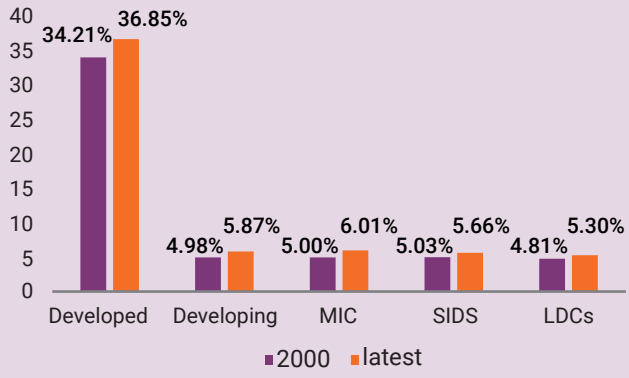
steel, aluminium and coal combustion.[1] Most of the growth in covered GHG emissions comes from ETS, while carbon taxes have remained a smaller, stable share (about 4–6 per cent). A substantial share of carbon pricing in developing countries occurs through indirect instruments such as fuel and energy taxes, value added tax (VAT) differentials and subsidies rather than through explicit carbon taxes or ETS. As these measures also raise the cost of carbon-intensive activities, focusing only on explicit carbon pricing may underestimate the extent to which carbon is already being priced in the developing world.

Official development assistance (ODA) for domestic revenue mobilization (DRM) has grown but remained modest at US$1.12 billion in 2024. ODA disbursements for DRM rose markedly between 2016 and 2024, driven largely by increased lending from multilateral institutions. Total support peaked in 2020, reflecting a surge in financing linked to the COVID-19 response. By 2024, multilateral institutions accounted for most of the support, primarily through loans, while Development Assistance Committee (DAC) donors continued to provide a mix of grants and loans, with grants remaining an important component. Despite this growth, ODA for DRM remains marginal relative to overall development finance. The share of total ODA allocated to DRM fluctuated between 0.17 per cent and 0.56 per cent over the period, peaking at 0.56 per cent in 2020 before remaining below that peak in subsequent years (0.27–0.41 per cent). To enhance the effectiveness and impact of ODA for DRM, it should strengthen fiscal policy coherence rather than contributing to fragmentation. To this end, it should support fiscal policy decisions across revenue, expenditure and other fiscal policies that work as mutually reinforcing parts of a single system, make trade-offs explicit and ensure that priorities are clearly reflected in fiscal choices.

Figure III.1.3

Relative redistribution, median, by country group, latest year vs. 2000

(Percentage of GINI change through taxes and transfers)

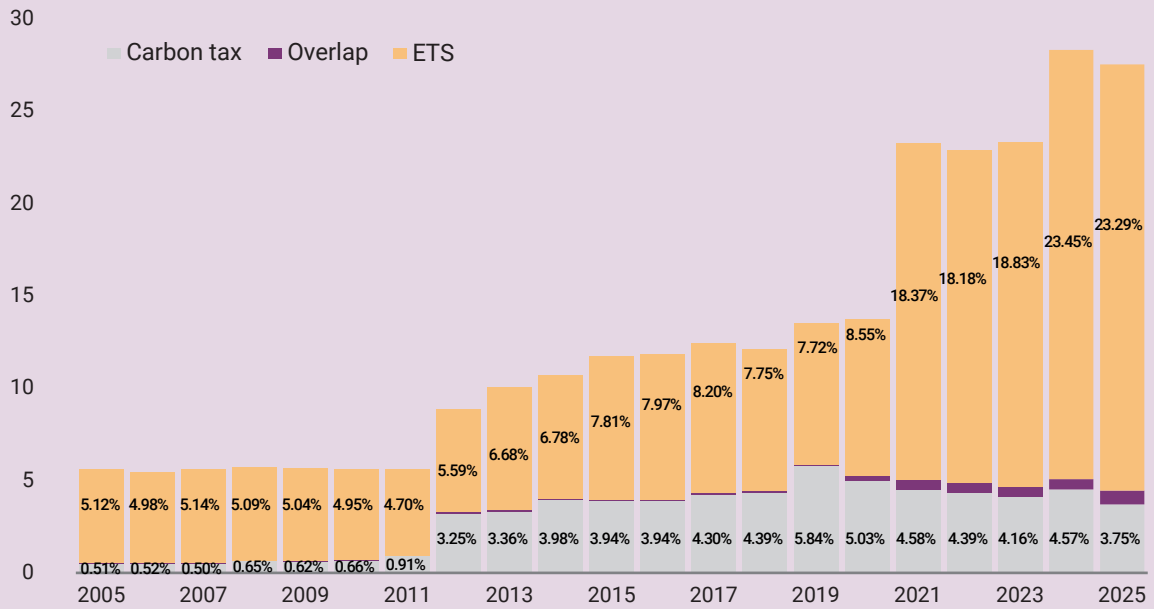


Source: UN DESA calculations, based on the Standardized World Income Inequality Database (SWIID), December 2025.
Note: The "latest year" refers to the most recent year with available data for each country (2005–2025), with over 65 per cent of observations clustered in 2021–2024.

Figure III.1.4

Share of global greenhouse gas (GHG) emissions covered by an emission trading system (ETS) or carbon tax, 2005–2025

(Percentage of GHG emissions)

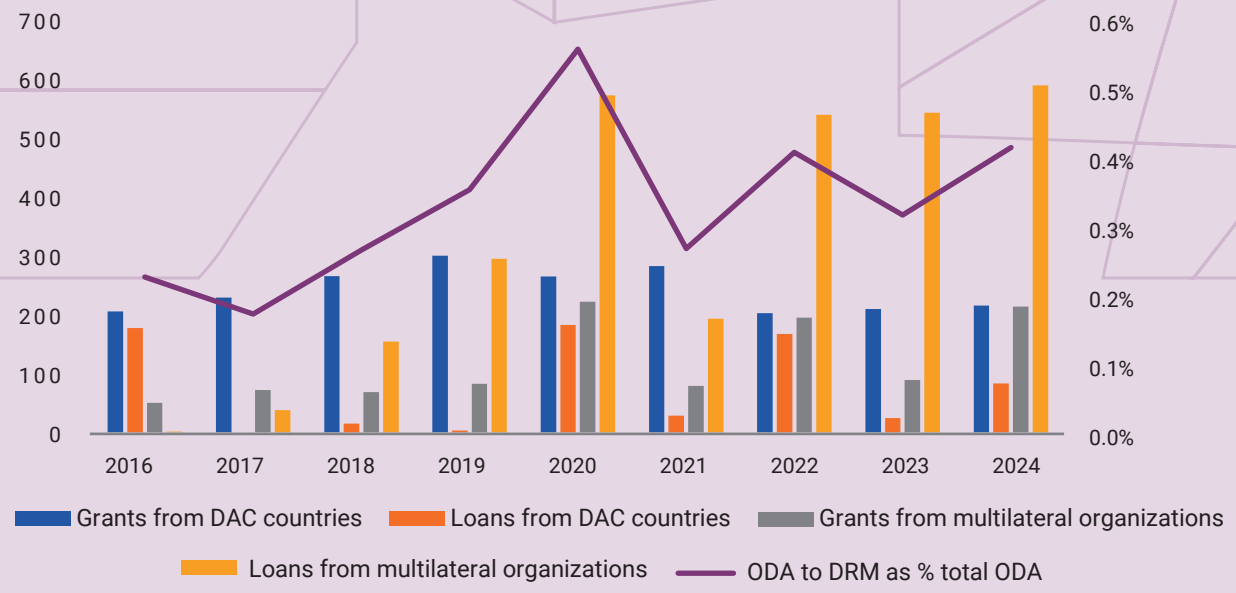


Source: World Bank, State and Trends of Carbon Pricing 2025.

Figure III.1.5

ODA disbursements for DRM, 2015–2024

(Millions of US dollars, 2023 constant prices, percentage of DRM ODA of total ODA)

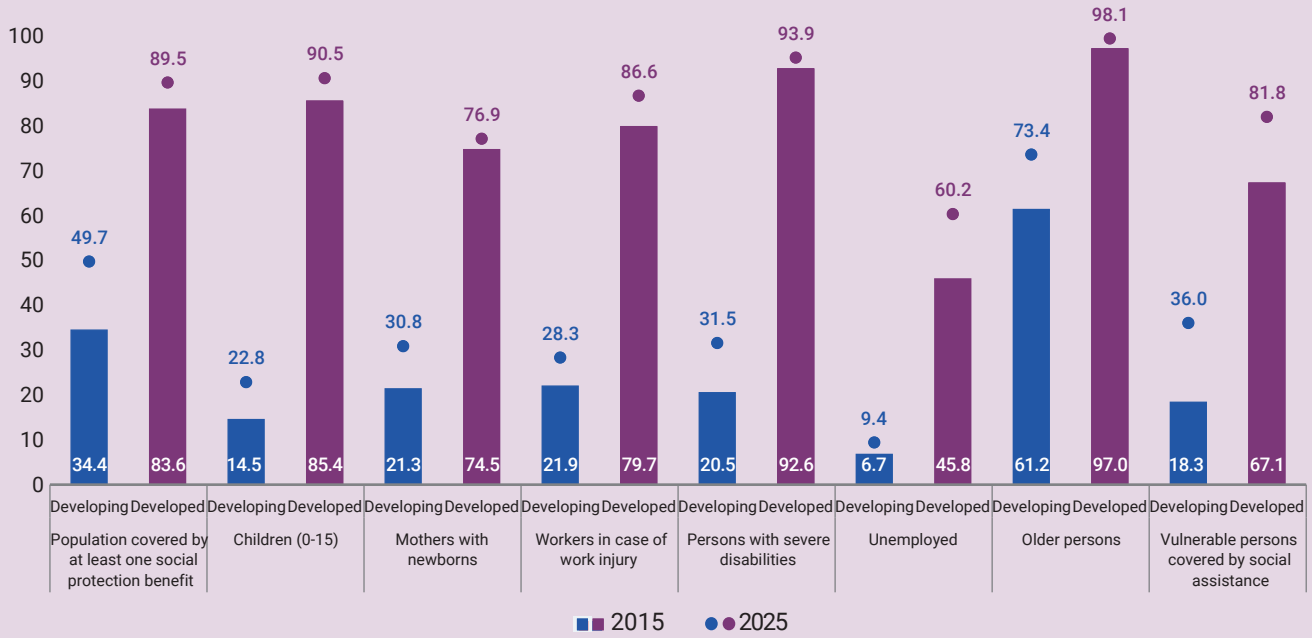


Source: OECD.
Note: From ODA creditor reporting system. Data is for gross disbursements registered for purpose code 15114 (Domestic Revenue Mobilization). Grants from DAC countries is bilateral grants—including bilateral support delivered through multilateral organizations.

Figure III.1.6

Effective social protection coverage, by country group, 2015 and 2025

(Percentage of the population group)



Source: ILO estimates, 2025.
Note: The 2025 estimates are provisional and should be interpreted with caution. They are based on a limited set of available national data and are calculated using average annual growth rates for the period since 2015. These estimates will be revised in 2026 as additional national data become available.

Effective social protection coverage has expanded globally, yet large gaps persist. Effective social protection coverage expanded between 2015 and 2025 across all country groups and across all categories of social protection. In 2025, the proportion of the population covered by at least one social protection benefit reached 89.5 per cent in developed countries, compared with 49.7 per cent in developing countries. These gaps are particularly pronounced for child benefits, where coverage remains low in developing countries (22.8 per cent) relative to developed economies (90.5 per cent). Substantial differences are also evident for persons with severe disabilities, workers in case of work injury, and unemployment protection.

Para 28: Strengthening international tax cooperation

The Sevilla Commitment states that revenue efforts must be supported by inclusive and effective international tax cooperation that reflects the needs and capacities of all countries, especially developing countries. Member States commit to continue to engage constructively in the negotiations on a United Nations Framework Convention on International Tax Cooperation, encourage support for the process, and promote enhanced tax transparency, cooperation among tax authorities, country-by-country reporting, beneficial ownership transparency, and capacity-building.

Participation in international tax cooperation frameworks varies across country groups. Existing multilateral tax cooperation instruments are primarily implemented through OECD-housed bodies, including the OECD/G20 Inclusive Framework on BEPS and the Global Forum on Transparency and Exchange of Information for Tax Purposes. As of 2025, 131 United Nations Member States and 17 jurisdictions participated in the Inclusive Framework, and 155 Member States and 17 jurisdictions were members of the Global Forum. SIDS and middle-income countries (MICs) show the highest participation across most instruments. Participation among LDCs remains limited, with 11 per cent having signed the Multilateral Competent Authority Agreement on the Common Reporting Standard (CRS), 7 per cent committed to Automatic Exchange of Information (AEOI), and 9 per cent signatories of the Base Erosion and Profit Shifting Multilateral Instrument (BEPS MLI) and the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (MCAA CbCR). Regarding the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC), 20 per cent of LDCs are signatories. African countries also show limited participation, including 43 per cent in MAC and 30 per cent in BEPS MLI, with lower participation in CRS (20 per cent), AEOI (17 per cent) and 23 per cent in CbCR exchanges.

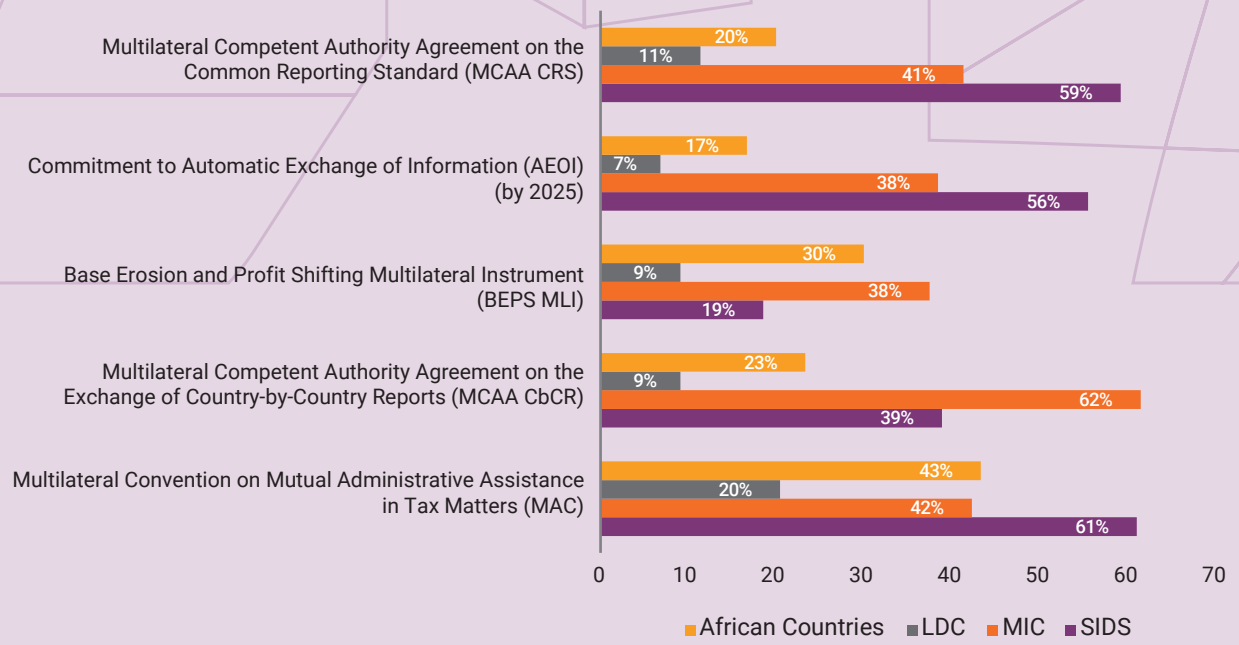
Negotiations on new international tax instruments are taking place under the United Nations, with the fourth substantive session held in February 2026. The Intergovernmental Negotiating Committee on the United Nations Framework Convention on International Tax Cooperation (UNFCITC) is an open, universal process in which all Member States have the right to take part without preconditions.

Para 29: Combating illicit financial flows

The Sevilla Commitment identifies illicit financial flows (IFFs) as a major constraint on domestic resource mobilization and commits countries to stronger action on financial integrity, anti-corruption, anti-money laundering and international cooperation. The Commitment emphasizes strengthening legal, institutional and technical capacities.

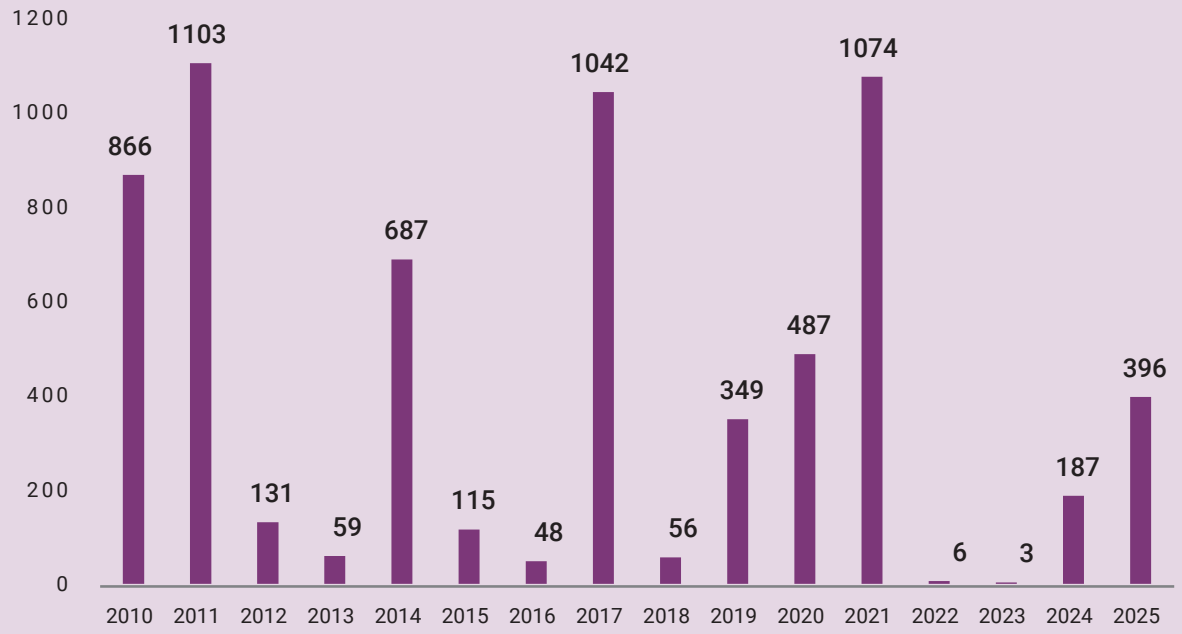
International asset recovery has enabled the return of significant sums over the past 15 years. Between 2010 and 2025, the combined value of assets returned internationally, as recorded in the Stolen Asset Recovery (StAR) database, reached US$6.6 billion, underscoring the role of international cooperation to recover the proceeds of corruption and financial crime. Annual returns have been highly volatile, reflecting the case-based nature of asset recovery. Several years recorded exceptionally large recoveries, including over US$1.1 billion in 2011, while other years saw much more limited returns, for example 2022 (US$6 million). Between 2020 and 2025, 108 countries and jurisdictions responded to one or more of the four questionnaires or submitted information on an ad hoc basis, and the database documented 228 cases involving asset returns.

Figure III.1.7
Participation rates in international tax cooperation instruments, by country group, 2025
(Percentage of countries)



Source: UN DESA elaboration, based on OECD Global Forum Data, December 2025.

Figure III.1.8
Global asset returns, 2010–2025
(Millions of US dollars)



Source: UNODC/World Bank Stolen Asset Recovery (StAR) Initiative.

Para 30: National public development banks

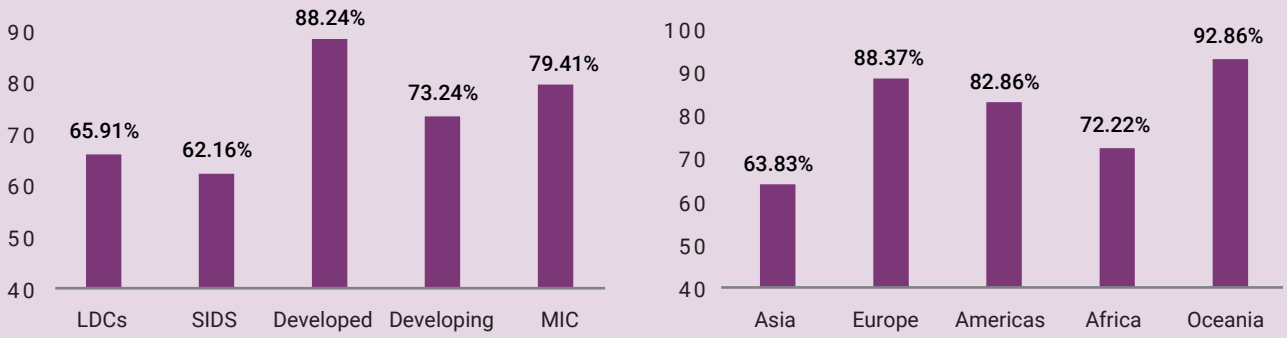
The Sevilla Commitment recognizes national public development banks as crucial institutions for mobilizing resources for sustainable development and addressing financing gaps. It calls for strengthening their mandates, governance, financial sustainability and alignment with national development priorities; enhancing cooperation between national PDBs, MDBs and development partners; and supporting countries without development banks to establish them.

National public development banks (PDBs) are widespread, but their footprint varies greatly. National PDBs are present in a majority of countries across all major country groups. Developed countries show the highest level of institutionalization, with 88 per cent having at least one national PDB. MICs also display high coverage, at 79 per cent, while 73 per cent of developing countries overall have a national PDB. Coverage is lower among LDCs (66 per cent) and SIDS (62 per cent). Regional patterns mirror these disparities. Oceania has the highest coverage, with 93 per cent of countries hosting a national PDB, followed by Europe (88 per cent) and the Americas (83 per cent). Coverage is lower in Africa (72 per cent) and Asia (64 per cent).

Figure III.1.9

Share of countries with at least one public national or subnational development bank, by country group and region, 2025

(Percentage)



Source: UN DESA calculations, based on Public Development Banks and Development Financing Institutions Database (Peking University), 2025.

Domestic and international private business and finance **In Numbers**

Para 32: Promoting investment in sustainable development and building domestic financial and capital markets

In paragraph 32, the Sevilla Commitment calls for efforts to: strengthen domestic private sector and financial market development by promoting enabling environments aligned with national sustainable development objectives; lower borrowing costs and facilitate access to finance, particularly to MSMEs; and reduce the costs of remittances.

Domestic private sector development and enabling environments

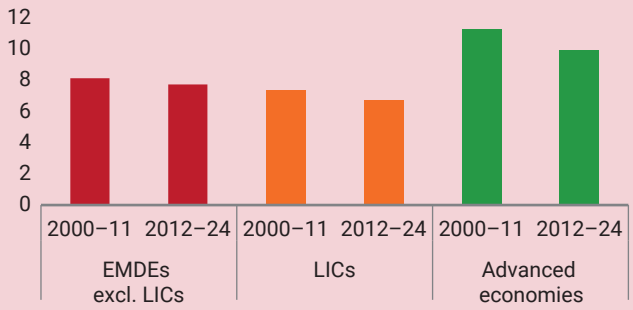
To contribute to sustainable development, policies aimed at fostering private sector development need to be aligned with sustainable development objectives. While some countries have made important progress in promoting enabling environments, much remains to be done to support vibrant and resilient business sectors that contribute to sustainable development, both in terms of the policy environment and physical infrastructures.

National efforts are counterbalanced by slowing global private sector dynamism. Geopolitical uncertainty and significant structural changes, including a shift from greenfield investment in manufacturing sectors towards asset-light, digital business models, have stifled investment pipelines and decreased private investment growth. Accordingly, the growth in private investment has been stagnant or falling in developed countries for decades and is now also falling below 2000–2009 rates in developing countries.

Figure III.2.1

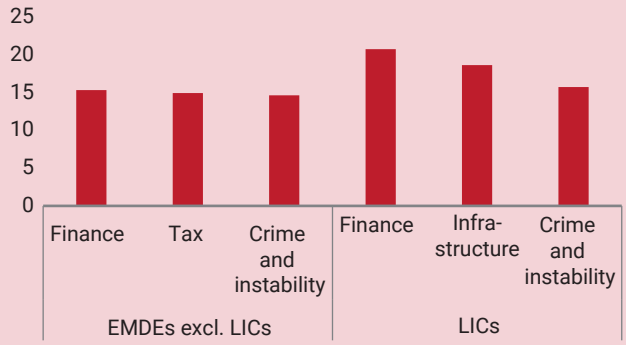
Investment climate

(Index, 0–12, 12=highest)



Biggest obstacles for firms in EMDEs

(Percent)



Source: PRS Group's International Country Risk Guide (ICRG); World Bank.
Note: EMDEs = emerging market and developing economies; LICs = low-income countries. Medians of ICRG's investment profile index. Sample includes 36 advanced economies and 102 EMDEs, of which 18 are LICs.

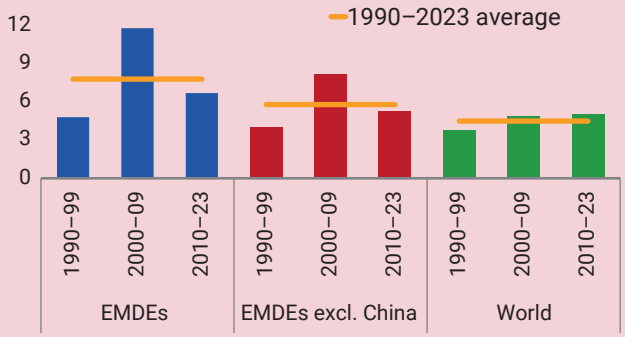
Source: World Bank; World Bank Enterprise Surveys.
Note: EMDEs = emerging market and developing economies; LICs= low-income countries. Average shares of firms identifying specific aspects as their biggest obstacle for doing business, using the latest year available for each country. Based on up to 128 EMDEs, of which 23 are LICs.

To support strong and resilient private sectors that support long-term sustainable development domestically, a gradual development of domestic financial and capital markets is key. Savings rates continue to be subdued and are even falling in many developing countries, making the building of a robust savings base a key policy priority. At the same time, there is scope to scale up new instruments and increase resilience and preparedness against disaster risks, including through more effective risk management and risk-informed financing policies.

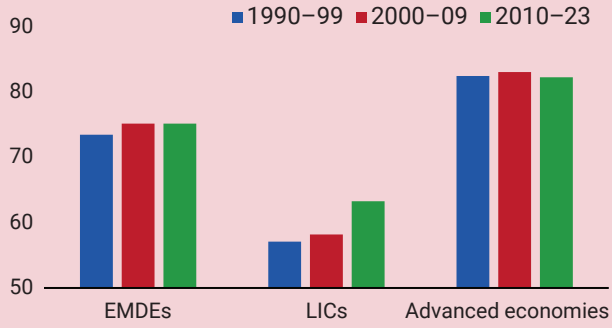
Access to financing, remittances and correspondent banking relationships

Access to finance for micro-, small- and medium-sized enterprises (MSMEs) continues to be a challenge, particularly for the so-called

Figure III.2.2
Investment growth
(Percent)



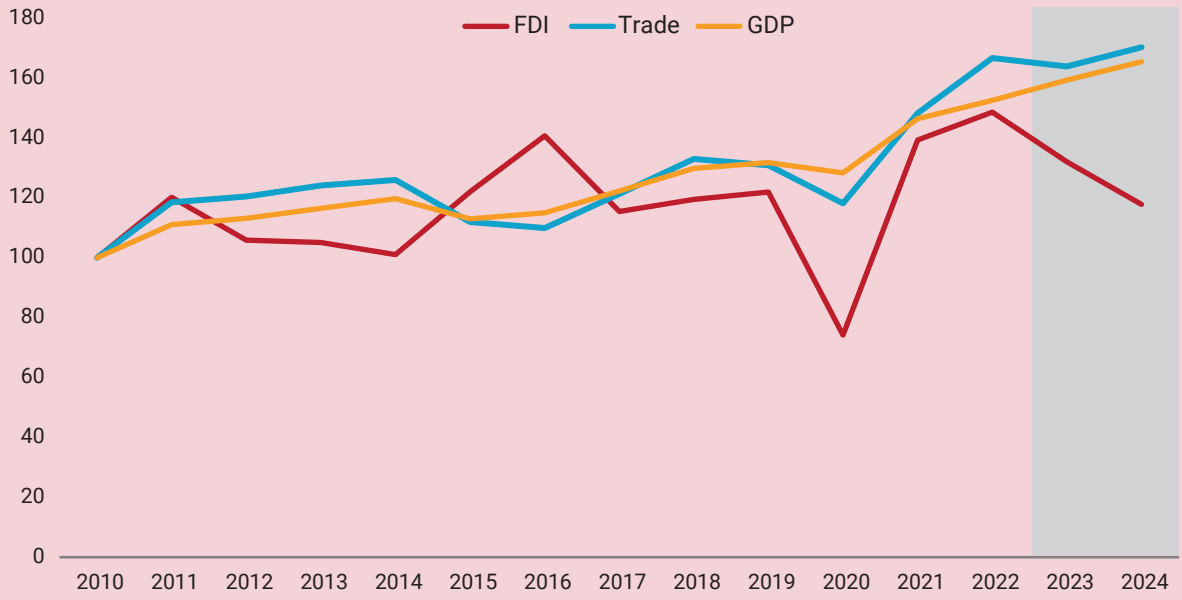
Share of private investment in total investment
(Percent of total)



Source: Haver Analytics; Investment and Capital Stock Dataset (IMF 2021a); WDI (database); World Bank.
Note: EMDEs = emerging market and developing economies. Average annual investment growth calculated using countries' investment in constant international dollars as weights. Sample includes 162 economies, of which 125 are EMDEs.

Source: Haver Analytics; Investment and Capital Stock Dataset (IMF 2021); World Bank.
Note: EMDEs = emerging market and developing economies; LICs = low-income countries. Group median share of private investment in total investment. Sample includes 162 economies, of which 125 are EMDEs.

Figure III.2.3
FDI is losing pace with trade and GDP
(FDI, GDP and trade indexed, 2010 = 100)



Source: UNCTAD, based on IMF for GDP and trade.
Note: GDP at current prices, trade is value of goods and services exports.

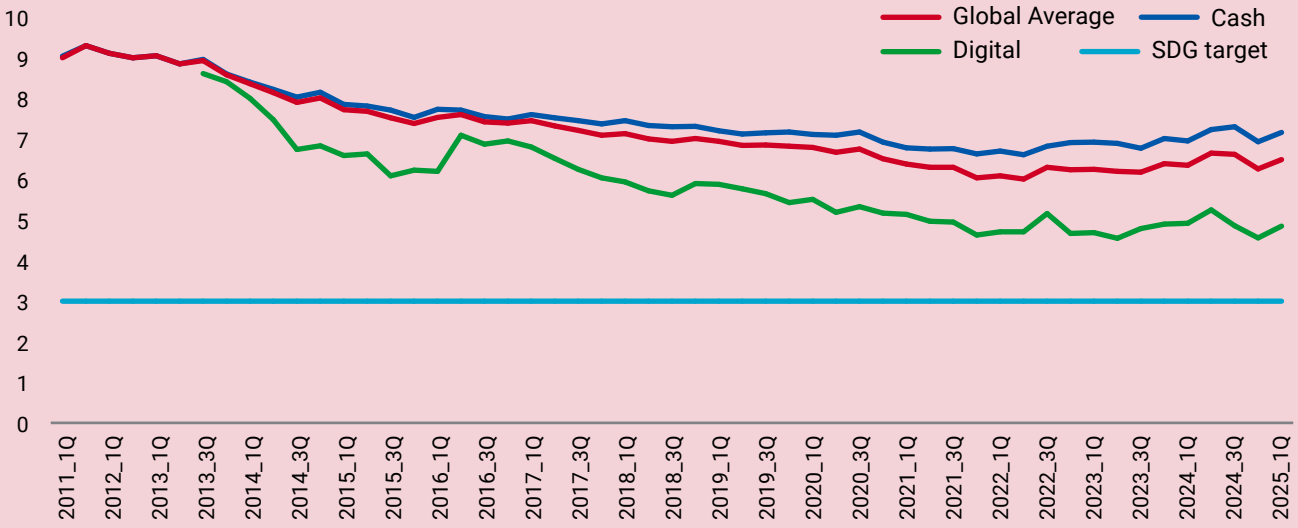
missing middle of companies that lack access to growth capital given their small size but that cannot access microfinance for being too large. Moreover, there are significant gaps between developed and developing countries, with only about 2.6 per cent of GDP loaned to SMEs in some least developed countries (LDCs), compared to 11.9 per cent in the richest countries. The Sevilla Commitment recognizes the urgent need to strengthen the MSME ecosystem, including local and community banks, and to address regulatory impediments, including the unintended consequences of regulation, that can penalize lending to MSMEs given their perceived higher risk profiles.

Efforts to reduce the high cost of transferring remittances continue to fall short. Currently, the average cost of sending remittances is 6.5 per cent of the amount sent and thus significantly higher than the target of 3 per cent enshrined in the Addis Ababa Action Agenda. Factors that continue to keep costs stubbornly high include a lack of competition, fee non-transparency and corridor-specific issues. Moreover, the global decline in correspondent banking relationships continues to threaten access to cross-border payments, trade finance and remittances. Beyond efficiency gains, reducing remittance costs is critical to strengthening the nexus between remittances and sustainable development.

Figure III.2.4

Average global costs of sending remittances

(Percentage)



Source: World Bank Group.

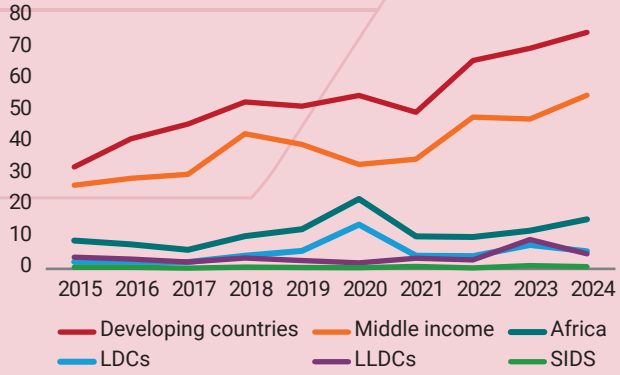
Para 33: Scaling up foreign direct investment and private capital mobilization for sustainable development and maximizing its development impact

In paragraph 33, the Sevilla Commitment calls for promoting FDI in developing countries in alignment with national sustainable development objectives; increasing capacity-building for infrastructure projects and investments in SDG-relevant sectors, particularly energy; and enhancing partnerships for more coordinated assistance and fair risk-sharing. It also calls for enhancing the effectiveness and replicability of different risk-sharing instruments for private capital mobilization, strengthening coordination among actors, and further improving risk and impact data.

Foreign direct investment

FDI has been severely affected by a slowing and fragmenting world economy and structural shifts that favour asset-light and less capital-intensive investments, particularly in response to the shift towards digital business models. FDI has now effectively decoupled from the expansion of GDP and trade, and data suggests a second straight year of contraction of FDI flows. At the same time, FDI to developing countries continues to be highly concentrated, with 10 major emerging markets accounting for approximately 75 per cent of total inflows.

Figure III.2.5
Amounts mobilized from the private sector by official development finance interventions
(Billions of US dollars)



Source: OECD (2026).

Looking ahead, international project finance data indicates a gloomy future. International project finance continued its downward trajectory in 2024, falling by 26 per cent following a steep drop in 2023. While there has been some resilience in ICT sectors, international investment in sectors relevant to the SDGs in developing countries fell by a quarter in 2024. LDCs have been hit particularly hard, experiencing a reduction in projected investment values in SDG-relevant sectors by about 86 per cent.

Private capital mobilization for sustainable development impact

Private capital mobilization has grown over the last decade but remains below expectations and concentrated in specific countries and sectors, largely bypassing countries in special situations. Since the Addis Ababa Action Agenda in 2015, much of the discourse around private capital mobilization has focused on the potential of blended finance. Largely driven by a focus on the volume of private finance mobilized, efforts have been concentrated in middle- income countries and economic infrastructure and services sectors, where the potential for financial returns is higher. Over the period from 2015 to 2024, the amounts of private capital mobilized via blended finance were four times higher in middle-income countries compared to LDCs, landlocked developing countries and small island developing States combined.

A shift in approach is needed, grounded in country ownership and focused on maximizing the development impact of every dollar invested as well as the volume of private finance mobilized. This will require adopting a more holistic approach to private capital mobilization and adapting it based on country circumstances, needs and priorities. The Sevilla Commitment includes actions in support of such a shift, including more effectively designing and using different risk-sharing and blended finance instruments and structures that share risks and rewards fairly; strengthening the catalysing capacity of key blended finance actors; increasing collaboration across the blended finance ecosystem; and improving regulation to fairly value the risk reduction stemming from the use of guarantees (see chapter IV.4, International financial architecture and systemic issues).

Delivering on this shift requires enhancing the availability, quality and accessibility of risk and impact data. Developing countries have often been seen as high risk because historical credit information is limited, leading investors to hold back capital. Recent evidence from the Global Emerging Markets Risk Database (GEMs) shows that actual credit risk in developing countries is lower than perceived when investing alongside multilateral development banks (MDBs) and development finance institutions. The expanded public release of disaggregated GEMs data in October 2025 informed revised credit risk assessments by Standard & Poor's, lowering capital requirements for MDB sovereign operations. Alongside risk data, decision-useful impact data remains a critical gap. Impact measurement frameworks are fragmented, burdensome and often focused on outputs rather than outcomes. Advancing harmonized, outcome-focused impact measurement and embedding it into core investment decisions is essential to mobilize greater institutional capital for blended finance.

Para 34: Aligning business and finance with sustainable development

Paragraph 34 of the Sevilla Commitment addresses the alignment of business and finance with sustainable development and the SDGs, emphasizing market-based approaches first, followed by regulatory measures.

Market alignment: financial incentives for sustainable development impact

In 2025, political and legal backlash, compounded by adverse macroeconomic conditions, weakened momentum behind the sustainable business and finance agenda in some major markets, while progress continued or even accelerated in other geographies. Environmental, social and governance (ESG) equity flows and funds declined in some markets, while sustainability-linked debt reached record levels and renewable energy deployment expanded, albeit largely in developed economies. Impact investing grew to nearly $1.6 trillion in assets under management in 2024—almost three times its 2019 level—but a contraction in new capital deployment is projected for 2025.

Corporate strategies adjusted to this more complex environment through more cautious public sustainability communications, often described as "greenhushing". This was reflected in a decline in explicit "ESG" references across S&P 100 disclosures in favour of broader sustainability language, as well as some companies stepping back from net-zero commitments and high-profile ESG alliances.

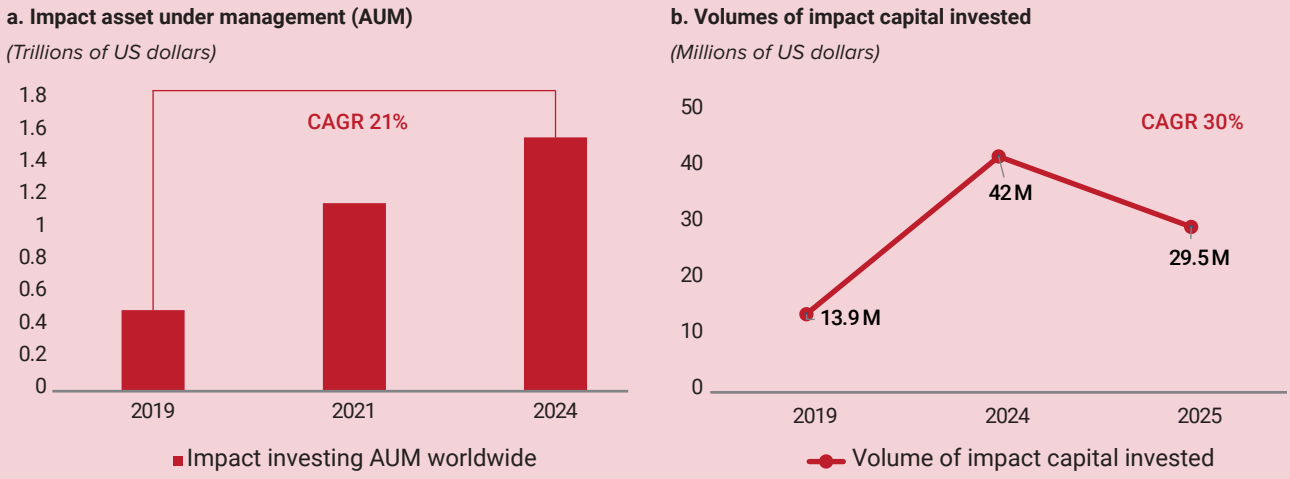
At the same time, this also pointed to a gradual market transition towards deeper operational integration, as firms moved away from public rhetoric and embedded sustainability more quietly into core business activities. Financial institutions and corporates are recentring sustainability around business fundamentals—risk, performance, resilience and long-term returns—supported by growing evidence of financial outperformance. Still, persistent measurement gaps and misaligned incentives continue to slow full alignment with business models, which shows the continued need for standards and market incentives.

Alignment through sustainable business and finance regulation

Sustainable business and finance policy and regulation in 2025 was marked by growing fragmentation—slowing regulatory momentum in some advanced economies—and continued policy activity, mostly in developing economies. Regulatory rollbacks and delays in Europe and the United States weakened policy certainty and diluted earlier ambition, contributing to uneven progress. In the European Union, ongoing recalibration efforts—most notably through the "Omnibus" package—have sought to address competitiveness and compliance burdens concerns but have also introduced additional uncertainty for market participants. Despite regulatory rollbacks, sustainable finance policy continued to advance globally, with momentum increasingly shifting toward Asia and the Pacific and Latin America. More than 300 sustainable business and finance policies have been adopted across 15 leading jurisdictions. As part of that, disclosure regimes and sustainable taxonomies continued to expand their reach across capital markets.

There is a growing emphasis on interoperability and market effectiveness. Evidence increasingly shows that clear and comparable rules—such as taxonomies and mandatory disclosure requirements—can help to mobilize capital, enhance market liquidity and

Figure III.2.6
Impact investing assets and volumes



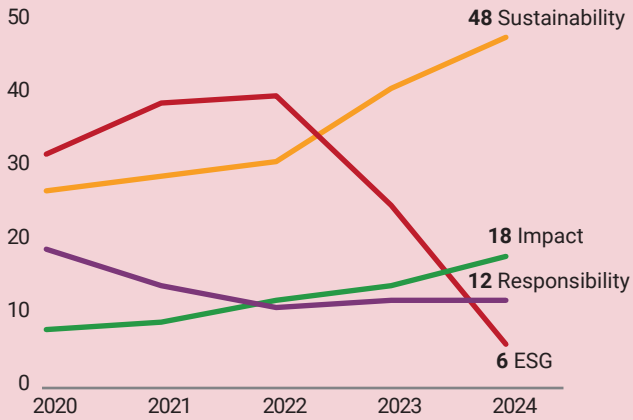
Source: Global Impact Investing Network.
Note: CAGR: compound annual growth rate.

support financial stability. However, their impact depends on policy coherence, implementation capacity and effective cross-jurisdiction interoperability, underscoring the need for balanced frameworks that align sustainability reporting with real-economy outcomes through a whole-of-economy approach.

Figure III.2.7

Frequency of use of sustainability terms in non-financial reports of the S&P 100

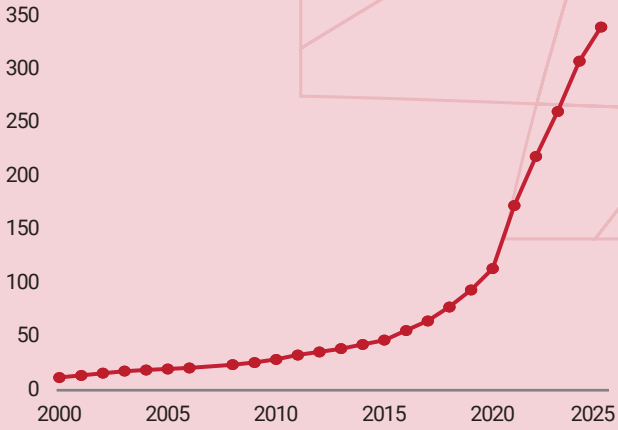
(Percentage)



Source: Les Echos, Fidelity (2025).

Figure III.2.8

Cumulative number of sustainable business and finance policies adopted in 15 major jurisdictions



Source: Principles for Responsible Investment (2026).
Note: The 15 selected jurisdictions are among the largest and most influential capital markets with key regional financial hubs and high-impact emerging economies. Regions and jurisdictions covered include the Americas (Brazil, Canada, Mexico, the United States), APAC (Australia, China, Hong Kong SAR (China), India, Japan, Singapore, Republic of Korea), EMEA (European Union, South Africa, Switzerland, United Kingdom).

International development cooperation and development effectiveness In Numbers

Para 36: Increasing volumes and enhancing allocation of international development cooperation.

The Sevilla Commitment highlights the importance of official development assistance (ODA) and outlines actions to reverse declining trends, fulfil long-standing commitments and increase allocations to developing countries. It also welcomes the efforts and contributions of developing countries and sets forth actions to further strengthen South-South and triangular cooperation.

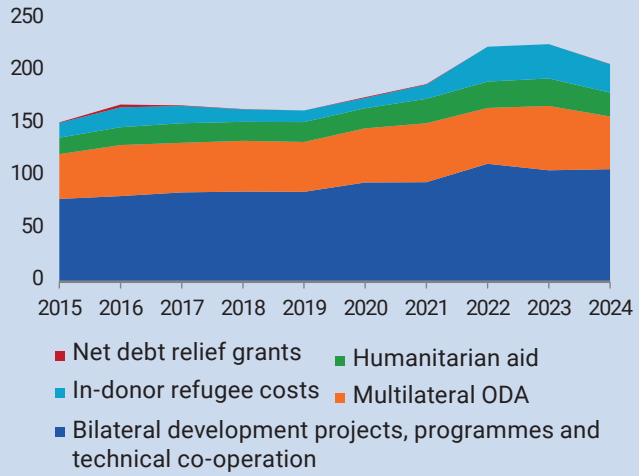
Official development assistance

Amid shifting political priorities, ODA fell by 6 per cent in 2024 to $214.6 billion and is expected to decline further in the near term. In 2024, ODA declined for 23 countries that are members of the Development Assistance Committee (DAC), compared to 2023 levels, against a backdrop of rising demands on ODA on the one hand, and changing political priorities and budgetary constraints across donor countries on the other. Core contributions from DAC countries to multilateral organizations fell by 18 per cent, and spending on humanitarian and in-donor refugee costs decreased by 14 and 17 per cent, respectively, compared to 2023 peak levels. ODA for key priorities for poverty eradication also fell. For example, ODA for food security and nutrition decreased from $67.8 billion in 2023 to $64.9 billion in 2024. ODA in the form of bilateral development projects, programmes and technical cooperation—which is a proxy for development assistance delivered at the country level—remained largely unchanged over 2023 levels.

Figure III.3.1

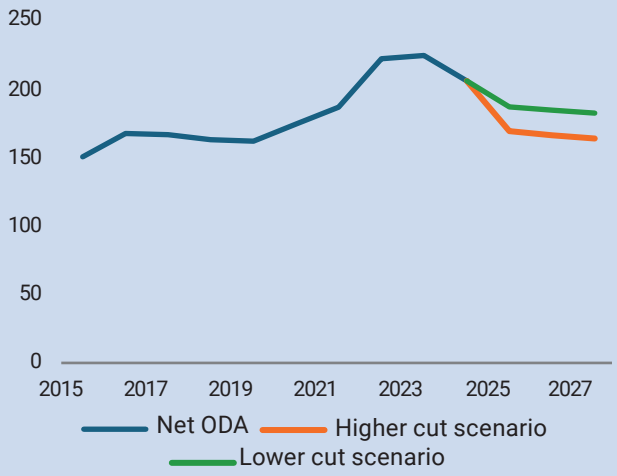
ODA (net flows) from DAC member countries, by component, 2015–2024

(Billions of US dollars, constant 2023 prices)



ODA (net flows) trends and projections, 2015–2027

(Billions of US dollars, constant 2023 prices)

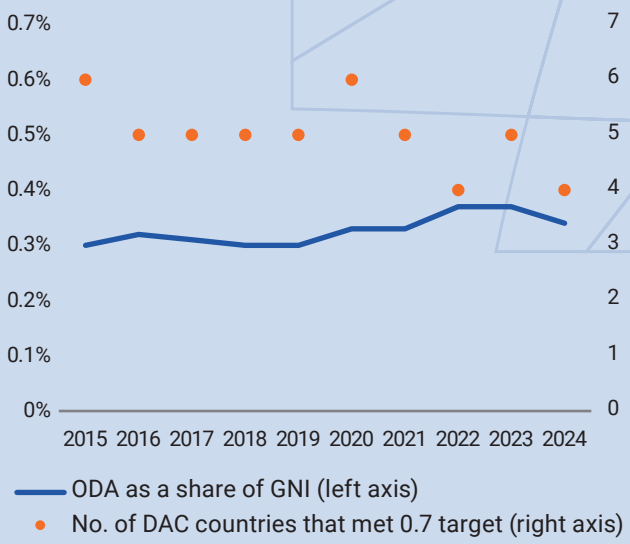


Source: OECD.

According to projections published in July 2025 by the Organisation for Economic Co-operation and Development (OECD), ODA from DAC countries is projected to decline by a further 10–18 per cent in 2025.[2] Least developed countries (LDCs) are likely to be disproportionately affected by cuts in 2025 as forecasts estimate that bilateral ODA to LDCs could drop by a further 13–25 per cent, following a 3 per cent decline in 2024. With bilateral ODA representing on average 15 per cent of their government revenue, the projected drop could significantly impact on LDC governments' ability to finance their sustainable development.

Only four DAC countries met the 0.7 per cent of gross national income (GNI) target for ODA in 2024, and four DAC countries met the 0.15–0.20 per cent target for ODA to LDCs. In 2024, ODA from DAC countries represented 0.34 per cent of their combined GNI, down from 0.37 per cent in 2023. ODA from DAC countries to LDCs represented 0.07 per cent of their combined GNI, well below the target of 0.15–0.20 per cent, and down from 0.09 per cent in 2023. The Sevilla Commitment calls on countries to fulfil their respective ODA commitments and set concrete and binding time frames to do so. However, with aid budgets increasingly constrained in many donor countries and political narratives shifting away from international cooperation and solidarity towards national interest and defence, progress in this area remains unlikely, at least in the short term.

Figure III.3.2
OECD DAC performance against 0.7 ODA target, 2015–2024
(Percentage of GNI)



Source: OECD.

South-South and triangular cooperation

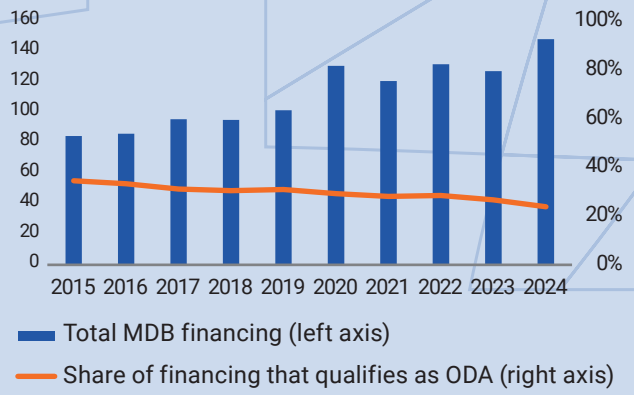
Better data on South-South and triangular cooperation is needed to strengthen their effectiveness, impact and recognition in the broader development cooperation landscape. Sustainable Development Goal (SDG) indicator 17.3.1 measures additional financial resources mobilized for developing countries from multiple sources, including South-South cooperation.[3] In 2025, the first data on South-South cooperation was reported using the voluntary UN Framework to Measure South-South Cooperation. The Framework, supported by United Nations Trade and Development (UNCTAD) under a mandate by the UN Statistical Commission, provides an instrument for the collection of South-South cooperation flows and their reporting to SDG 17.3.1. By capturing all forms of South-South cooperation (financial support, non-financial support that can be monetized, and non-monetized non-financial support), the Framework allows for new insights about gross receipts of official sustainable development grants provided as South-South cooperation between developing countries, and demonstrates the strong role of in-kind support (see chapter IV.5 on data, monitoring and follow-up). The International Forum on Total Official Support for Sustainable Development, which reports data on North-South flows to SDG 17.3.1, also collects data on all official resources flowing into developing countries for their sustainable development. In 2024, cross-border flows to developing countries totalled $364 billion. Of this, South-South cooperation from 16 reporting countries totalled $667 million and triangular cooperation from 25 providers amounted to $160 million.

Para 37: Increasing and optimizing lending by MDBs, ensuring their effectiveness and efficiency, and strengthening the system of public development banks.

The Sevilla Commitment encourages multilateral development banks (MDBs) to further increase and optimize their annual lending capacity with the view to potentially tripling it. It also calls for improved quality of lending and strengthening the ability of MDBs and other public development banks to work better as a system in accordance with country-led development priorities and strategies.

Ongoing reform efforts across MDBs are unlocking additional financing capacity, but there is scope to further enhance and optimize lending terms. Disbursements by MDBs almost doubled in the last decade, reaching $148 billion in 2024 as institutions expanded long-term financing to developing countries and provided essential countercyclical support in response to successive global shocks. Building on the Group of Twenty (G20) Capital Adequacy Framework Review and the G20 Roadmap towards better, bigger and more effective MDBs, MDBs are increasingly working as a system under the leadership of the Heads of MDBs Group and have advanced a broad reform agenda under their own institutional mandates. In 2025, MDBs reported that the full implementation of agreed reform measures could generate more than $600 billion in new lending capacity. These reforms aim to catalyse financing at scale, streamline operations to deliver faster, more impactful results and deepen collaboration across the multilateral system in support of countries' development efforts. While overall volumes are on the rise, the share of MDB financing that qualifies as ODA has declined, from 34 per cent in 2015 to 23 per cent in 2024, reflecting a growing use of less concessional and blended instruments. As part of ongoing reforms, there has also been progress in strengthening collaboration across MDBs and other public development banks to work better as a system, including through mutual reliance agreements that aim to streamline project preparation and processing, and in aligning with developing countries' priorities through participation in country platforms and regional initiatives.[4]

Figure III.3.3
Trends in MDB financing, 2015–2024
(Billions of US dollars, constant 2023 prices)



Source: OECD.
Note: Official financing flows (OFF) for the following MBDs: African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank, Council of Europe Development Bank, Development Bank of Latin America and the Caribbean, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, Islamic Development Bank, World Bank Group.

Para 38: Improving development cooperation and access to development finance, including concessional finance.

The Sevilla Commitment reiterates the need to improve access to concessional finance for developing countries, and to consider complementary measures of progress beyond GDP to inform development cooperation policies and practices. It also commits Member States to support graduating countries to avoid disruptions in development trajectories.

While allocation frameworks increasingly consider factors beyond income, access to concessional finance remains uneven across different country groupings. For most developing countries, particularly LDCs and those in conflict and post-conflict situations, concessional resources remain the primary channel for affordable long-term finance, with grants or highly concessional loans typically reserved for countries assessed to be in, or at high risk of, debt distress. Access to such concessional finance from MDBs is broadly governed by a common set of principles, centred on income levels, creditworthiness and debt sustainability, but applied with varying emphasis across institutions.[5] While MDBs increasingly incorporate vulnerability factors, differences in eligibility thresholds and allocation methodologies across development partners can lead to uneven access across countries and regions. In this regard, and in line with calls in the Sevilla Commitment, two initiatives were launched under the Sevilla Platform for Action: one to better integrate multidimensional vulnerability in the global financial architecture (led by the 4P Coalition), and another to review ODA eligibility criteria and strengthen the process for graduation from the DAC list of ODA recipients by aligning timelines with economic preparedness and building long-term development finance pathways (led by OECD).

Para 39: Strengthening the effectiveness of development cooperation in all its forms, including reducing fragmentation and enhancing impact.

The Sevilla Commitment elevates country ownership and leadership by developing countries and policy coherence by development partners, as core principles of effective development cooperation. It also outlines specific actions to translate these principles into practice and reduce fragmentation.

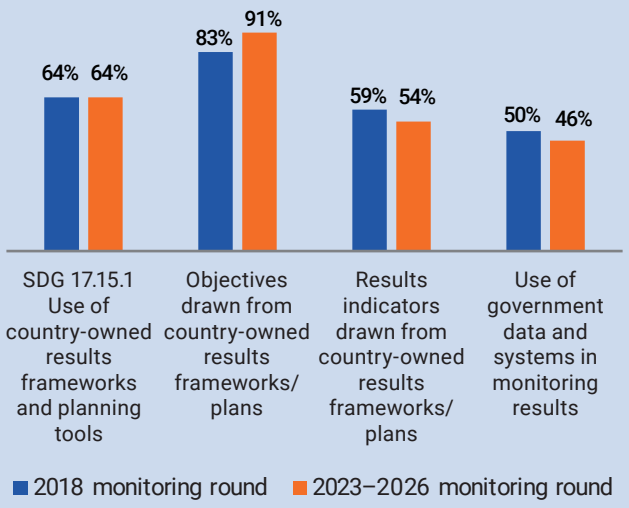
There is scope to strengthen development partners' alignment with country plans and results frameworks, increase the use of national systems, and improve the timeliness and predictability of development cooperation information. In support of country ownership and leadership, the Sevilla Commitment calls upon development partners to respond to country plans and strategies, provide stable and predictable funding and strengthen existing national systems. The latest data on SDG 17.15.1 shows that development partners use country-owned results frameworks and planning tools in fewer than two out of three interventions.[6] The use of developing countries' government data and monitoring systems by development partners remains particularly low.[7] According to the 2025 Development Cooperation Forum Survey, of the 75 participating developing countries, 78 per cent operate a development cooperation information system, but persistent information gaps undermine effective alignment. Forty-two per cent of respondent countries reported receiving partially complete information from development partners or none at all, and 30 per cent reported that development partners sometimes or never provide timely information. Analysis of data published to the International Aid Transparency Initiative indicates that forward-looking predictability of development cooperation remains limited, particularly over the medium term, with only 15 per cent of development partners publishing budget information extending three years ahead (covering the period from 2026 to 2028). Improving the availability of real-time data, scenarios and forecasting on development cooperation is one of the topics that DAC is tackling as part of the comprehensive review process announced in Sevilla.

Amid growing fragmentation in the development cooperation ecosystem, the share of bilateral ODA to core contributions to multilateral organizations and pooled funds declined in 2024. Over the past two decades, the number of donor agencies more than doubled, increasing from 226 in 2000 to 608 in 2023, reflecting the emergence of new donors

Figure III.3.4

Use of country-owned results frameworks and planning tools by providers of development cooperation

(Percentage of development partners' interventions)

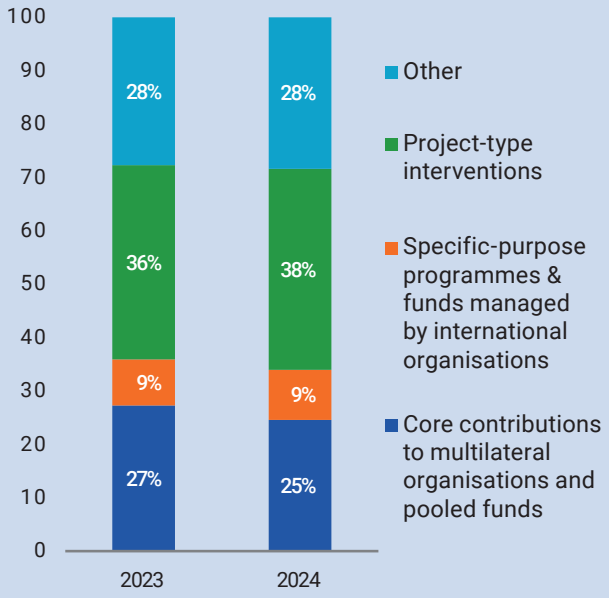


Source: OECD and UNDP 2026 (forthcoming).

Figure III.3.5

Core contributions to multilaterals and pooled funds in total ODA from DAC countries, 2023–2024

(Percentage of bilateral ODA)

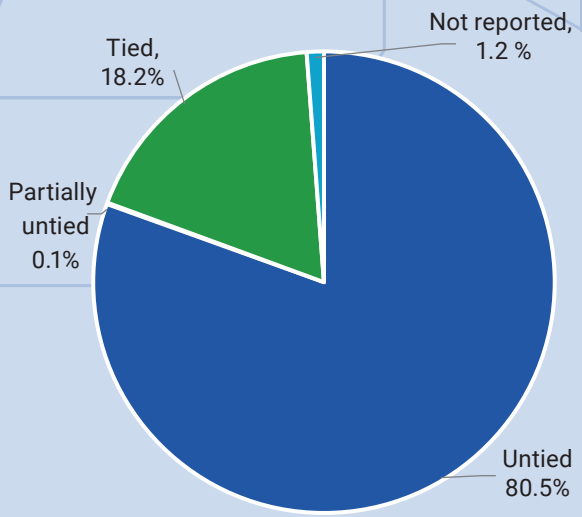


Source: OECD.
Note: "Other" includes budget support, experts and other technical assistance, other debt relief, in-donor expenditures, administrative costs.

Figure III.3.6

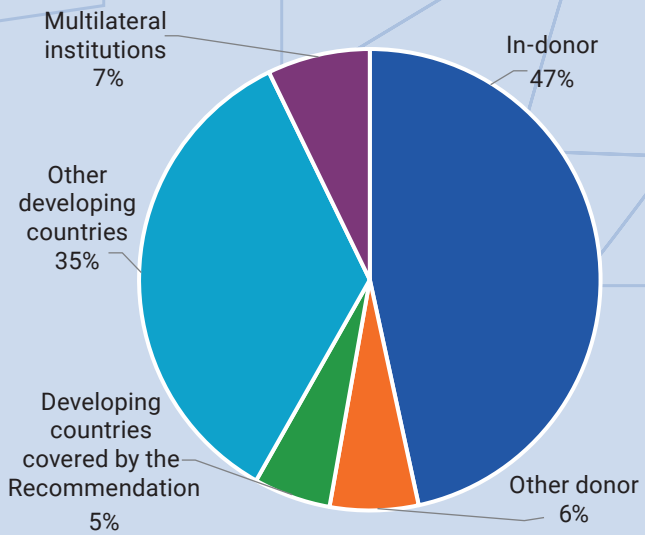
Tying status of bilateral ODA, 2024

(Percentage of bilateral ODA)



Supplier origin of untied ODA contracts, 2023

(Percentage of untied contracts' value)



Source: OECD.

and the creation of new multilateral institutions and funds. The rising number of vertical funds in particular has increased financial flows to specific sectors and thematic areas but has also contributed to growing fragmentation and practical coordination challenges at the country level, including increased transaction costs for accessing financing.[8] In this context, the Sevilla Commitment calls for prioritizing core contributions to multilateral institutions and pooled funds. In 2024, the share of DAC countries' ODA going to specific projects and specific-purpose programmes and funds was almost double the share of ODA provided as core contributions to multilateral organizations and pooled funds (figure III.3.5). The final G20 Leaders' Declaration in South Africa in November 2025 also shows commitment to ensure coordination among stakeholders to foster interoperability among MDBs, vertical funds and national development banks.

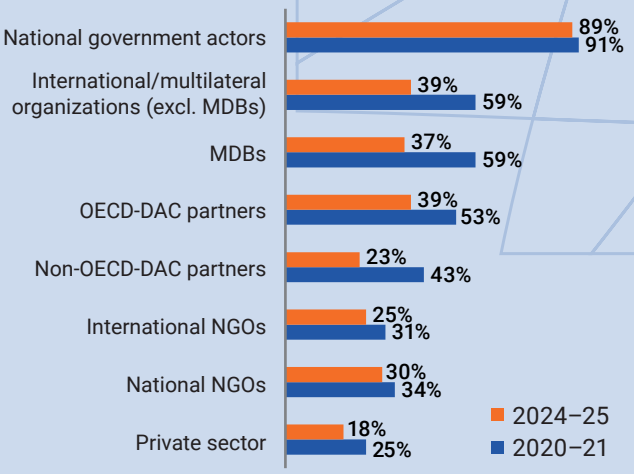
Progress on policy coherence, including untying aid, is mixed. Based on the available data reported to SDG 17.14.1—which measures policy coherence for sustainable development—development partners often do not have all the required mechanisms in place to enhance policy coherence.[9] For example, out of 13 DAC countries for which data is reported under the SDG indicator, most scored above 75 per cent, but only 3 scored above 90 per cent—demonstrating scope for further improvement. Tied aid, which can undermine the coherence of development policies, has decreased as a share of total bilateral ODA from DAC members from 20 per cent in 2023 to 18.2 per cent in 2024.[10] While the majority of ODA remains untied, in practice, almost half of the total value of untied contracts funded by DAC members was awarded to suppliers from their countries, and only 40 per cent to suppliers from developing countries (figure III.3.6). In January 2026, following a comprehensive review, DAC updated its Recommendation on Untying ODA to better reflect current realities and respond to developing countries' needs. The revision introduces several enhancements, including the integration of sustainable procurement principles, a stronger emphasis on locally led development, and more transparent and comprehensive reporting practices.

Para 40: Strengthening development cooperation architectures at both national and global levels.

At the national level, the Sevilla Commitment emphasizes country-led and nationally owned sustainable development strategies as a basis for engaging with all development partners, and inclusive, country-led national coordination platforms for an efficient and effective division of labour among relevant actors. At the global level, it supports the United Nations in playing a central and coordinating role in international development cooperation and calls for a revitalized Development Cooperation Forum.

Developing countries are putting in place development plans and strategies, but there remains scope to strengthen the participation of development partners in country-led coordination platforms. Since 2015, developing countries have been advancing efforts to put in place strategies for national development and related financing frameworks, including through integrated national financing frameworks. Most national development plans include development priorities, targets and results indicators, with sector and subnational strategies closely aligned with these overarching plans. About two thirds of these plans include information on public expenditure decisions or a budget.[11] According to the 2025 Development Cooperation Forum Survey, of the 75 participating developing countries, around two thirds currently have a national policy guiding development cooperation, and 63 per cent have centralized, country-led platforms in place to engage development partners and other stakeholders. However, there is scope to strengthen the involvement of different actors in such coordination platforms, as levels of participation have been decreasing among respondent countries.[12]

Figure III.3.7
Participation of different actors in country coordination platforms/ forums
(Percentage of respondent countries)



Source: Development Cooperation Survey Study 2025.

The Sevilla Commitment strengthens the mandate of the Development Cooperation Forum to foster synergies, deepen dialogue and enhance the impact of development cooperation. The Sevilla Commitment calls for fostering synergies across development cooperation platforms and forums, including through a revitalized Development Cooperation Forum that deepens exchanges among all relevant actors, enhances the coherence, effectiveness, accountability and impact of development cooperation, and gives policy guidance and recommendations based on country experiences. The revitalized Development Cooperation Forum will take into account the work of other existing relevant platforms, including the Global Partnership for Effective Development Cooperation; OECD DAC, especially in relation to the ongoing review process referenced in the Sevilla Commitment; the International Forum on Total Official Support for Sustainable Development; and the International Aid Transparency Initiative. In addition, the Development Cooperation Forum could provide a space for updates and exchanges on the several initiatives that have emerged over the course of 2025 aimed at reimagining development cooperation—some of which were launched under the Sevilla Platform for Action.[13] Preparations for the 2027 Development Cooperation Forum will focus on strengthening it as a platform that: advances the effectiveness and impact of development cooperation from a developing country perspective; enhances accountability for quality and alignment with national priorities; amplifies South-South and triangular approaches and learning; and addresses systemic issues, such as allocation criteria, conditionality and transaction costs.

Para 41: Protecting and preserving ecosystems.

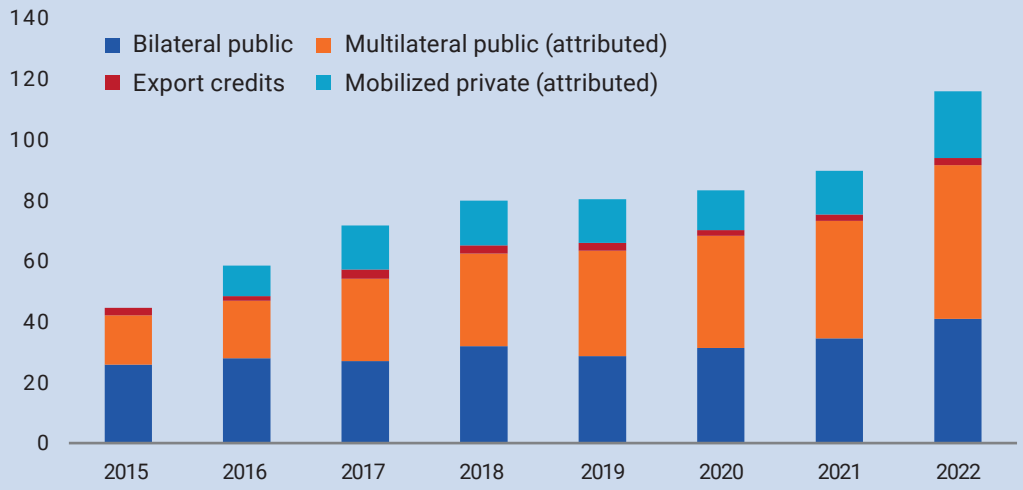
The Sevilla Commitment calls for financing for climate, biodiversity, combating desertification and accelerating ocean action, in line with respective conventions and frameworks.

There is a need to significantly scale up climate finance to meet internationally agreed goals and strengthen climate finance data to ensure adequate tracking of progress towards the goals. Climate finance provided and mobilized by developed countries for developing countries reached $115.9 billion in 2022, exceeding for the first time the $100 billion target agreed at COP21 (in 2015), two years later than the original 2020 target. The amount was driven by large increases in multilateral public finance (of 31 per cent) and in private finance mobilized (of 52 per cent) from 2021 to 2022 (figure III.3.8). At COP29 (in 2024), Parties agreed on the New Collective Quantified Goal on climate finance. This includes a call on all actors to work together to enable the scaling up of financing to developing countries to at least $1.3 trillion per year by 2035, and sets a new goal, with developed countries taking the lead in providing and mobilizing at least $300 billion per year for developing countries by 2035. Meeting these goals will require accelerated action in the provision and mobilization of climate finance and

stronger data foundations—including on adaptation finance, nature-related finance and the integration of climate spending in national budgets—to monitor broader flows and ensure adequate tracking of progress.[14] The Baku to Belém Roadmap published in advance of COP30 charted a pathway to scale up climate finance and deliver on the decision adopted at COP29 through a series of dedicated actions by all actors working together in the short and medium term to strengthen leadership and accountability.[15]

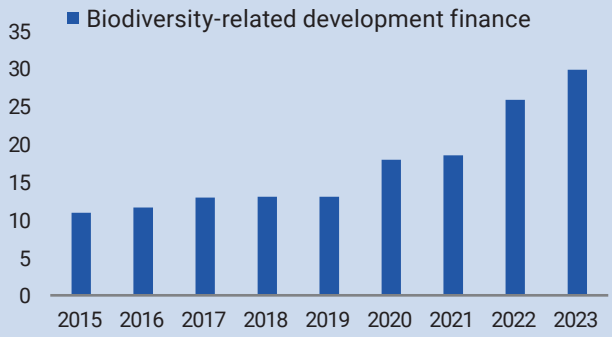
Development finance for preserving biodiversity, for combating desertification, land degradation and drought, and for the sustainable ocean economy is not keeping pace with needs. The Kunming-Montreal Global Biodiversity Framework adopted in 2022 includes a target (target 19a) of at least $200 billion per year from all sources by 2030, including at least $20 billion from international public resources by 2025 and $30 billion by 2030. Overall biodiversity-related development finance from DAC members, South-South providers, multilateral institutions, private philanthropy and private finance mobilized by official development interventions reached $29.8 billion in 2023 (figure III.3.9). DAC members and multilateral institutions were the largest providers, contributing $13.9 billion and $13.6 billion, respectively.[16] ODA spent on combating desertification, land degradation and drought, and on the sustainable ocean economy totalled $3.9 billion and $4.29 billion, respectively, in 2023, with ODA for the sustainable ocean economy more than quadrupling from 2015 to 2023 (figure III.3.9).

Figure III.3.8
Climate finance provided and mobilized by developed countries for developing countries, 2015–2022
(Billions of US dollars)

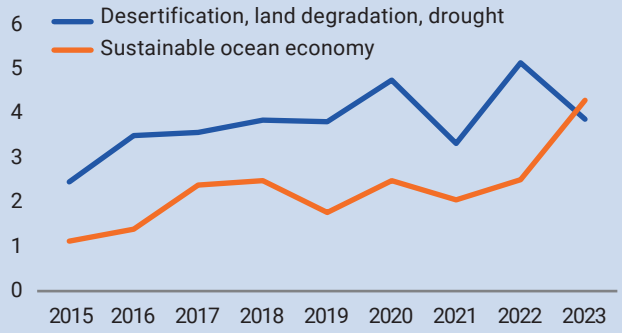


Source: OECD.

Figure III.3.9
Development finance for biodiversity from all sources, 2015–2023
(Billions of US dollars)



ODA for combating desertification, land degradation and drought, and for sustainable ocean economy, 2015–2023
(Billions of US dollars, constant 2023 prices)



Source: OECD.
Note: ODA flows for biodiversity, combating desertification, land degradation and drought and for the sustainable ocean economy might overlap.

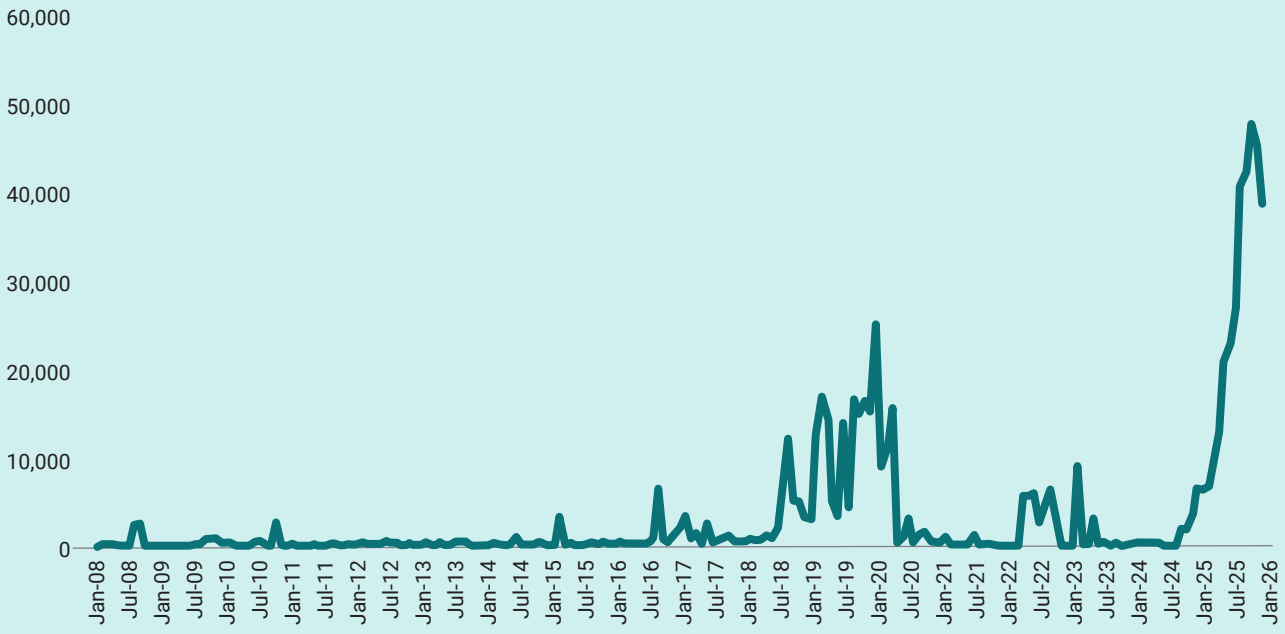
International trade as an engine for development **In Numbers**

Paragraph 43: Preserve the multilateral trading system as a key driver of economic growth and sustainable development

In paragraph 43, the Sevilla Commitment calls for the preservation of the multilateral trading system as a key driver of economic growth and sustainable development with the World Trade Organization (WTO) at its core. It also calls for actions on regional trade agreements, policy space, investment agreements and measures which restrict or distort trade.

A rise in geopolitical tensions and new trade-restrictive measures threaten the potential of trade to act as an enabler of sustainable development. Trade restrictions fuelled by geopolitical fragmentation have sharply increased in the last few years. The uncertainty created by new trade measures undermines the rules-based multilateral trade system built with the WTO at its core.[17] Developing countries that already have limited trading capacities are the most vulnerable in trade wars and rising protectionism. The multilateral system also protects smaller economies from power asymmetries. The WTO remains the only forum where countries are able to negotiate trade matters on an equal footing regardless of their size.

Figure III.4.1
World Trade Uncertainty Index, 2008–2026
(Index, GDP weighted average)

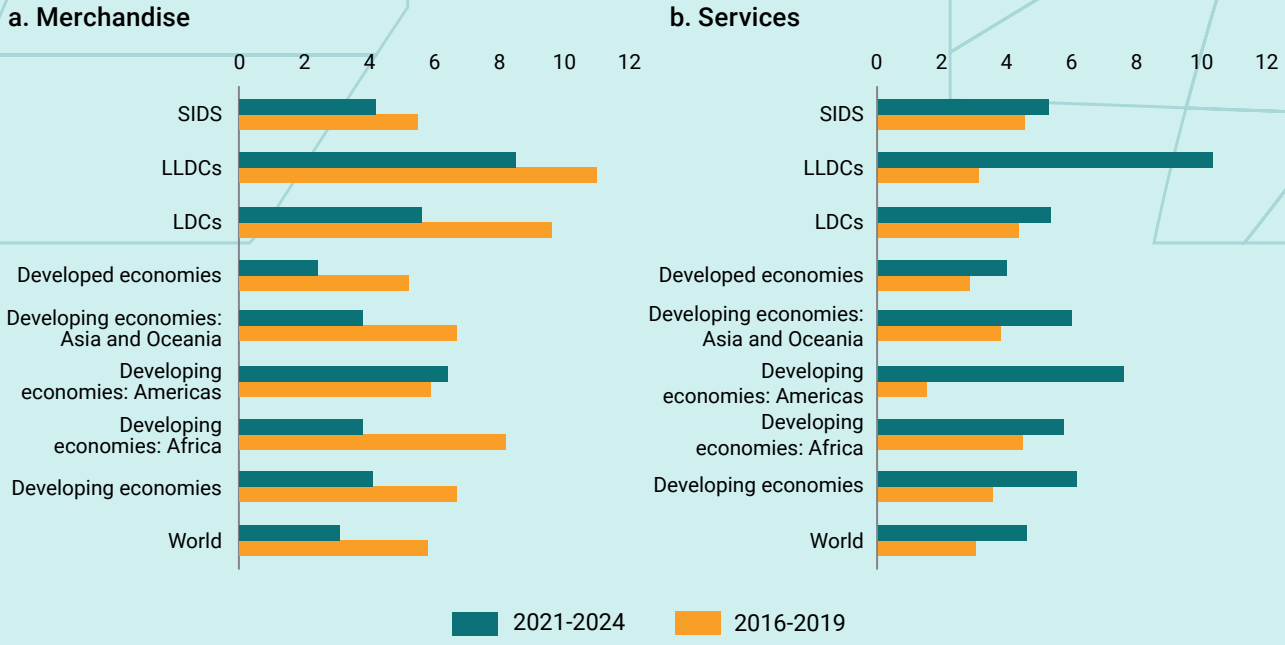


Source: World Uncertainty Index.

Figure III.4.2

Average export growth rate before and after the COVID-19 pandemic, by development status, merchandise and services

(Percentage)

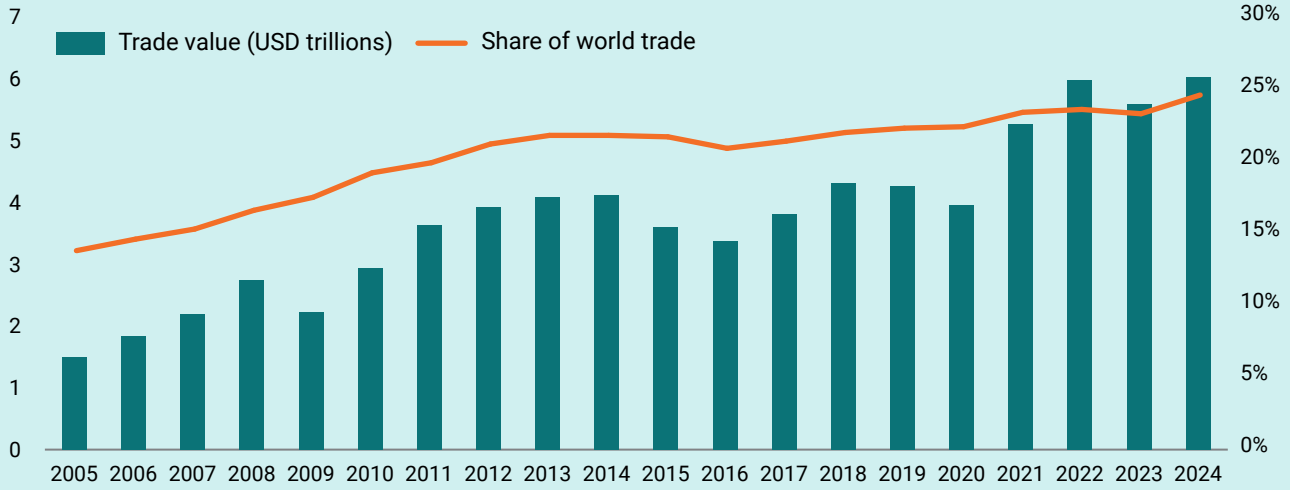


Source: UNCTAD calculations based on UNCTADStat.

Figure III.4.3

South-South Merchandise Trade, 2005–2024

(Trillion of US dollars, percentage)



Source: UNCTAD calculations based on UNCTADStat.

While trade has played an important role as an engine for development for decades, merchandise trade dynamism slowed in most regions even prior to the most recent crises. Moreover, many developing countries, particularly least developed countries (LDCs), have been constrained by limited capacities to trade and LDCs' integration into global value chains has remained weak. LDCs are also the least prepared to benefit from the opportunities offered by the rapid rise in South-South trade and the ongoing digital transformation, which are profoundly reshaping global trading and production patterns, offering new opportunities in areas such as trade in services.

The rise in South-South trade reflects the shift in trading patterns. The value of South-South trade increased more than fourfold from 2005 to 2024.

South-South trade exhibits a high technology intensity, with high- and medium-technology manufactured products together accounting for 50 per cent of South-South trade, suggesting its potential to foster economic diversification. As a result, developing country markets now account for a much larger share of developing country exports—almost 60 per cent in 2024.[18] This increase coincides with a growing number of regional and interregional trade agreements, although once again with large disparities between regions. In this regard, the operationalization of the Agreement Establishing the African Continental Free Trade Area, currently ratified by 49 countries, will be instrumental in accelerating the free movement of goods on the African continent and increasing African regional economic integration.

Paragraph 44: Strengthen trade capacities of developing countries

In paragraph 44, the Sevilla Commitment calls for efforts to strengthen the trade capacities of developing countries and their ability to integrate into regional and global value chains in a very challenging global context, including through aid for trade and support for trade-related infrastructure and digitalization.

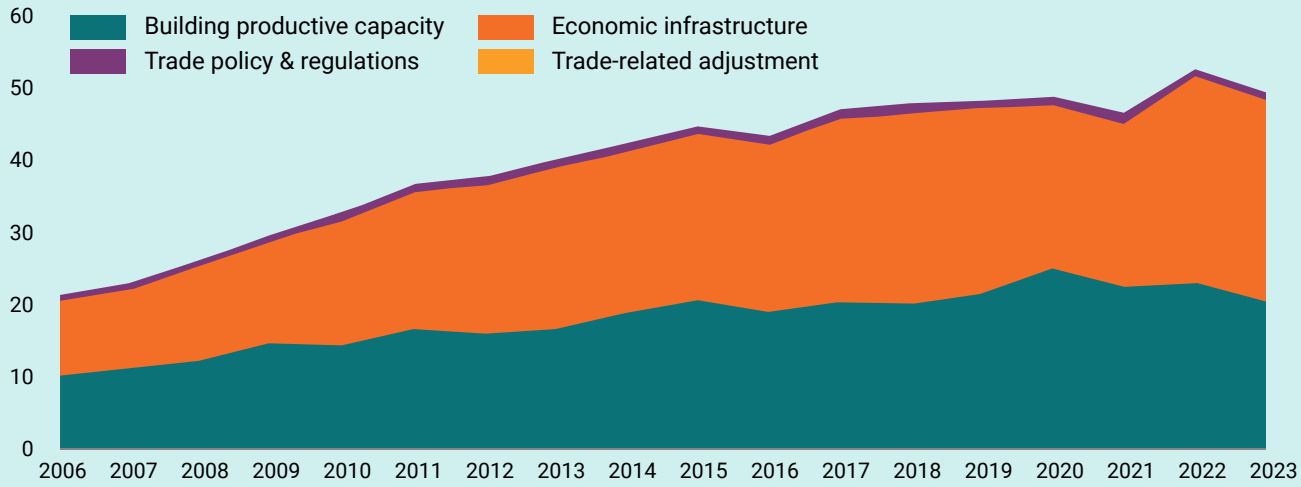
Additional support for trade-related infrastructure and trade facilitation and connectivity is critical, but aid for trade has stagnated in recent years. Investing in corridor infrastructure and services, underpinned by hard infrastructure such as roads, railways, ports and an enabling policy environment, is critical to trade integration, particularly for landlocked developing countries (LLDCs) and small island developing States (SIDS). Transit transport corridors are crucially important for LLDCs that lack direct access to seaports, and can lay the foundations for deeper economic integration. Similarly, investment in and coordination of monitoring, reporting and verifying compliance to meet the growing demand for transparency is needed. Nevertheless, while Aid for Trade annual disbursements almost doubled between 2006 and 2023, levels have stagnated in recent years and even registered a decline in volumes and as a share of total official development assistance (ODA) between 2022 and 2023.[19]

Digital transformation is having a profound effect on international trade, with services delivery becoming increasingly digitalized. Between 2014 and 2024, global exports of digitally deliverable services (DDS) grew at 6.8 per cent annually, faster than total services exports. The value of global DDS exports reached its highest level at US$4.9 trillion in 2024, representing 56 per cent of global services exports.[20] However, trade in DDS is marked by strong asymmetries across countries. In 2024, developed economies and developing economies in Asia accounted for

Figure III.4.4

Aid for Trade data on ODA for Trade Infrastructure and Productive Capacity Building, 2006–2023

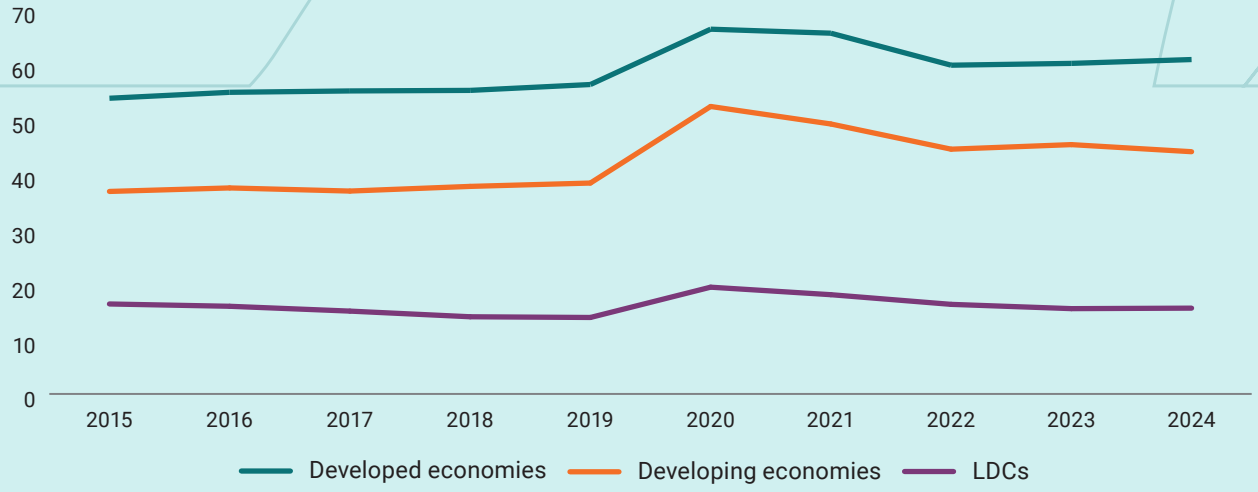
(Billion of US dollars, 2023 constant prices)



Source: OECD and WTO.

97 per cent of global exports of DDS. In the same year, the share of LDCs in exports of global DDS was 0.16 per cent. In 2024, DDS represented 61 per cent of services exports in developed economies but only 16 per cent of those in LDCs, underscoring the huge digital divide.[21]

Figure III.4.5
Digitally deliverable services as share of services exports, by development grouping, 2015–2024
(Percentage)



Source: UNCTAD calculations based on UNCTADStat.

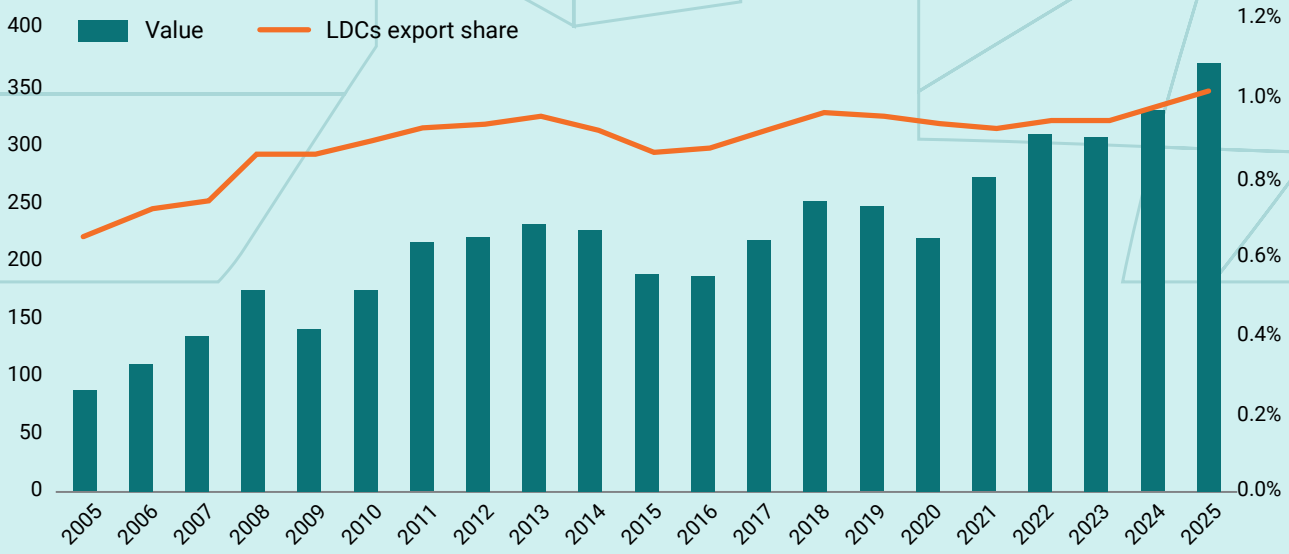
Paragraph 45: Boost trade in least developed countries

In paragraph 45, the Sevilla Commitment calls for actions to boost trade in LDCs, many of which remain marginalized and dependent on natural resources and primary commodity exports. Actions called for include strengthening preferential market access for LDCs, supporting LDCs to industrialize, diversify exports and develop service exports, and enhancing capacity-building.

The share of LDCs in world exports of goods and services remains at less than 1 per cent.[22] Export structures are highly concentrated and dominated by primary commodities. For many LDCs, export structures are dominated by primary commodities such as minerals, agricultural raw materials and low value added natural resource products, leaving them exposed to price volatility and external shocks. Limited diversification, constrained productive capacity and high trade costs continue to hinder their ability to move into higher value added segments of global markets. This underscores the importance of targeted support to build resilience and stimulate structural transformation.

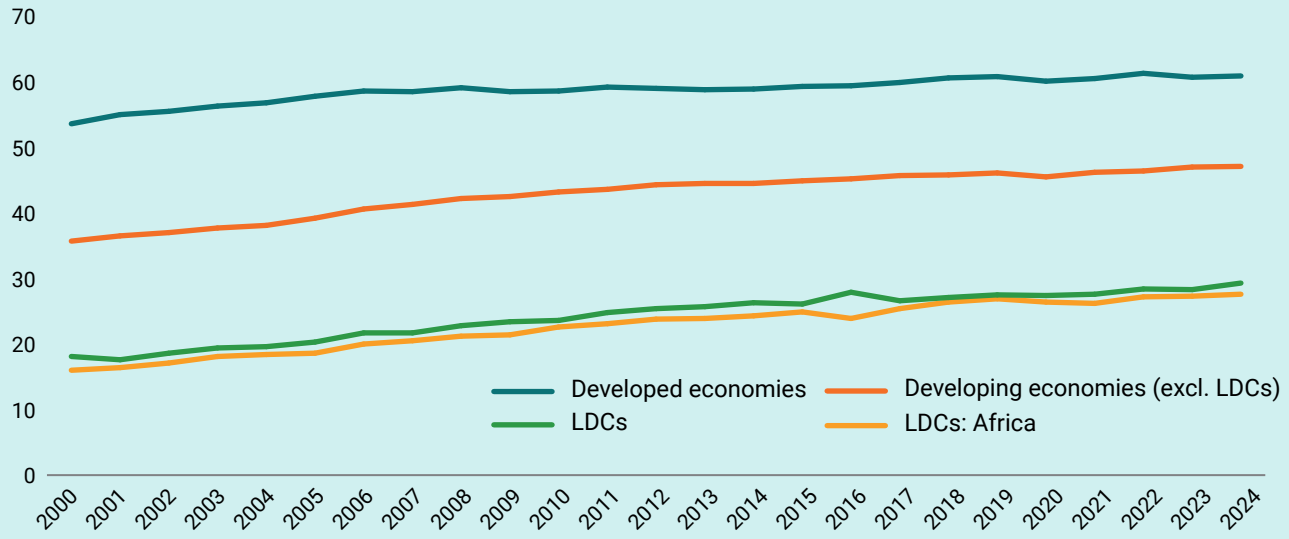
Weak productive capacities in LDCs can be seen as the causes and consequences of limited export diversification and structural transformation. While primary products still accounted for more than half of LDCs' total merchandise exports in 2024, exports of manufactures increased in value and their share in world manufactured exports rose modestly, from 0.61 per cent in 2019 to 0.65 per cent in 2024. This suggests that, while preferences and other policy measures have helped some LDCs move into labour-intensive manufactures, broader improvements in productive capacities and the business environment are needed to achieve more widespread and sustained export diversification across the LDC group. The Sevilla Commitment includes actions to support LDCs to industrialize and diversify exports, including in services. Data from the UNCTAD Productive Capacities Index (PCI) shows wide gaps in indices of product concentration and diversification in countries across different development status. Between 2000 and 2024, the disparities across groups remained large and persistent. In 2024, the median value of PCI for developed countries stood at 60.9 and for

Figure III.4.6
LDCs Share in Global Trade, goods and services, 2005–2025
(Billions of US dollars, percentage)



Source: UNCTAD calculations based on UNCTADStat.

Figure III.4.7
Productivity Capacity Index, by country grouping
(Overall Index)

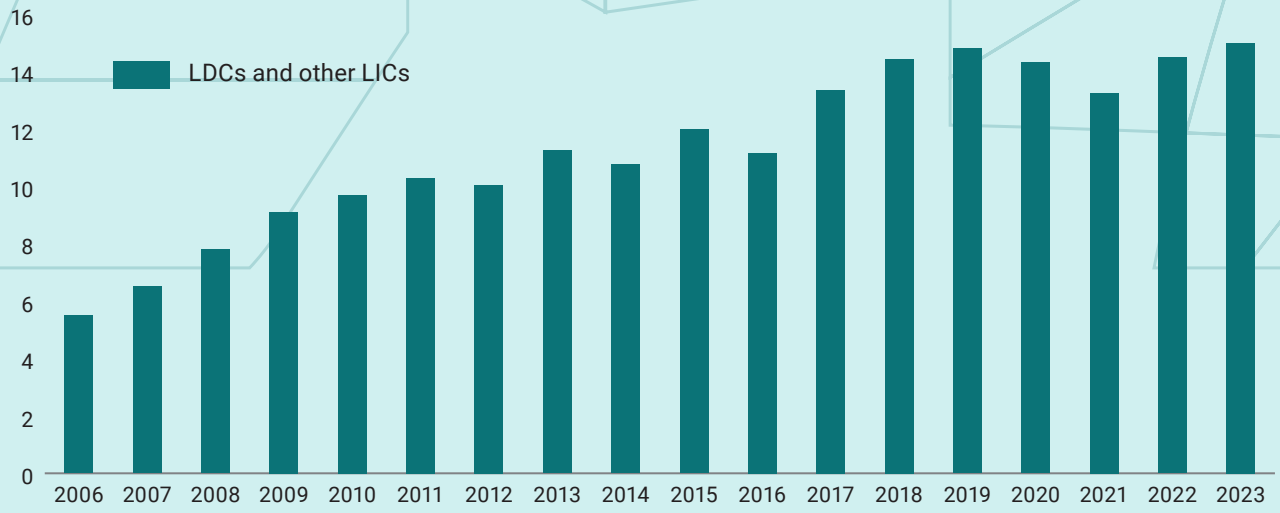


Source: UNCTAD calculations based on UNCTADStat.

developing countries (excluding LDCs) 47.1 whereas the corresponding figure for LDCs was 29.3 and for African LDCs 27.6.[23]

Despite growing needs to increase their trading capacity, Aid for Trade disbursements to LDCs have stagnated since 2018. The Sevilla Commitment recalls the commitment of the Doha Programme of Action to double Aid for Trade for LDCs by 2031 from 2018 levels and to continue to allocate at least 50 per cent to trade-related infrastructure.[24] This will require significant efforts from donors as Aid for Trade to LDCs has stagnated since 2018 to around $14 billion.

Figure III.4.8
Aid for Trade data for LDCs, 2006–2023
(Billions of US dollars)



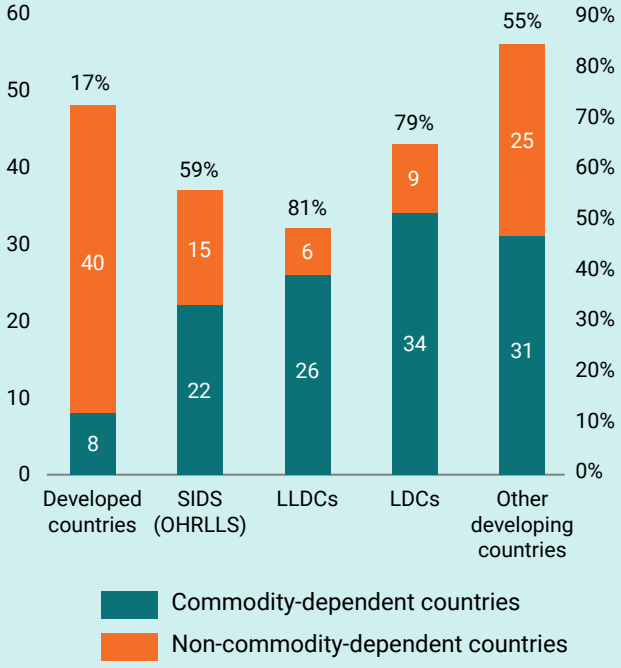
Source: OECD and WTO.

Paragraph 46: Increase local value addition and beneficiation of critical minerals and commodities in developing countries

In paragraph 46, the Sevilla Commitment calls for actions to increase local value addition and beneficiation of critical minerals and commodities for economic diversification in developing countries, including through efforts that can enhance traceability, transparency and accountability along the value chain. Actions also include support to developing countries to negotiate commodity contracts and encouraging global commodity partnerships.

Commodity-dependent countries can leverage commodity processing and value addition as a first step towards structural transformation. Many commodity-dependent countries present an economic configuration characterized by narrow productive bases, low complexity, and chronic exposure to price volatility. Global price volatility compounds these difficulties by destabilizing government revenues, encouraging procyclical fiscal policies and constraining long-term investment in infrastructure, skills and innovation. The Sevilla Commitment recognizes these risks and calls for stronger international support to help commodity-dependent countries diversify, add value to their natural resources and build productive capacities.[25]

Figure III.4.9
Commodity dependence by development group, 2021–2023
(Number of countries in each group, percent share by development level)



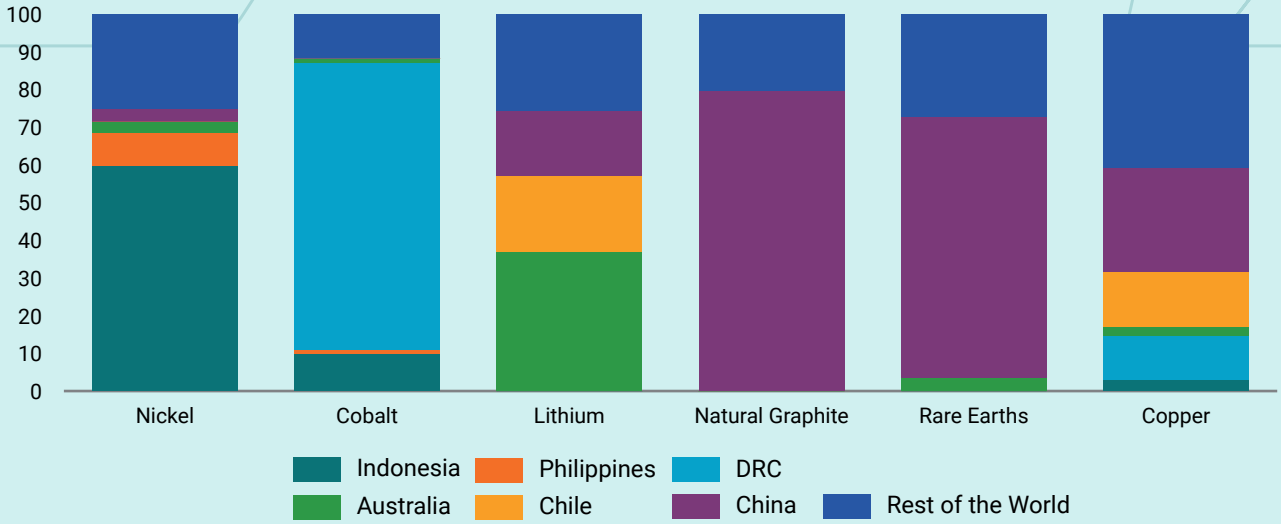
Source: UNCTAD, State of Commodity Dependence 2025.

Production of critical minerals is concentrated in a handful of countries. Value addition emerges as both a development imperative and a strategic opportunity. The Sevilla Commitment contains actions to encourage development partners and international financial institutions to engage in global commodity partnerships to support production, refining and processing of critical minerals and commodities in developing countries.

Figure III.4.10

Geographic distribution of the production of selected critical minerals

(Percentage)



Source: UNCTAD based on U.S. Geological Survey, Mineral Commodity Summaries, 2025.

Debt and debt sustainability In Numbers

Overview of public debt trends

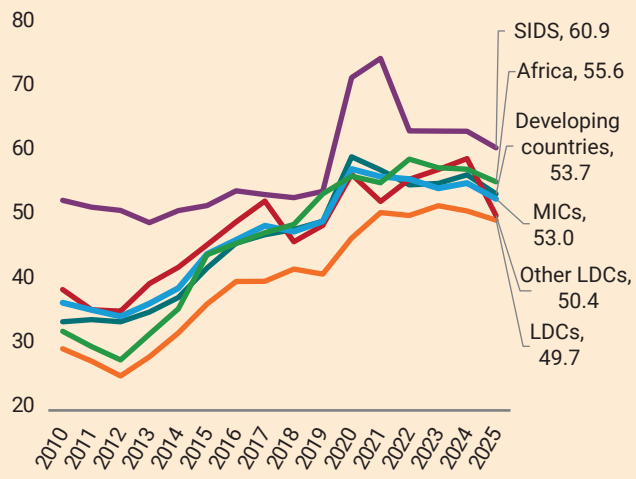
Public debt levels in many developing countries have stabilized in recent years after a sharp rise in 2020–2021 but remain at much higher levels than the pre-pandemic peaks. Along with high interest rates, this is translating into high debt service burdens and liquidity risks, albeit with variation across regions. While fiscal deficits have narrowed in many developing countries, debt service obligations have grown, squeezing fiscal space and limiting resources for social spending and investment in sustainable development.

Liquidity risks have become more prominent. For low-income countries (LICs), gross financing needs have nearly doubled over the past decade. While this partly reflects the increase in spending needs and the response to overlapping crises, the trend has been mainly driven by elevated interest costs and a marked shift towards domestic debt that has contributed to a significant increase in external and domestic debt service burdens, heightening rollover risks.

Figure III.5.1

General government debt evolution, median, by country group, 2010–2025

(Percentage of GDP)



Source: UN DESA calculations, based on IMF World Economic Outlook database (October 2025).

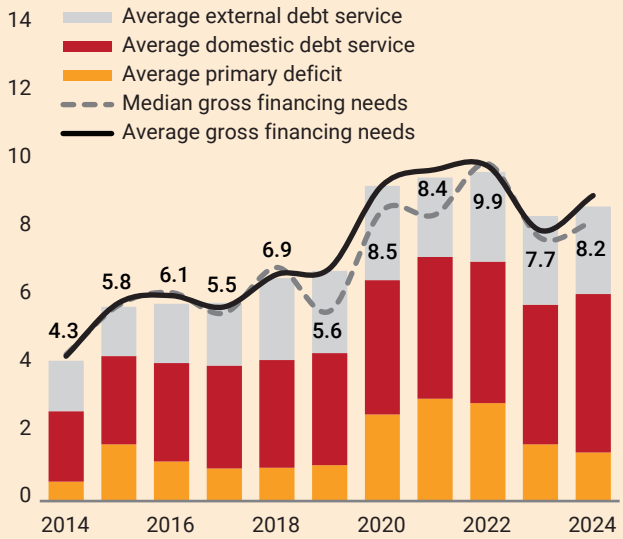
External public debt service relative to government revenue continues to climb in developing countries, returning to early-2000s levels. In 2024, among developing countries, median debt service on external public and publicly guaranteed (PPG) debt reached 9.9 per cent as a share of government revenue—the highest since 2004, as shown in figure III.5.3. For Africa, LICs and small island developing States (SIDS), the median debt service also reached levels last seen in the early 2000s. Fourteen developing countries had a public debt service-to-revenue ratio exceeding 20 per cent.

Shifts in creditor composition are reshaping sovereign risk profiles. Figure III.5.4 shows that, at end-2024, the share of private creditors in developing countries' total external PPG debt stock was 59 per cent, broadly unchanged from its pre-pandemic level, following a decade-long rise from 2010 onwards.

Figure III.5.2

Evolution of gross financing needs in low-income countries, by components, 2014–2024

(Percentage of GDP)



Source: IMF-World Bank Debt Sustainability Framework for LICs (LIC-DSF) database as of end-June 2025.

Least developed countries (LDCs) and other LICs also experienced a rise in commercial debt, though at lower levels. Following the pandemic, multilateral lenders increased their loans to LICs, which helped to counteract the drop in lending from bilateral creditors.

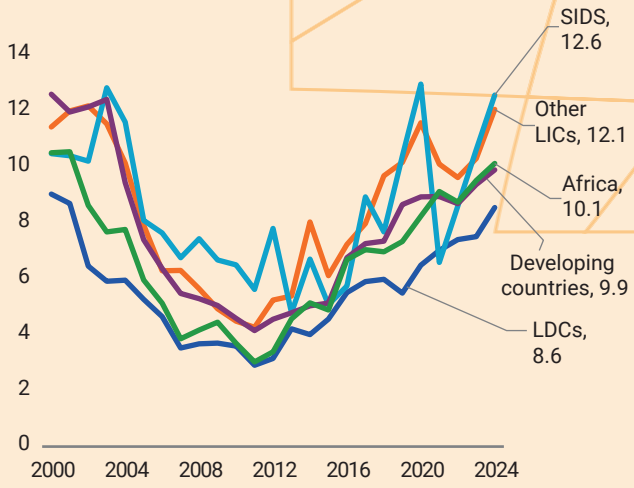
At the same time, domestic debt has assumed a more prominent role in public financing, particularly in LICs. Domestic debt exceeded 17 per cent of GDP in LICs in 2024—more than double its share a decade earlier—with over one fifth of LICs now holding more domestic than external debt, as shown in figure III.5.5. Greater reliance on domestic markets has helped to mobilize resources and mitigate exchange rate risk, but it has also heightened rollover and interest rate risks, especially in countries with shallow financial systems and low tax revenues. These vulnerabilities have intensified as new issuance has shifted towards shorter maturities—41 per cent of domestic debt newly issued by LICs in 2025 was short term. In many LICs, limited investor depth and weak legal frameworks compound these vulnerabilities, increasing the risk of fiscal dominance and crowding out credit to the private sector. It has also deepened the bank-sovereign nexus, heightening the risk of a broader financial crisis.

While the risk of a systemic debt crisis remains broadly contained, about half of LICs are still assessed at high risk of, or already in, debt distress, as shown in figure III.5.7. The outlook is clouded by global uncertainty, still tight financial conditions and persistent gaps in debt transparency. In 2024–2025, 43 per cent of high-risk ratings under the International Monetary Fund (IMF) and World Bank Group Debt Sustainability Framework for LICs (LIC-DSF) were triggered by breaches of liquidity indicators only, significantly higher than in previous periods.[26] This underscores the need for continuous monitoring of liquidity constraints, including to ensure that liquidity stress does not translate into solvency risks.

Figure III.5.3

Debt service on external PPG debt, median, by country group, 2000–2024

(Percentage of general government revenue)



Source: UN DESA calculations, based on World Bank International Debt Statistics (December 2025).

Paragraph 48: Debt crisis prevention

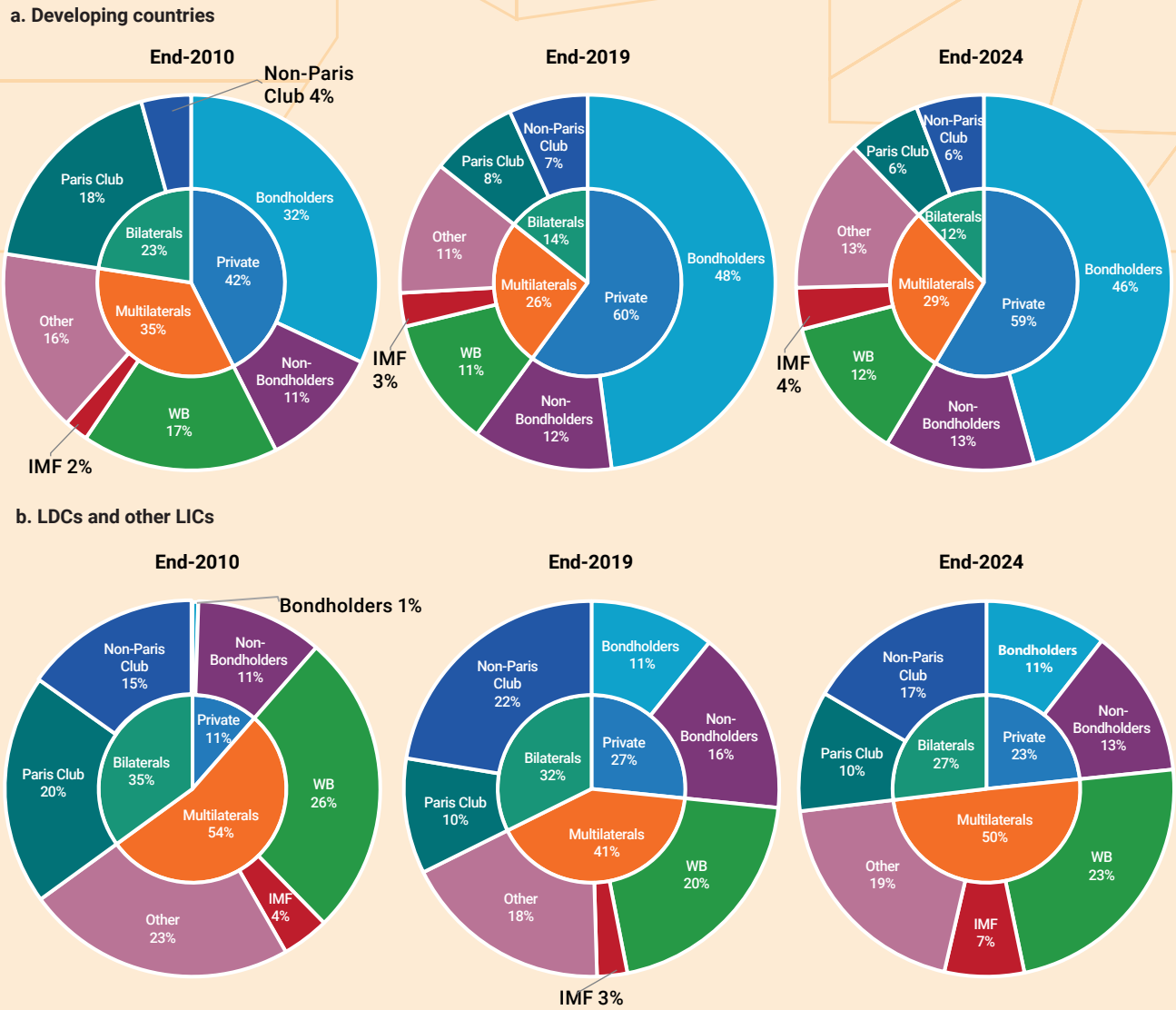
The Sevilla Commitment lays out concrete actions to improve debt management and transparency and promote responsible borrowing and lending. It calls for increasing transparency at the national level and harmonizing and strengthening debt data reporting at the global level. To enhance the resilience of sovereign borrowers in the aftermath of shocks, the Sevilla Commitment promotes the use of debt pause clauses in sovereign lending.

Debt management and transparency

There has been recent progress in debt management and transparency among LICs, but the risk of hidden debts remains. By 2024, fewer than 25 per cent of LICs—mainly fragile and conflict-affected States—had not published debt data in the previous two years, a significant improvement from over 40 per cent in 2020. However, fewer than one in four LICs reported loan-level information on new debt in 2025, as shown in figure III.5.6, and comprehensive coverage of subnational, state-owned enterprise and contingent liabilities remains rare. The risk of hidden debts remains significant. Against this backdrop, there is a growing case for advancing domestic debt transparency in line with external debt standards, given the increasing role of domestic debt in shaping liquidity risks.

There are ongoing efforts to strengthen debt reporting at the global and regional levels. The World Bank Group aims to expand its Debtor Reporting System (DRS) beyond external debt to include domestic liabilities, guarantees and collateral, as discussed in more detail in box IV.5.1 in chapter IV.5 on data, monitoring and follow- up. The World Bank Group has also leveraged automation tools such as the Loan Clearing Module to facilitate real-time reconciliation of loan-level data between borrowers and creditors, starting with a pilot in Indonesia. Scaling this initiative will require borrowers to adopt

Figure III.5.4
External PPG debt composition
(Percentage of total external PPG debt stock)



Source: UN DESA calculations, based on World Bank International Debt Statistics (December, 2025).

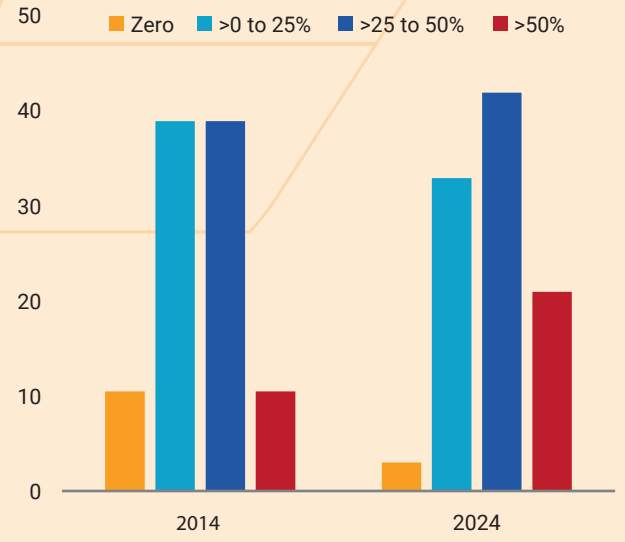
legal reforms enabling publication of loan-level data and active participation of creditors in reconciliation efforts. These debt reconciliation efforts and DRS reforms, in collaboration with other relevant stakeholders, are a step towards meeting the call in the Sevilla Commitment to streamline existing debt databases into a single, global central data registry.[27]

In parallel, IMF, the World Bank Group, the United Nations Trade and Development (UNCTAD) and United Nations regional commissions continue to support countries to strengthen debt recording and reporting, expand data coverage, enhance legal frameworks, and improve coordination across institutions. IMF and World Bank Group capacity-building support complements recent gains in transparency and helps to address remaining gaps, including limited reporting on subnational, state-owned enterprise and contingent liabilities. The latest release of the UNCTAD Debt Management and Financial Analysis System software (DMFAS 7) helps to improve alignment of national debt management systems with DRS and other global reporting frameworks. The Arab Debt Management Group, established by the United Nations Economic and Social Commission for Western Asia (ESCWA), in collaboration with UNCTAD, brings together the region's public debt managers to exchange experiences and strengthen capacity in debt data management, cost and risk analysis, and debt optimization strategies, including through the ESCWA Debt Optimization Platform.

Figure III.5.5

Distribution of LICs by domestic debt's share in total public debt, 2014 versus 2024

(Percentage of LICs)

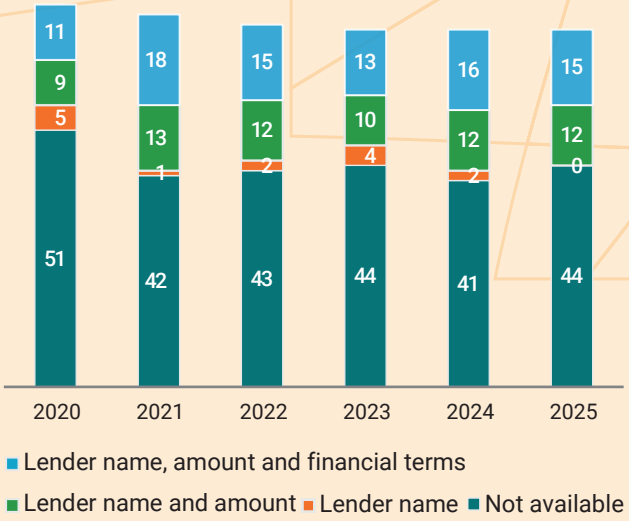


Source: IMF-World Bank LIC-DSF database as of June 2025.
Note: Each bar denotes the percentage of LICs that fall within a given range of domestic debt's share in total public debt, as indicated in the legend.

Figure III.5.6

Loan-level data published by LICs, 2020–2025

(Number of low-income countries)

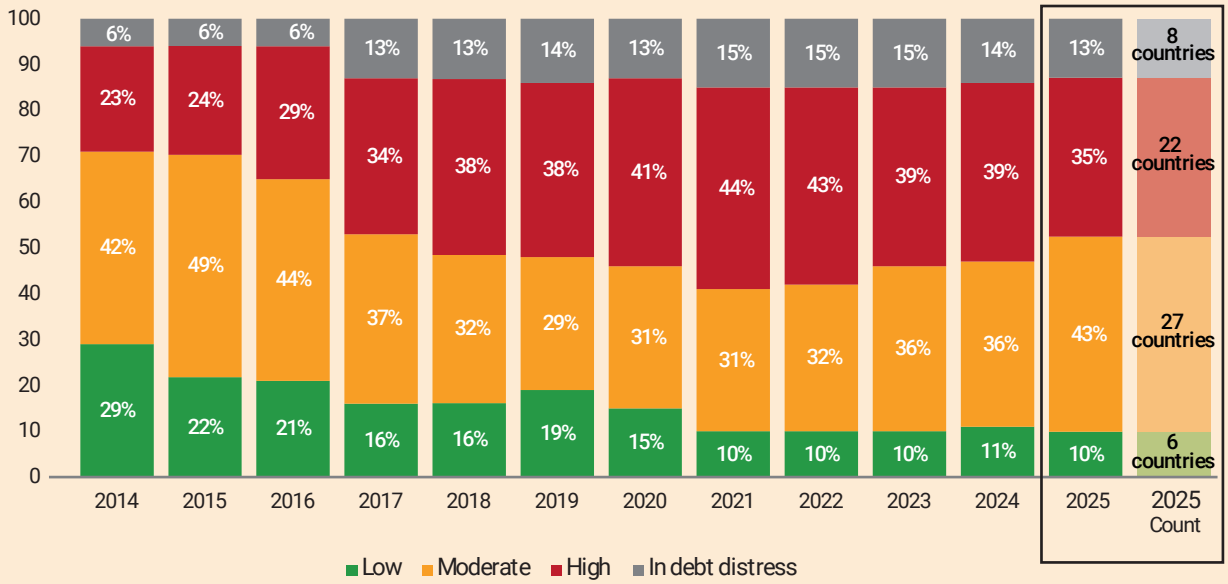


Source: World Bank Debt Reporting Heat Map, accessed in March 2026.

Figure III.5.7

LDCs and other LICs: External debt distress ratings, 2014–2025

(Percentage of LICs, number of LICs)



Source: LIC Debt Sustainability Assessment (DSA) database, as of 31 December 2025.
Note: In 2025, the methodology changed to exclude: Guyana (not Poverty Reduction and Growth Trust-eligible), St. Lucia (using Sovereign Risk and Debt Sustainability Framework), and Afghanistan, Myanmar, and Sudan (DSAs older than three years).

Uptake of debt pause clauses in sovereign debt contracts

Debt pause clauses are gaining traction in official lending but stronger efforts are required for their adoption in private lending. Multilateral Development Banks (MDBs) and bilateral creditors are increasingly incorporating debt pause clauses in their lending. A recent Group of Twenty (G20) survey on the incorporation of climate resilient debt clauses (CRDCs) by official lenders found that half (7 of 14) of the bilateral creditor countries and five of seven international financial institutions surveyed offer CRDCs in their lending instruments. While 69 per cent of borrower countries surveyed in sub-Saharan Africa have not included CRDCs in their debt contracts, most indicated willingness to incorporate these clauses in both their existing debt stocks and new debt.[28] While the majority of international financial institutions require the borrower to request for these clauses to be included, bilateral creditors are increasingly including them automatically in new lending.

The uptake of debt pause clauses by commercial creditors remains low to date. The Debt Pause Clause Alliance, a Spain-led coalition of countries and MDBs launched as part of the Sevilla Platform for Action, is working on a design of standardized debt pause clauses and will promote their adoption by all creditors, including the private sector. The Bondholder Working Group of the London Coalition on Sustainable Sovereign Debt has published a proposal on debt pause clauses for bonds issued in developing countries.[29] Efforts are also required to support borrower countries to better understand the use and benefits and assess the suitability of incorporating debt pause clauses in debt contracts.[30]

Working group on responsible borrowing and lending principles and the Borrowers' Platform

Work to operationalize the working group on responsible borrowing and lending principles is under way. The Sevilla Commitment requests the United Nations Secretary-General, together with IMF and the World Bank Group, to convene a working group tasked with proposing a consolidated set of voluntary guiding principles on responsible borrowing and lending and proposals for implementation. The working group is initiating its work in the first quarter of 2026 and will present an update to Member States at the United Nations Economic and Social Council Financing for Development (FFD) Forum in April 2026.

The Sevilla Commitment mandates the establishment of a platform for borrower countries. A working group, comprising a geographically representative group of seven developing Member States and supported by UNCTAD, was established in October 2025 to lead the process towards the formal establishment of the Borrowers' Platform. It was tasked with developing

Figure III.5.8

Official creditors that offer CRDCs in their lending instruments, 2025

(Percentage)

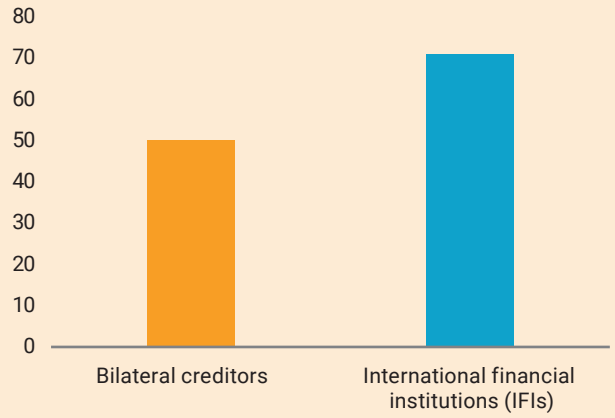
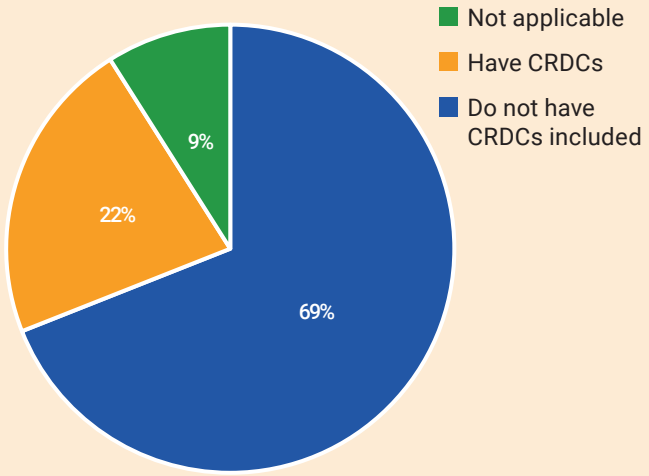


Figure III.5.9

Inclusion of CRDCs in existing debt contracts by borrowing countries in sub-Saharan Africa, 2025

(Percentage)



Source: G20 Presidency Note on Climate Resilient Debt Clauses: Mapping Exercise Results, October 2025.
Note: The bilateral creditors surveyed include Canada, France, Japan, Saudi Arabia, South Africa, Spain and the United Kingdom. Australia and Brazil indicated that they intend to include CRDCs in their lending. International financial institutions surveyed include the Asian Infrastructure Investment Bank (AIIB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IDB), IDB Invest and World Bank.

the core foundational elements, including its modalities, objectives, scope, governance structure and operational arrangements. Draft modalities such as membership eligibility criteria have been agreed and will be distributed to over 100 eligible Member States, together with invitations for them to become members of the Platform and attend its launch—planned to coincide with the IMF and World Bank Group Spring meetings in April 2026. Regional borrower networks such as the Arab Debt Management Group can contribute regional perspectives to the upcoming discussions under the Borrowers' Platform.

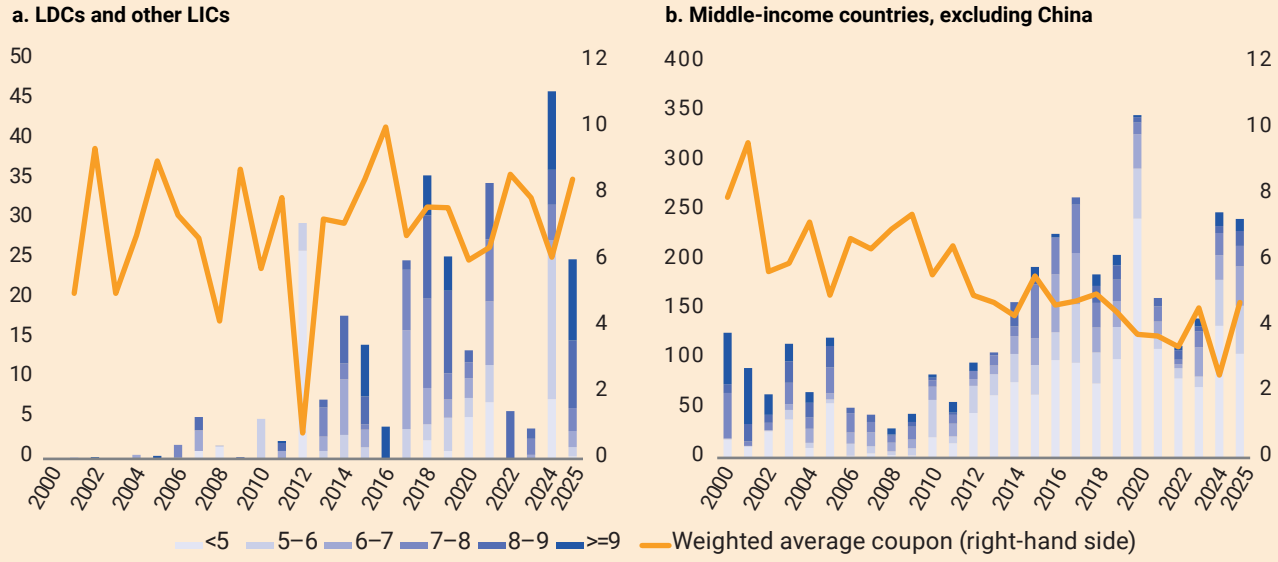
Para 49: Lowering the high cost of borrowing and debt service burden

The Sevilla Commitment calls for significantly lowering the cost of borrowing and providing more comprehensive and systematic support for developing countries that, while solvent, face high debt servicing costs. This section covers trends in borrowing costs and debt service burdens, and recent efforts to lower them, including debt-for-development swaps.

Borrowing costs and debt service burdens

Many developing countries continue to face elevated borrowing costs even as global financial conditions have eased. Despite some easing in sovereign spreads, global benchmark rates have kept market borrowing costs elevated for many developing countries. In 2025, the average coupon rate of hard currency bonds issued by LDCs and other LICs—weighted by issuance amount—increased to 8.4 per cent, up from 6.1 per cent in 2024, as shown in figure III.5.10. Bond market access, however, remains limited for many in this group, who continue to rely primarily on loans for external financing. Middle-income countries, excluding China, also experienced rising borrowing costs, with the weighted-average coupon rate on hard currency bonds increasing from 2.5 per cent in 2024 to 4.7 per cent in 2025. These higher borrowing costs emerged even as bondholder inflows to developing countries improved in 2024, contributing to a rebound in total net external public sector debt inflows. In this context, targeted guarantees could help to crowd in private finance from the external sector at lower cost, by lowering credit risk. On the domestic side, the nominal interest rates on public domestic debt are high—reaching up to 25 per cent in

Figure III.5.10
Sovereign bond issuance in hard currencies, by coupon rate, 2000–2025
(Billions of US dollars, Per cent)



Source: UN DESA calculation, based on LSEG data.
Note: Data includes sovereign bond issuance in pounds sterling, euros, Japanese yen, United States dollars, and Chinese renminbi. In both panels, the weighted average coupon rate was calculated using issuance amount in US dollars as the weight.

some LICs—with the median at about 5 per cent and average about 7 per cent in 2024, reflecting shallow markets and inflation volatility.

Rising debt service burdens in developing countries further constrain essential social spending and crowd out investment in sustainable development, including on education, health and infrastructure. Between 2018 and 2024, 73 per cent of developing countries with data available saw an increase in interest payments, as shown in figure III.5.11. In sub-Saharan Africa and commodity-exporting LICs, interest payments on total public debt have more than doubled over the past decade, from around $13 billion in 2014 to $35 billion in 2024. During 2021 to 2023, 45 developing countries spent more on debt interest payments than on health, up from 34 countries a decade ago, while the number of developing countries who spent more on debt interest than on education increased from 12 to 22 during the same period.

The joint World Bank-IMF Three-Pillar Approach can also be understood as a framework supporting solvent countries facing elevated liquidity pressures and high debt servicing costs. By jointly addressing domestic resource mobilization, strengthening international support, and introducing innovative instruments to reduce debt service burden, the Approach aims to mitigate near-term financing strains and reduce the risk that such pressures evolve into longer-term debt sustainability challenges.

The Sevilla Commitment calls for the operationalization of the Global Small Island Developing States Debt Sustainability Support Service (DSSS), which was previously launched at the Fourth International Conference on SIDS as part of the SIDS Centre of Excellence. DSSS is currently in the early stages of operationalization and aims to provide voluntary, needs-based support to SIDS on debt sustainability strategies, resilience investment, insurance-based protection against future debt distress, capacity-building, and legal and commercial negotiation.

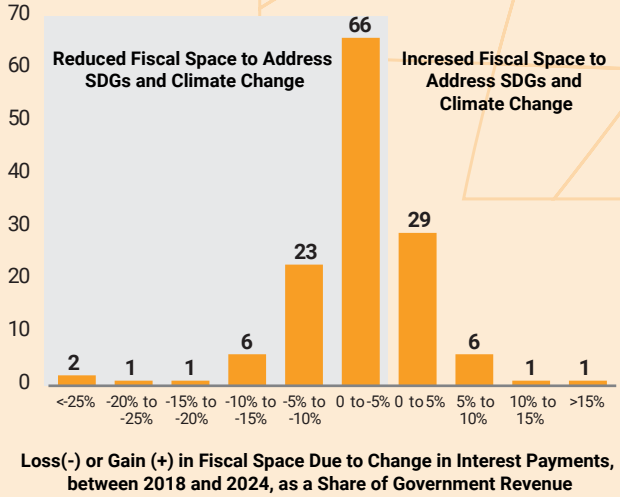
Debt-for-development swaps

Debt-for-development swaps are increasing in deal size. There has been a total of 277 debt-for-development swaps since their emergence in 1987 up to November 2025. While activity over the last decade was modest, debt-for-development swap deals have become significantly larger, as shown in figure III.5.12. In 2024, the total swap value reached a historic high, led by the large multiparty debt-for-nature swaps of Ecuador (US$1.5 billion) and El Salvador (US$1 billion). Debt-for-nature swaps dominated in terms of both swap activity and value.

Figure III.5.11

Impact of change in interest payments on fiscal space between 2018 and 2024, developing countries

(Number of developing countries)



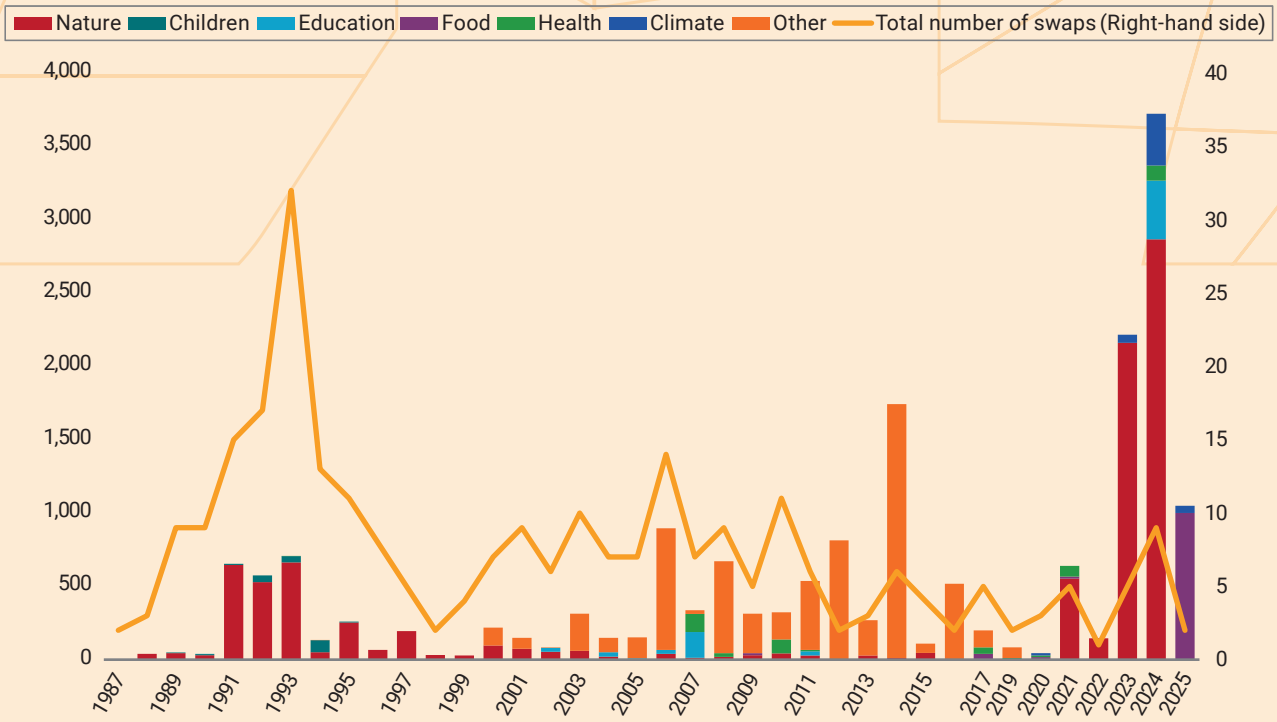
Source: UNCTAD calculations, based on IMF Fiscal Monitor and Government Finance databases.

Lessons from recent debt swap operations, such as the Côte d'Ivoire debt-for-education swap, highlight their potential. The transaction refinanced €400 million of commercial debt using a World Bank guarantee, freeing up €330 million for education projects and generating lifetime savings of €60 million in net present value terms. Nonetheless, more widespread uptake remains constrained by high transaction costs, technical capacity constraints and underdeveloped local markets. The launch of the joint World Bank-IMF framework for debt-for-development swaps could help to optimize the decision-making of stakeholders around such swaps, stressing rigorous net-benefit assessments, rating considerations and transparency. The Global Hub on Debt for Development Swaps launched by Spain and the World Bank Group under the Sevilla Platform for Action also aims to support further growth in swap operations, by facilitating the exchange of learning and peer experiences and providing technical assistance.[31] Regional efforts such as the ESCWA Climate/SDGs Debt Swap-Donor Nexus Initiative have also supported countries in operationalizing innovative debt swaps.

Figure III.5.12

Value and number of sovereign debt-for-development swap, by purpose, 1987–2025

(Total face value of swaps, millions of US dollars; Total number of swaps)



Source: UNCTAD Sovereign Debt Swap Database.
Note: Each coloured block within a column represents the total value of swaps for a given purpose in that year.

Para 50: Reform the debt architecture

The Sevilla Commitment calls for continuing to work towards debt restructurings that are timely, orderly, effective, fair, negotiated in good faith, predictable and coordinated. This section covers trends and recent developments in efforts to improve debt restructuring processes.

Post-pandemic debt restructurings remain lengthy but have shortened in the most recent cases. Under the G20 Common Framework, which provides a single-entry point among G20 and Paris Club creditors, efforts have been made to clarify and accelerate the restructuring process, including with the launch of the Global Sovereign Debt Roundtable (GSDR) Restructuring Playbook (April 2025) that provides clarity on key steps, concepts and processes. There is some evidence that coordination of official creditors has improved under the Common Framework, with Ghana—the most recent case to conclude a significant portion of debt restructuring with private creditors—completing its bond restructuring in 1.9 years, less than the 4.1 years in the earlier case of Zambia. Outside of the Common Framework, Sri Lanka's restructuring was shorter than the preceding case of Suriname. Across post-pandemic debt restructurings that involve private creditors as shown in figure III.5.13, creditor losses amount to 36.9 per cent on average in net present value terms.

Despite the progress, the overall restructuring process remains lengthy and extends beyond the typical time frame observed in the past.[32] For restructurings involving private creditors, since 2020, the timeline from the announcement of a restructuring or default to the completion of a debt exchange has varied widely but was protracted in many cases. Overall, average duration of external debt restructurings in 2020–2024 as included in figure III.5.13 was 2.5 years, significantly longer than the 1.1-year average in 2014–2020.[33]

Further improvements in restructuring processes are needed to deliver efficient and timely debt restructuring for countries where debt is not sustainable. Protracted debt restructurings underscore the importance of ongoing reforms to the international debt architecture, including clearer procedures, enhanced transparency and stronger engagement among all stakeholders, to ensure that debt restructurings are not only comprehensive but also sufficiently rapid to restore debt sustainability and support economic recovery.

The 5th GSDR cochairs' progress report in October 2025 highlighted several issues that require further progress. These include: (i) improve coordination between official and private creditors, which includes incentivizing parallel, rather than sequential, negotiations when it fits the debtor country's strategy; (ii) acceleration of the restructuring of non-bonded commercial debt; and (iii) early post-restructuring credit rating upgrade. On comparability of treatment, GSDR discussions underscored the growing support for, but not yet consensus on: (i) earlier and more comprehensive publication of the key terms of the agreement in principle between the debtor country and the official creditor committee; and (ii) refinement of comparability of treatment implementation for non-bonded private creditors.

In line with the Sevilla Commitment, further discussion can also include expansion of coordinated debt treatment to middle-income countries not covered by current initiatives. The range and complexity of outstanding issues highlight the importance of an inclusive dialogue on debt that brings together all relevant stakeholders, as envisaged in the Sevilla Commitment.

There is significant progress in the uptake and use of collective action clauses for bonded debt, but coordination challenges persist among non-bonded creditors. An IMF review of restructurings of private debt between 2020 and 2025 found that 79 per cent of international sovereign bonds have collective action clauses as of end-June 2025, up from 50 per cent as of end-June 2020. In contrast, uptake of majority voting provisions in loan contracts remains low and falls short in addressing coordination issues among non-bonded creditors. Recent restructurings have also featured other contractual clauses to ensure fair burden sharing among creditors, address uncertainties regarding the future fiscal position of the debtor country and promote transparency, including most favoured creditor clauses, value recovery instruments, loss reinstatement clauses and information provision clauses.

Paragraph 51: Improve debt sustainability and credit assessments

The Sevilla Commitment urges reform of debt sustainability analyses and sovereign credit ratings to better account for sustainable development spending needs and investments, considering their impact on long-term growth. This section discusses the ongoing reform of LIC DSF by the World Bank Group and IMF, the rating of innovative financing instruments by credit rating agencies and post-restructuring credit upgrades.

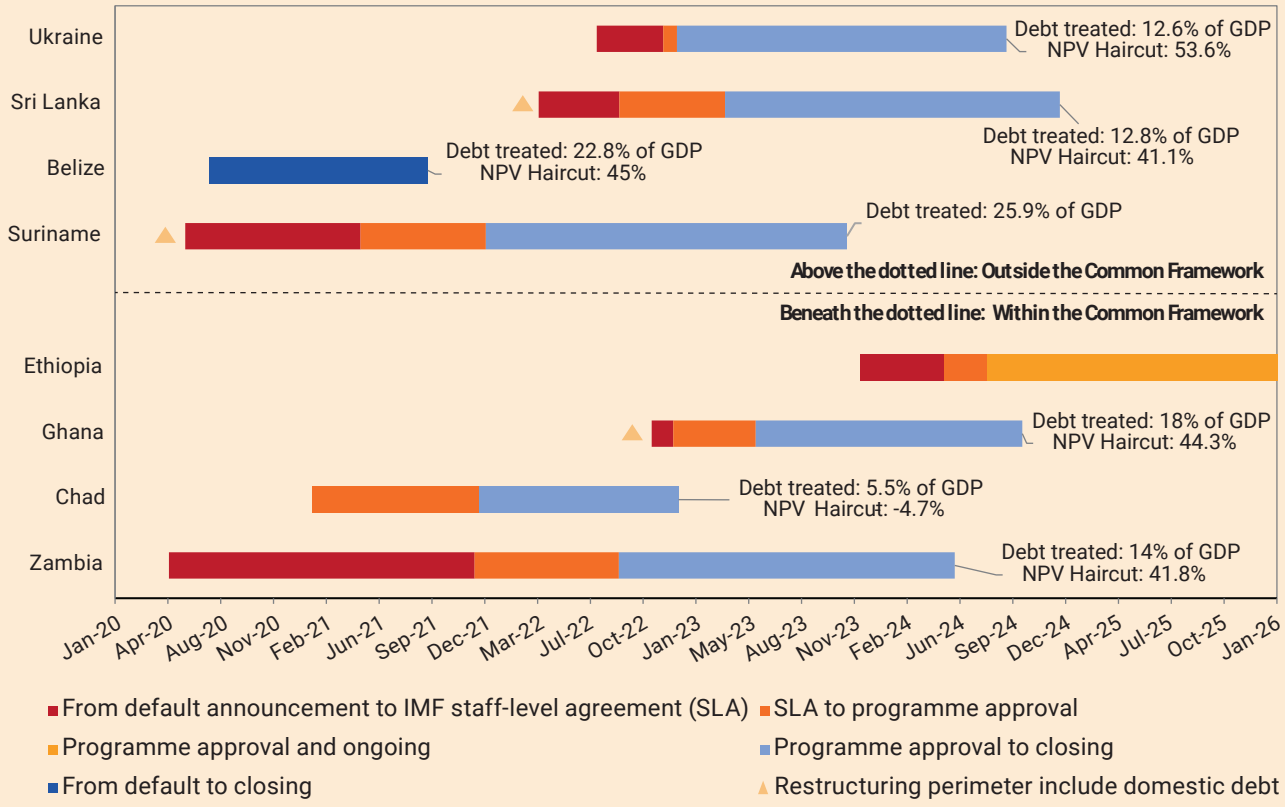
The review of LIC DSF by the World Bank Group and IMF is still ongoing. The review of LIC DSF aims to better capture the evolving debt landscape, including the increasing complexity of debt instruments, the growing role of domestic debt and the heightened exposure to shocks. Key enhancements include improved methodologies for assessing debt-carrying capacity, more granular treatment of contingent liabilities, and greater integration of macroeconomic and fiscal risks, including long-term vulnerabilities. The updated LIC DSF will also place a stronger emphasis on transparency and risk assessments at different time horizons, supporting both borrowers and creditors in making informed decisions, and clear identification of potential vulnerabilities. One of the focus areas includes developing a long-term climate change module to deepen the coverage of climate risks and the economic benefits of climate investment and policies, in line with the call in the Sevilla Commitment.

Credit rating agencies continue to scrutinize the use of innovative financing instruments, such as state-contingent debt instruments and liability management operations (including debt swaps and buybacks), and their impact on debt sustainability and creditworthiness. There have been discussions at GSDR with credit rating agencies about their approaches to assessing these instruments, including the conditions under which they would assign ratings.[34] The need for more frequent and structured interaction among credit rating agencies, governments, investors and other market actors—particularly around data availability, policy commitments and reform trajectories—is discussed in chapter IV.4 on international financial architecture and systemic issues.

Non-bonded commercial debt complicates post-restructuring credit upgrades. The trajectory of sovereign credit ratings after restructurings remains a critical concern, particularly for countries with significant amounts of unrestructured commercial debt. While successful restructurings can pave the way for credit upgrades, the presence of non-bonded commercial claims complicates and delays the process as upgrades require the resolution of sufficient commercial debt, as illustrated by Zambia's experience. What credit rating agencies deem sufficient for a credit upgrade is assessed on a case-by-case basis rather than a specific numerical threshold.[35] Stronger efforts are required to develop a coordination mechanism for non-bonded commercial creditors to better support countries undergoing restructuring.

Figure III.5.13

Timeline of select external debt restructurings that involve private creditors since 2020



Source: UN DESA compilation, from GSDR cochairs' fifth progress report, October 2025; T. Asonuma, and C. Trebesch, Sovereign Restructuring Database, 2025; and IMF staff report, A Stocktaking of the Current International Architecture for Resolving Sovereign Debt Involving Private Sector Creditors, October 2025.
Note 1: Series with a triangle at the beginning indicate that both domestic and external debt were treated.
Note 2: "Closing" means "closing of bond exchange", except for the case of Chad, which only involved external loan.
Note 3: All these cases had residual debt to be restructured of less than 6 per cent of the total restructuring perimeter, except Ethiopia, as of October 2025.
Note 4: Belize had no IMF programme during its debt restructuring.
Note 5: For Ethiopia, there was no formal announcement of the staff-level agreement (SLA). The chart shows the date when agreement was made between IMF staff and the Ethiopian authorities on policies.
Note 6: Chad requested debt restructuring under the Common Framework in January 2021 and reached SLA with IMF in the same month. Debt treatment from official bilateral creditors for Chad was contingent on oil price developments. Higher-than-expected oil prices led to accelerated repayments, resulting in negative haircuts.
Note 7: Debt restructurings on external loans for Ghana, Sri Lanka and Zambia are ongoing and have not yet completed as of December 2025.
Note 8: Net present value (NPV) haircut correspond to 1- (present value of new bonds/present value of old bonds).
Note 9: NPV haircut for Suriname is not reported, as the figure is not directly comparable. This is due to the structure of the value recovery instrument used in its restructuring being different from those in recent cases.

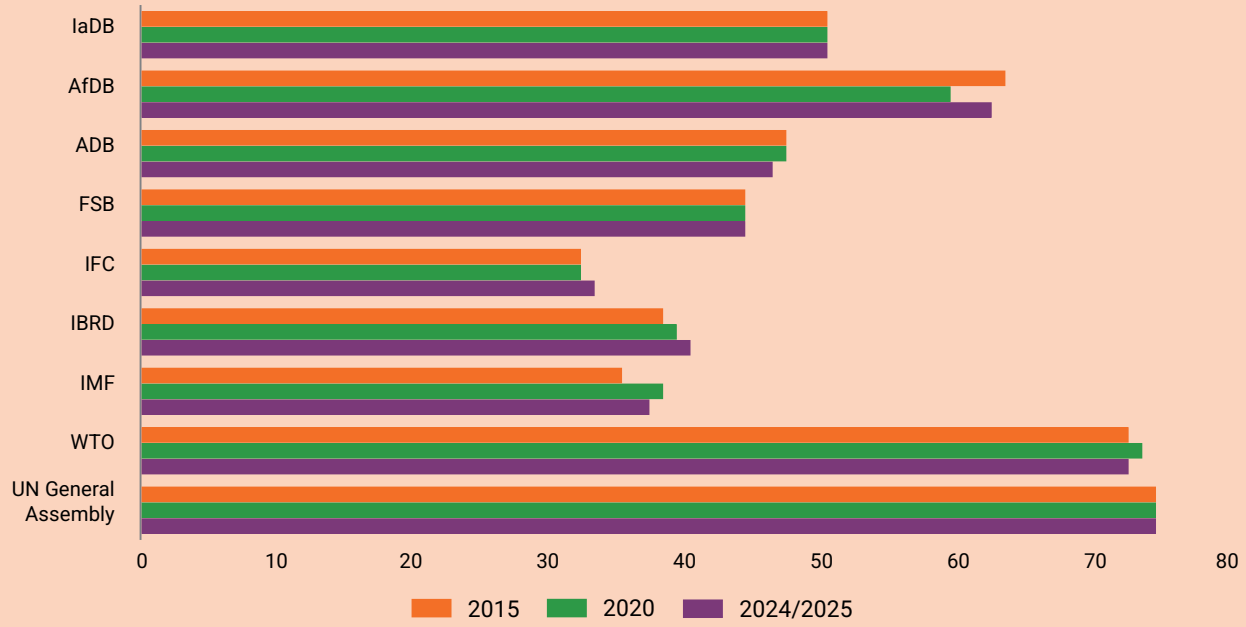
International financial architecture and systemic issues **In Numbers**

Para 53: Further strengthening global economic governance

The Sevilla Commitment calls for efforts to strengthen global economic governance by enhancing the voice and representation of developing countries in international economic and financial institutions; promoting transparent, merit-based and gender-balanced leadership and governance structures; and strengthening transparency, accountability and diversity in decision-making.

There have been only marginal changes in the voting rights of developing countries at international economic and financial institutions in the last decade. Members of international economic and financial institutions have experienced challenges in agreeing to formal reforms. Developing country voting rights vary widely across these institutions. Voting power has not changed significantly since 2015. No institutions have changed the size of their executive boards since the International Monetary Fund (IMF) Executive Board increase to 25 seats in October 2024. Three institutions have boards that produce separate diversity reports.

Figure III.6.1
Developing countries' representation in international economic and financial institutions
(Percentage)



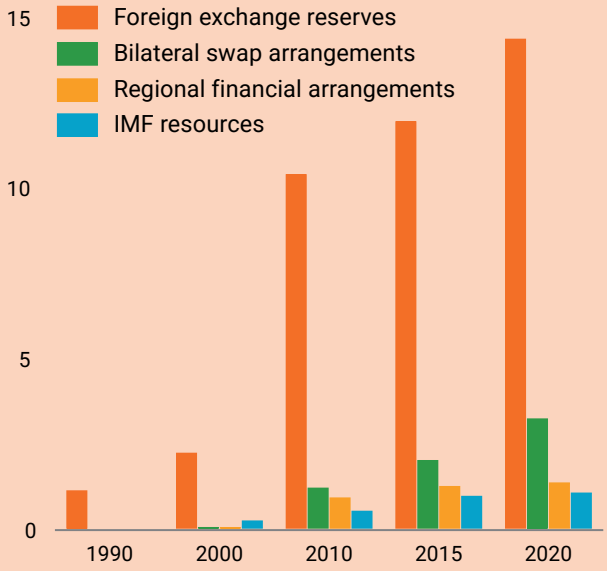
Source: UN DESA calculations.

Para 54: Further strengthening the global financial safety net amid increasing systemic risks and the growing frequency and intensity of crises

The Sevilla Commitment calls for strengthening the global financial safety net, with a strong IMF at its centre. It encourages improved access to crisis, precautionary and concessional IMF lending; strengthened regional financial arrangements; and protection of social spending during shocks. It further recognizes the role of special drawing rights (SDRs) and invites the development of an SDR playbook.

While the layers of the global financial safety net have grown substantially, access and coverage are uneven. International reserves reached about $14 trillion in 2023, but least developed countries hold less than 1 per cent of these in the aggregate. Regional arrangements had a lending capacity of about $1.3 trillion in mid-2025. Bilateral swap arrangements aimed at easing market pressures in systemically important developed countries that issue reserve currencies have become important in containing crises. While many of the five central banks issuing currencies in the SDR basket have arranged unlimited swaps with each other, at least one of them has an unlimited swap line with two other countries, one in Europe and one in the Americas. Three smaller European countries have a network of unlimited swaps among each other, and there is one non-reserve currency issuing central bank in the Americas that has unlimited swap lines with one non-reserve currency issuing central bank in Europe and one in Asia. No countries in Latin America, Africa or Oceania have access to unlimited swaps. The number of countries with access to any liquidity lines in Asia (47 per cent of all countries in the region), is much greater than for European (non-euro area) countries (28 per cent), Latin America and the Caribbean (17 per cent), Oceania (14 per cent), and Africa (9 per cent).

Figure III.6.2
Global financial safety net resources
(Trillions of US dollars)



Source: IMF.

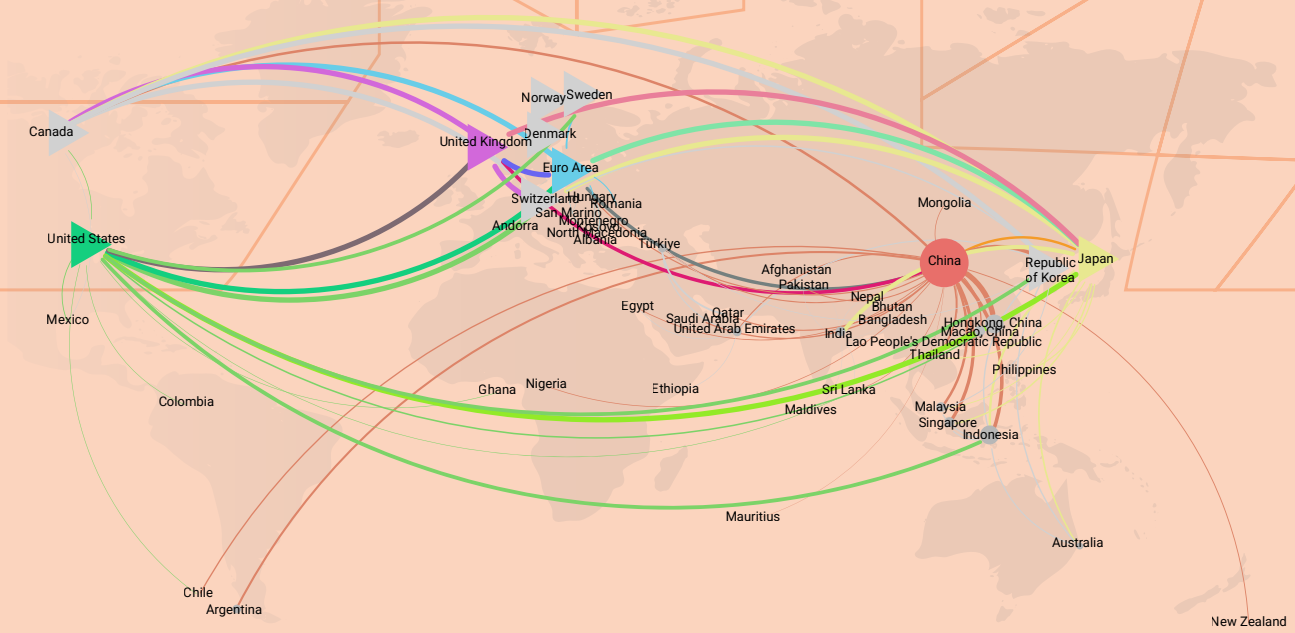
Para 55: Ensuring that the financial system supports accurate, objective and long-term-oriented credit ratings

The Sevilla Commitment establishes a recurring high-level meeting on credit ratings under the United Nations Economic and Social Council (ECOSOC), and promotes greater transparency, improved regulation and accountability of rating agencies. It also calls for reduced overreliance on ratings and enhanced data availability.

Credit ratings and assessments broadly track default rates. Since 2008, regulations and rules have significantly changed to better monitor and supervise the conduct of credit rating agencies. Still, the three major credit rating agencies hold almost 92 per cent of the market share for credit rating services in Europe. There is no consensus on the existence or magnitude of biases against developing countries. African countries are moving ahead on the establishment of a new African Credit Rating Agency.

Figure III.6.3

Current bilateral liquidity lines

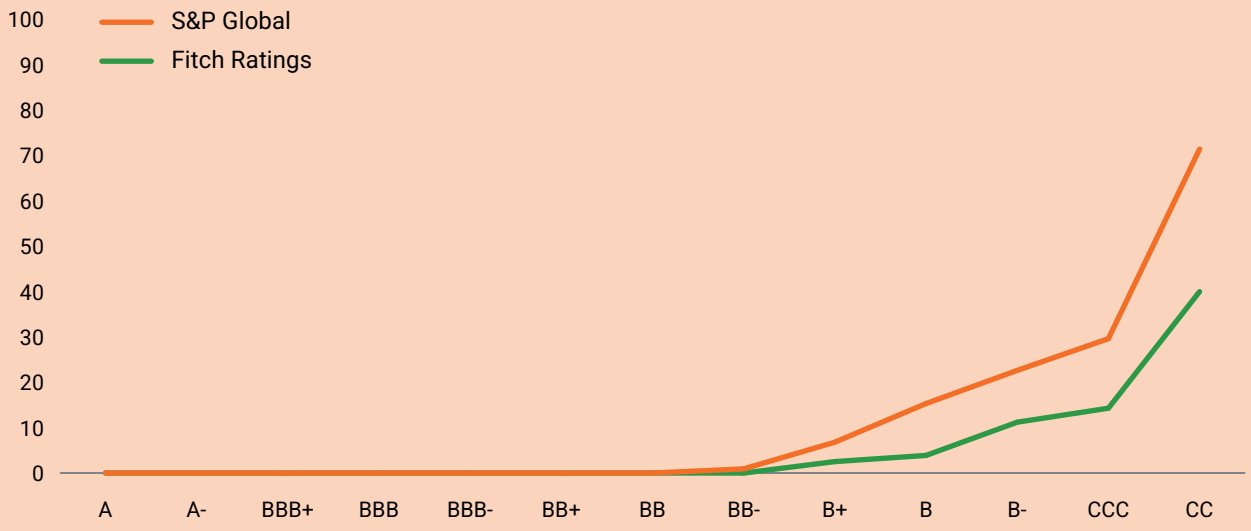


Source: IMF, UN DESA calculations.
Note: Scaled by volume. See figure IV.4.4 for a full explanation.

Figure III.6.4

3-year forward sovereign default rate, 2015–2024

(Percentage)

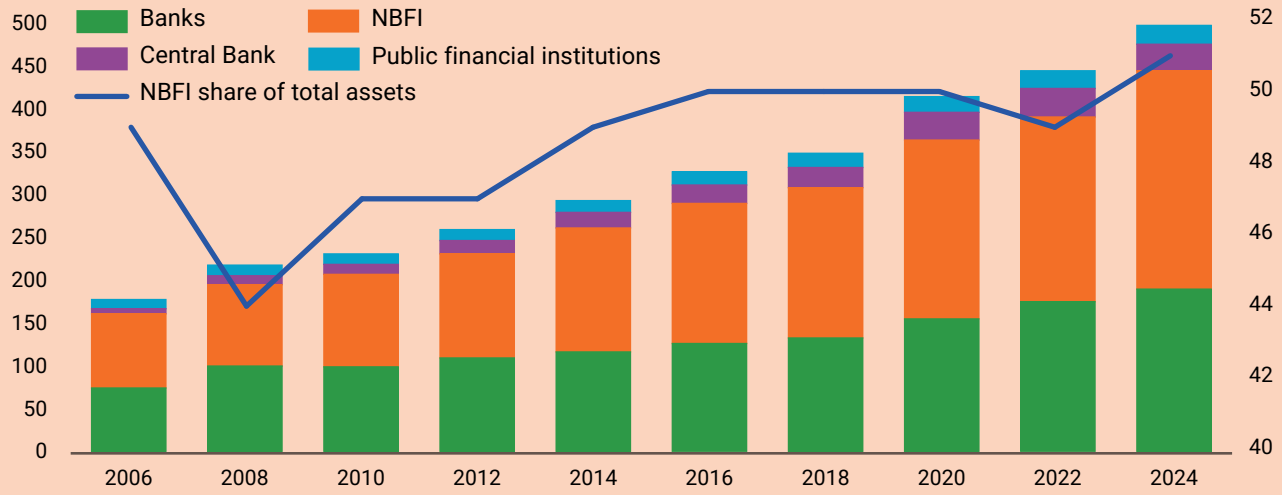


Source: UN DESA calculations.

Para 56: Continuing to enhance financial regulation to promote stability and sustainability

The Sevilla Commitment recognizes efforts to safeguard financial stability through robust, risk-based financial standards. It calls for further analysis of risk weightings, continued monitoring of risks from non-bank financial intermediation, and consideration of incorporating transition plans and climate stress testing in national financial regulation and supervision.QQQQ

Figure III.6.5
Global financial assets
(Trillions of US dollars, percentage)



Source: UN DESA calculations.

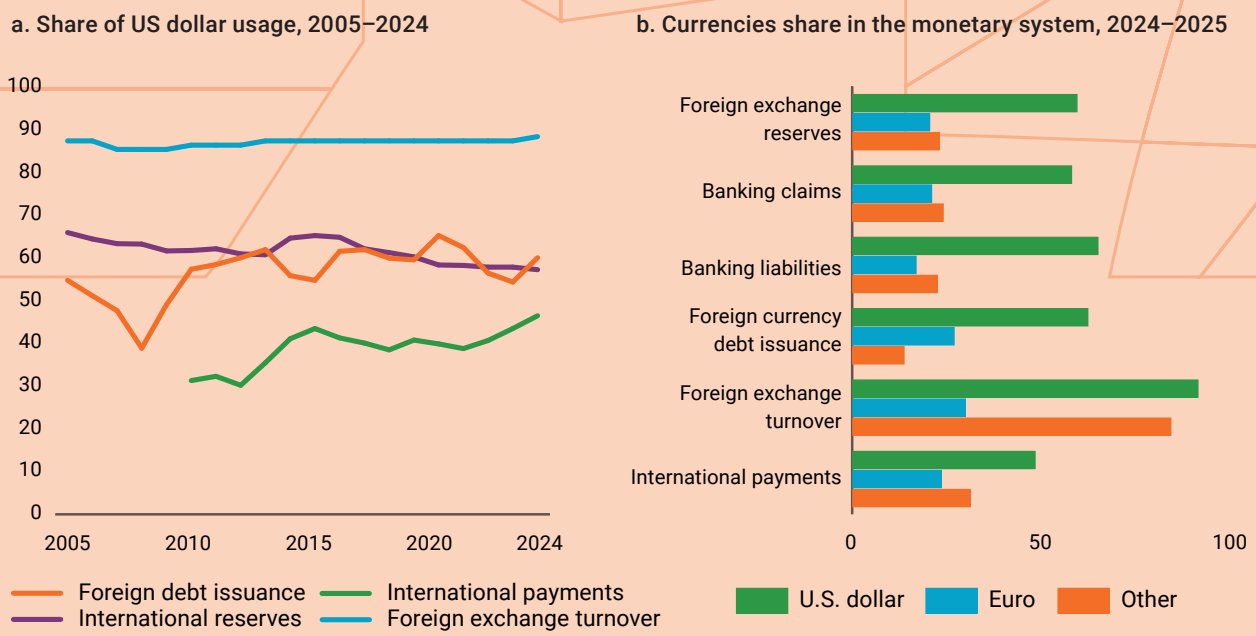
Implementation of post-2008 financial crisis regulatory reforms remains a work in progress. Updated international standards—such as the Basel III regulations for banks—have contributed to the 146 per cent increase in the core capital of the largest international banks, from €1.4 trillion in 2011 to €3.3 trillion at the end of 2024. Research is ongoing on the impacts of regulations and capital charges on financing for developing countries. Regulatory cooperation is critical to enhance the resilience of the financial system to emerging global challenges such as risks posed by climate change, artificial intelligence and digitalization of finance.

Non-bank financial intermediaries (NBFIs) have grown in size and deepened their ties with banks. NBFIs, representing almost $255 trillion in assets in 2024, increased their share of global credit and finance from 43 per cent during the 2008 world financial and economic crisis to 51 per cent by 2024. In 2024, the NBFI sector growth rate of 9.4 per cent was double the rate of asset growth at banks. This is the second highest percentage share recorded, similar to pre-pandemic levels. Banks, which tend to face tighter prudential regulation, are also exposed to risks in the NBFI sector.

Para 57: Benefits and risks of digital currencies and settlement systems

The Sevilla Commitment encourages implementation of the Group of Twenty (G20) Roadmap for Enhancing Cross-border Payments and highlights the potential of digital technologies and infrastructure—including central bank digital currencies (CBDCs) and fast payment systems—to enhance efficiency and interoperability of cross-border payments.

Figure III.6.6
Currency share in international monetary system
(Percentage)

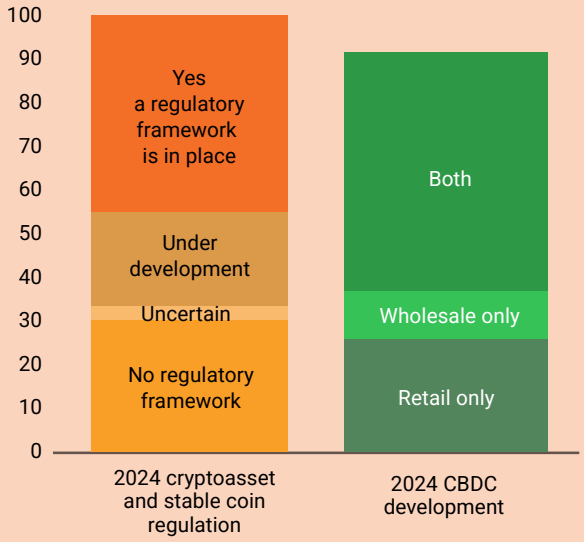


Source: BIS and Bertaut, von Beschwitz, and Curcuru, "The International Role of the U.S. Dollar", FEDS Notes (2025).
Note: Data for FX Turnover is 2025, others are 2024. Since transactions in foreign exchange markets always involve two currencies, foreign exchange turnover shares add up to 200%.

Heightened geopolitical tensions and the shifting payment landscape have the potential to fragment the international monetary system. The United States dollar remains the dominant currency in the international monetary system. SDRs represent around 6 per cent of gross international reserves and play a limited role in the monetary system. Since the 2021 SDR allocation, SDR channelling through the IMF Poverty Reduction and the Growth Trust and Resilience and Sustainability Trust has mobilized resources from 30 and 23 contributing countries respectively, amounting to around $60 billion and $49 billion. No Member States have yet agreed to channel their SDRs through multilateral development banks.

The cross-border payments system includes elements that make some payments slow, expensive and opaque. The value of cross-border retail payments is difficult to precisely measure but is estimated at $39.9 trillion in 2024. Inefficiencies in cross-border payments are reflected in the average cost of international retail payments that remain high, with 18.3 per cent of corridors with costs higher than the 3 per cent target contained in the G20 Roadmap. Advances in digital technology and changes in regulatory environments have enabled

Figure III.6.7
CDBC initiatives, digital asset regulation, 2024
(Percentage)



Source: BIS central bank survey (2025).

alternative means of payments that are growing in volume and need not respect borders. Digital assets, like other financial instruments, create risks that should be addressed. The market capitalization of cryptoassets rose to $4.2 trillion over the third quarter of 2025. Stablecoins are growing, with a market capitalization of almost $300 billion at the end of September 2025. Approximately 80 per cent of stablecoin transactions are conducted by bots and automated systems for arbitrage and rebalancing. Over 65 per cent of countries are moving ahead with stronger regulatory frameworks on cryptoassets and stablecoins.

CBDCs are a digital form of central bank money that could offer many of the benefits of private digital innovations while retaining many of the advantages of existing monetary and payment systems. Interoperability is key to ensure that the adoption of domestic CBDCs facilitates cross-border payments rather than the emergence of multiple digital currency ecosystems. Over 90 per cent of central banks responding to a survey indicated that they are actively working on some form of CBDC. In the short and medium term, the G20 Roadmap for Enhancing Cross-border Payments promotes the interlinking of fast payment systems for the retail market, which could be a significant milestone in improving cross-border retail payments.

Science, technology, innovation and capacity-building **In Numbers**

Paragraph 59: Realize the full potential of science, technology and innovation

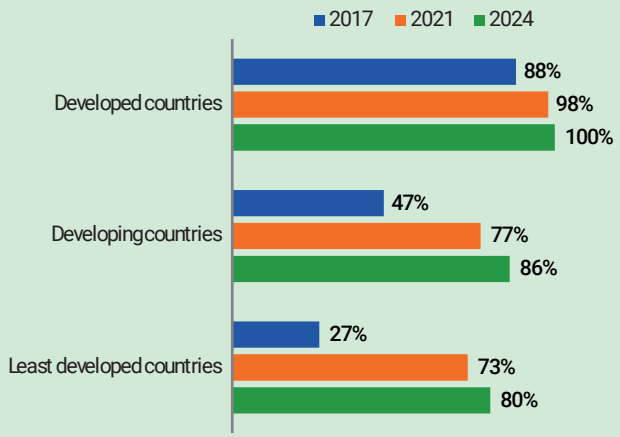
The Sevilla Commitment calls for actions to realize the full potential of science, technology and innovation (STI). This section covers trends regarding national innovation and digital policies, innovation activities and knowledge diffusion, artificial intelligence (AI), and international cooperation on STI.

National innovation systems

More developing countries have adopted national digital strategies in the past decade, but many of these still lack alignment with industrial and environmental policies and regional strategies. By 2024, 86 per cent of developing countries and 80 per cent of least developed countries (LDCs) had adopted national digital strategies, up from fewer than half of developing countries and around a quarter of LDCs in 2017. Newer digital strategies tend to be more comprehensive, often including clearer objectives and investment initiatives. However, many remain weakly aligned with regional strategies, industrial policies and environmental objectives,[36] with some developing countries lacking sufficient resources for implementation.

Implementation of mission-oriented innovation policies is on the rise, reflecting a growing focus by policymakers on steering innovation towards societal goals. In 2025, the Organisation for Economic Co-operation and Development (OECD) identified 241 active missions under such policy initiatives, compared with almost none a decade earlier.[37] STI for SDGs roadmaps have emerged as an important tool to operationalize such approaches, linking innovation priorities to national development objectives through a systemic, challenge-led framework. The United Nations system supports countries in developing and implementing these roadmaps, with a particular focus on building partnerships and STI capacity in developing countries. Between 2019 and 2025, the UN STI4SDGs programme, led by the United Nations Inter-Agency Task Team on Science, Technology, and Innovation for the SDGs, supported 15 countries in developing STI for SDGs roadmaps, each complemented by a dedicated monitoring, evaluation and learning framework. In parallel, the World Intellectual Property Organization (WIPO) supported the development of national intellectual property (IP) and innovation strategies, initiating 15 and finalizing 24 for adoption between 2022 and 2024, complemented by its efforts to expand IP integration training within science, technology, engineering and mathematics disciplines through its WIPO Academy.

Figure III.7.1
Share of countries that have adopted a digital strategy, by country group, select years
(Percentage of countries)



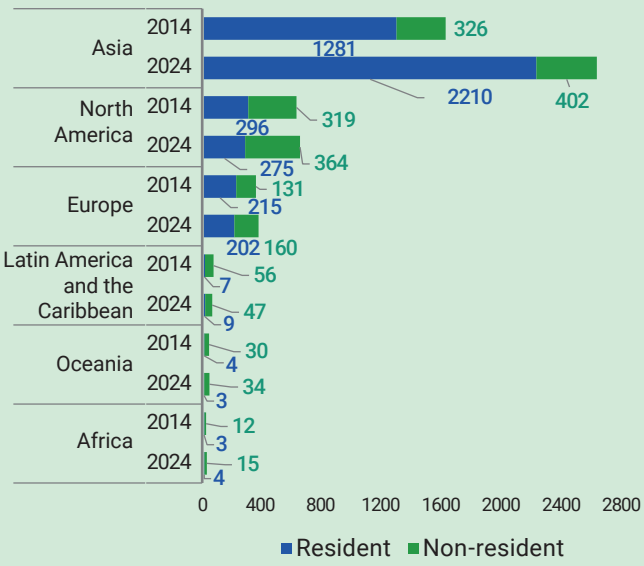
Source: UNCTAD World Investment Report 2025.

Technology transfer, knowledge-sharing, capacity-building and financing for STI

Global innovation activity is expanding but remains geographically concentrated. Global patent applications increased by 4.9 per cent in 2024, marking a fifth consecutive annual increase.[38] Asia accounted for around 70 per cent of total patent application filings, driven primarily by China. Filings remained low in developing regions, with Africa at 0.5 per cent of global applications and Latin America and the Caribbean at 1.5 per cent, reflecting differences in domestic innovation capacity and market size. Globally, resident applicants represented about 72.6 per cent of filings. However, in many developing jurisdictions, non-resident activity continued to constitute the majority of applications.

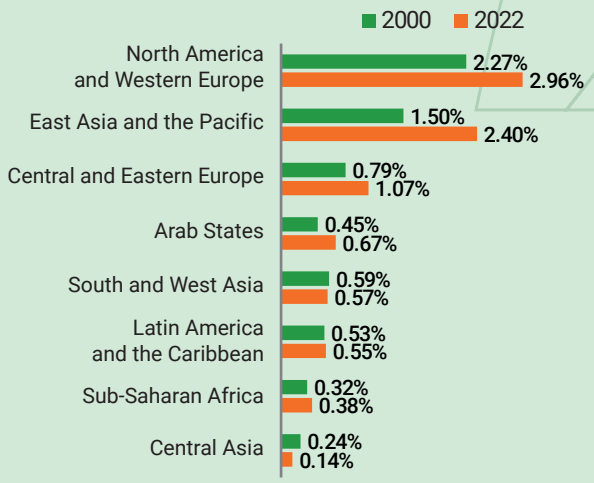
The geographic disparity in innovation capacity is also reflected in the distribution of innovation assets, with the patent offices in China, the United States, Japan and the Republic of Korea representing about 65 per cent of all patents in force globally in 2024. In several developing regions, more than 80 per cent of patents in force were owned by non-resident applicants. Women accounted for only 18 per cent of inventors listed in international patent applications in 2024. To address structural participation gaps in the global IP system, WIPO has developed targeted projects—including IP Management Clinics for Women-led Small- and Medium-sized Enterprises—to strengthen innovation readiness and IP commercialization capacity in underrepresented regions.

Figure III.7.2
Patent applications, by region and residency, 2014 versus 2024
(Thousands of patent applications)



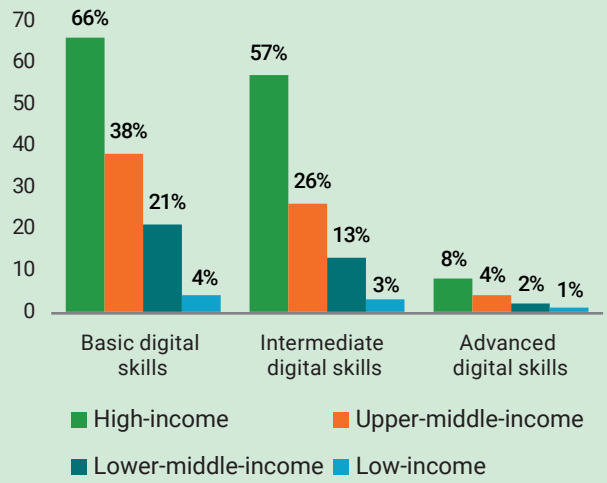
Source: UN DESA elaboration, based on WIPO Statistics Database, September 2025.

Figure III.7.3
Gross domestic expenditure in R&D as a share of GDP, 2000 versus 2022
(Percentage of GDP)



Source: UNESCO Institute for Statistics.

Figure III.7.4
Population with digital skills, by skill type and country group, 2023
(Percentage of population)



Source: Digital Progress and Trends Report 2025, World Bank.
Note: Basic skills cover computer-friendly operations such as copying or moving files, sending emails, transferring files, and copying or pasting within documents. Intermediate skills encompass job-related tool use, including creating presentations, changing privacy settings, connecting or installing devices, installing software, setting security measures, using formulas in spreadsheets, and verifying information. Advanced skills capture programming ability. If 2023 data is unavailable, values from the previous years are used.

Global research and development (R&D) expenditure tripled between 2000 and 2022, but many developing countries invested less than 1 per cent of GDP in R&D. Global R&D expenditure nearly tripled from $1 trillion to $2.68 trillion between 2000 and 2022.[39] Yet stark disparities remain. In 2022, 55 per cent of countries—most of them in the developing world—invested less than 1 per cent of GDP in R&D. East Asia and the Pacific experienced a 60 per cent increase in their R&D expenditure as a share of GDP, outpacing that of North America and Western Europe, which expanded by 31 per cent.[40] The Group of Twenty countries account for over 90 per cent of global research expenditure and outputs,[41] underscoring the need to address the significant gap in STI investment.

Significant between-country digital skills gaps persist across all proficiency levels. In 2023, only 4 per cent of the population in low-income countries possessed basic digital skills, compared to 66 per cent in high-income countries.[42] While the gap was somewhat narrower at the intermediate level, it remained substantial. Advanced digital skills were scarce globally: even in high-income countries, only 8 per cent of the population possessed such competencies.

Gender gaps widen as skills requirements increase. In lower-middle-income countries, the median gender gap rose from 1.21 percentage points for basic skills to 1.52 percentage points for advanced skills. A similar pattern was observed in upper-middle-income countries, where the gap increased from 1.05 percentage points to 1.47 percentage points. The widening was most pronounced in high-income countries, where the gender gap expanded from around 1 percentage point for basic digital skills to nearly 2.5 percentage points for advanced skills. Urban-rural disparities were even larger. For example, in low-income countries, the share of the population with advanced digital skills was five times higher in urban areas than in rural areas.

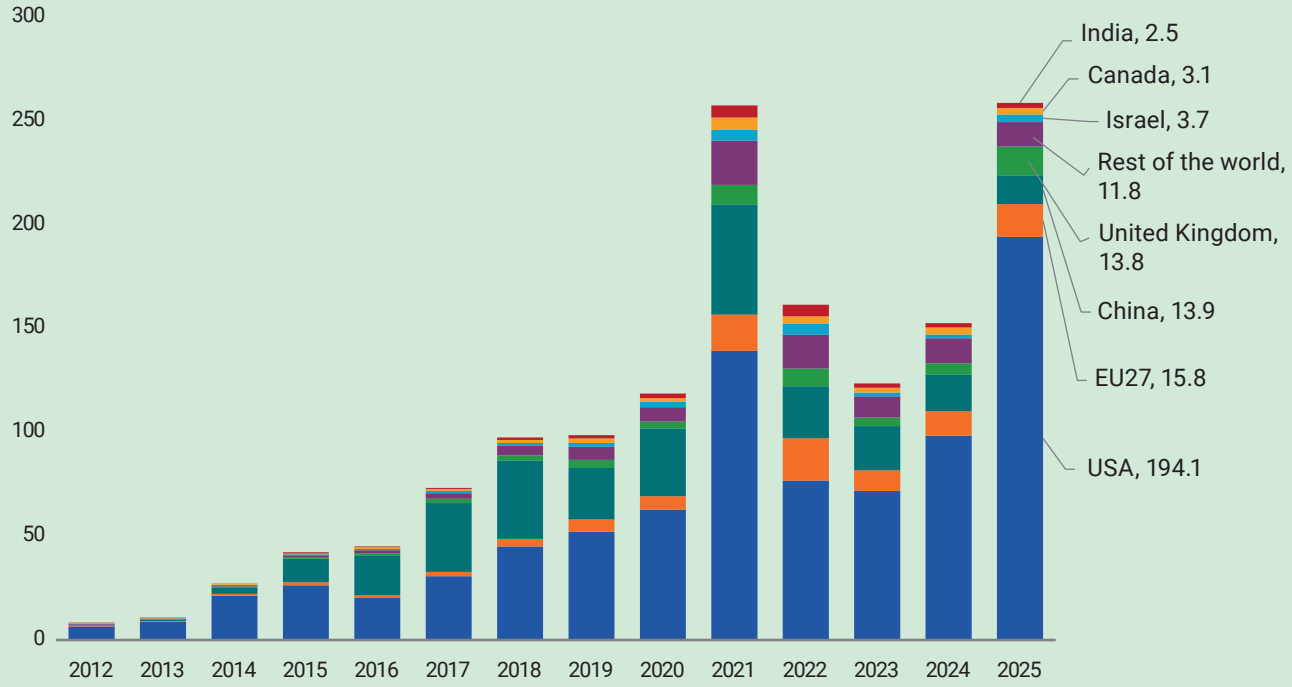
AI innovation and investment have accelerated dramatically but are highly concentrated geographically. Since 2014, innovators and researchers have filed patents for over 54,000 generative AI-related inventions and published over 75,000 scientific publications globally, across a diverse range of applications areas, with an acceleration in recent years.[43] The vast majority of the global AI patents granted in 2023 were from two countries—China (69.7 per cent) and the United States (14.2 per cent).[44]

The surge of AI innovation has been accompanied by a dramatic rise in global venture capital investment, from about $8.4 billion in 2012 to $258.7 billion in 2025, with the United States accounting for three quarters of the total in the latest year. As at October 2025, AI firms had attracted 56 per cent

Figure III.7.5

Global venture capital investment in AI firms, by country, 2012–2025

(Billions of US dollars)



Source: OECD.AI (2025), data from Preqin, last updated 5 January 2026, accessed on 30 January 2026, https://oecd.ai/.

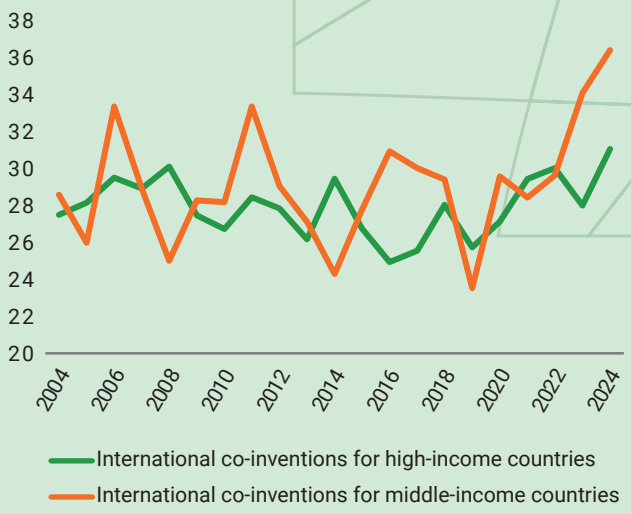
of all venture capital spending, doubling their 2022 share.[45] The high concentration of AI innovation and investment creates a structural barrier that risks further reinforcing the AI divide, with significant development implications as AI is increasingly being applied to different development-relevant sectors, including agrifood, education and health.

With the rapid development of AI technologies, efforts have also increased to increase public policy readiness. The decision of the United Nations General Assembly in August 2025 to establish the United Nations Independent International Scientific Panel on AI and the Global Dialogue on AI Governance marked a significant step forward in global efforts to harness its benefits and address risks. The Global Dialogue on AI Governance will provide an inclusive platform within the United Nations for Member States and stakeholders to discuss the critical issues concerning AI that humanity faces, while the Scientific Panel on AI will serve as a crucial bridge between cutting-edge AI research and policymaking. At the national level, by 2025, 110 countries had either developed AI Readiness Assessment Matrices related to the 2021 UNESCO (United Nations Educational, Scientific and Cultural Organization) Recommendation on the Ethics of AI or submitted a related implementation report. Implementing the Recommendation and the Readiness Assessment helps the sustainable mobilization of financial support for AI.

International cooperation on STI

While international scientific collaboration remains high, it has lost some momentum in recent years. International collaboration in scientific publications has grown steadily, increasing from about 31 per cent in 2009 to 44 per cent in 2023 in high-income countries, while remaining consistently high in middle-income countries at 41 per cent or above.[46] The internationalization of business R&D and innovation activities has also deepened over the past two decades: In 2024, the median share of inventions made in high-income countries that involved international co-operation was over 30 per cent, whereas the corresponding figure for middle-income countries surpassed 35 per cent, as shown in figure III.7.6.[47] At the same time, science policies have increasingly sought to "securitize" research collaboration to ensure mutual benefit and mitigate risks such as data and intellectual property theft.[48] More recent data suggests that the long-standing trend towards increasing international scientific collaboration has lost momentum, partly driven by a sharp decline in collaboration between China and the United States starting from 2019.[49]

Figure III.7.6
International collaboration in inventions, median, by country group, 2004–2024
(Percentage of patents)



Source: OECD, STI Micro-data Lab: Intellectual Property Database, http://oe.cd/ipstats, December 2025.
Note: Data refers to patent applications filed under the Patent Co-operation Treaty, according to inventor location. Median is compiled on countries featuring at least 10 patent filings in a given year.

Since the adoption in 2021 of the UNESCO Recommendation on Open Science, open science practices have expanded worldwide, but implementation remains uneven across regions and disciplines. Only one third of all scientific literature published between 2000 and 2021 was made available through open access, although the trend is accelerating as around 50 per cent of articles published in 2021 are available in some form of open access.[50]

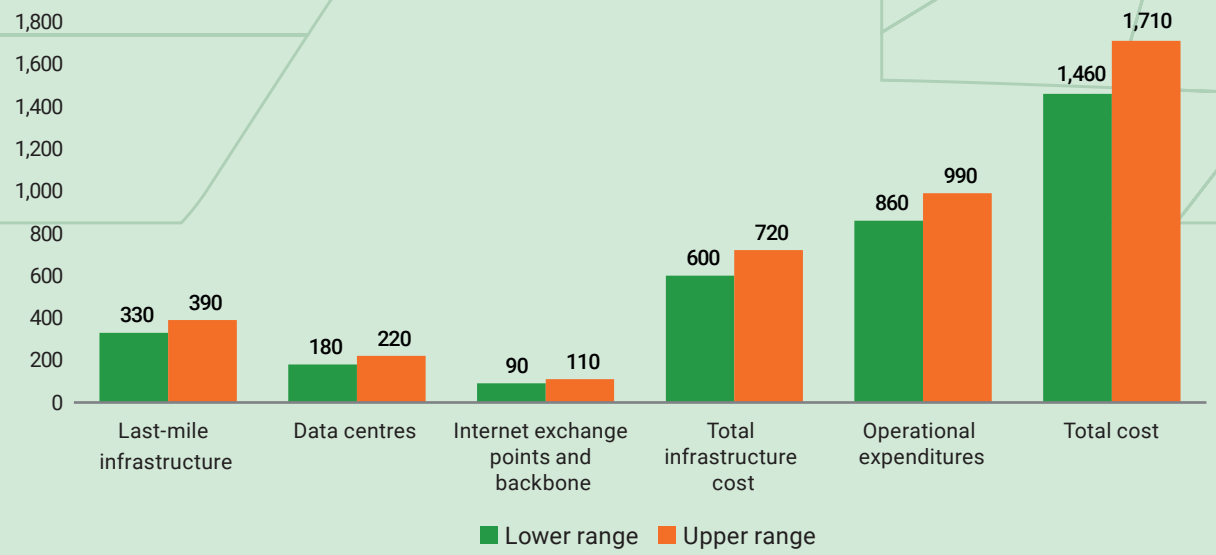
Paragraph 60: Increase investment in digital connectivity and close the digital divides

The Sevilla Commitment calls for increasing investment to achieve universal, meaningful and affordable digital connectivity and close the digital divides. This section examines trends in internet penetration and affordability, the digital infrastructure financing gap and investment in digital sectors.

Figure III.7.7

Global digital infrastructure financing gap for achieving universal connectivity through 2030, by infrastructure type

(Billions of US dollars)



Source: International Telecommunication Union (ITU), *Connecting Humanity Action Blueprint—Advancing Sustainable, Affordable and Innovative Solutions*, September 2025.

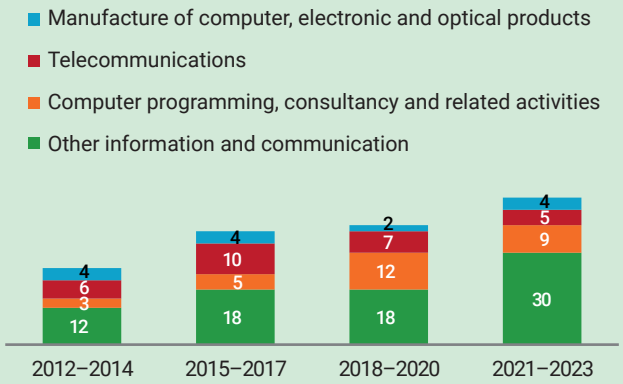
Global internet use continues to rise, albeit with significant regional and gender disparities, as affordability remains a major obstacle. In 2025, 74 per cent of the world's population were online, up from 71 per cent in 2024.[51] While high-income countries had near universal internet penetration at 94 per cent, lower-middle-income and low-income countries were at 63 per cent and 23 per cent respectively. Among regions, Africa had the lowest internet penetration at 36 per cent. Data also shows that there has been a lack of progress in closing the global gender gap in internet use. Globally, 280 million more men than women used the internet in 2025. Moreover, it is estimated that women in low- and middle-income countries are 14 per cent less likely than men to access mobile internet, which translates into approximately 235 million fewer women than men in these countries in 2024.[52]

Mobile broadband and fixed broadband have become more affordable in almost all regions and across all income groups. Globally, the median price of the data-only mobile broadband basket fell to 1.4 per cent of gross national income per capita in 2025, from 1.5 per cent in 2024, while the fixed broadband basket remained stable at 2.5 per cent. Despite the improvement, affordability continues to be a major barrier to internet access, especially in low-income countries where mobile broadband and fixed broadband cost 12.3 per cent and 29.5 per cent of gross national income per capita respectively.

Figure III.7.8

Inflows to developing countries in core sectors of the digital economy, 2012–2023

(Billions of US dollars)



Source: UNCTAD World Investment Report 2025.
Note: "Other information and communication" includes unspecified information and communication; information service activities; motion picture, video and sound recordings; programming and broadcasting activities; and publishing activities.

The global digital infrastructure financing gap for achieving universal, meaningful connectivity through 2030 is estimated to be $1.5 trillion to $1.7 trillion.[53] High operating costs—especially in rural areas—account for almost 60 per cent of

this gap, whereas the cost of deploying last-mile infrastructure, data centres, backbone and internet exchange points account for the rest. South Asia faces the largest last-mile infrastructure capital expenditure gap of $179 billion, followed by $101 billion in Africa and $53 billion in East Asia and the Pacific. To help close this gap, ITU and the United Nations Trade and Development (UNCTAD), together with eight multilateral development banks, have built on the Digital Infrastructure Investment Initiative and launched the Digital Infrastructure Investment Catalyser as part of the Sevilla Platform for Action.[54] The Catalyser aims to strengthen coordination on data and tools, capacity-building and financing to accelerate investment in sustainable, bankable digital infrastructure investments.

Global investment in digital sectors is rising, with telecommunications a notable exception. Inflows to developing countries in the core sectors of the digital economy in 2021 to 2023 nearly doubled from the levels in 2012 to 2014. The core digital economy in developing economies has diversified, driven by the diversification of digital services, greater demand for software solutions, and the growth of tech talent and start-up ecosystems in various developing countries. After seeing strong inflows in the early- and mid-2010s, investment in the telecommunication sector has stabilized. This partly reflects the economic recessions resulting from the COVID-19 pandemic and later the unfavourable financing conditions.[55] High interest rates and tighter credit markets have deterred investors from funding large-scale telecommunication projects in developing countries.

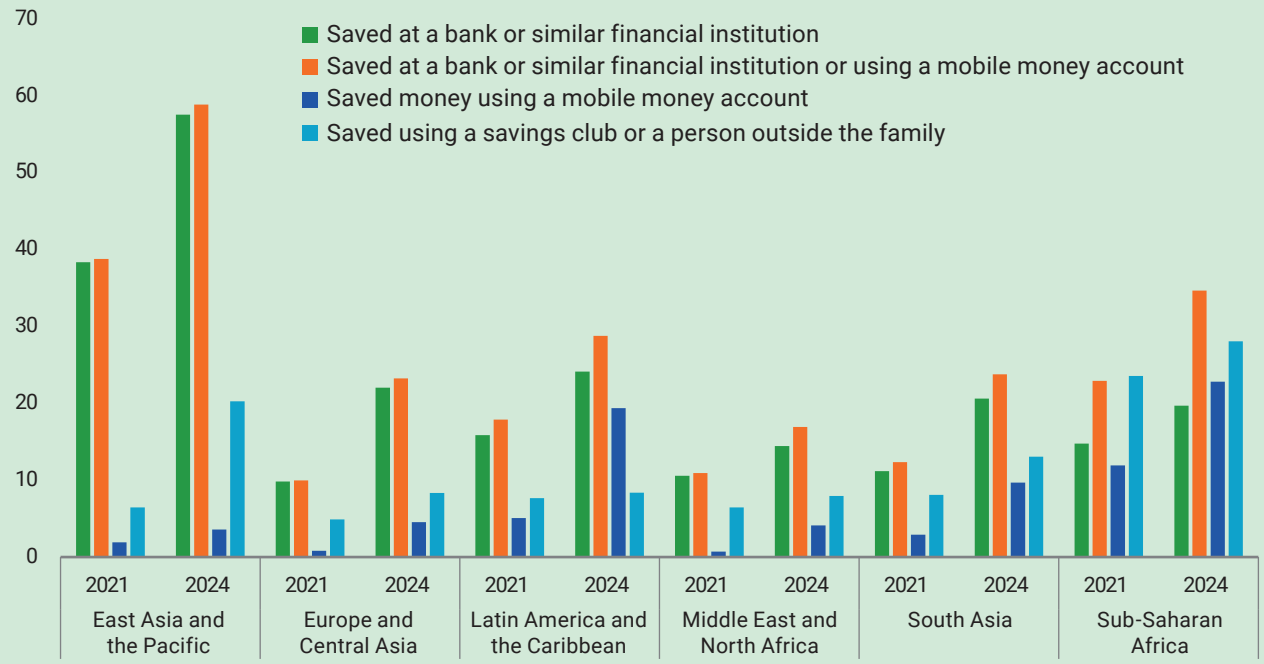
Paragraph 61: Fully realize the potential of digital financial services

The Sevilla Commitment calls for full realization of the potential of digital financial services. This section covers digital technology's impact on financial inclusion, financial technology (fintech) investment, and the regulatory environment.

Figure III.7.9

Adults saving any money in the past year, 2021 versus 2024

(Percentage of adults)



Source: Global Findex Database 2025, World Bank.

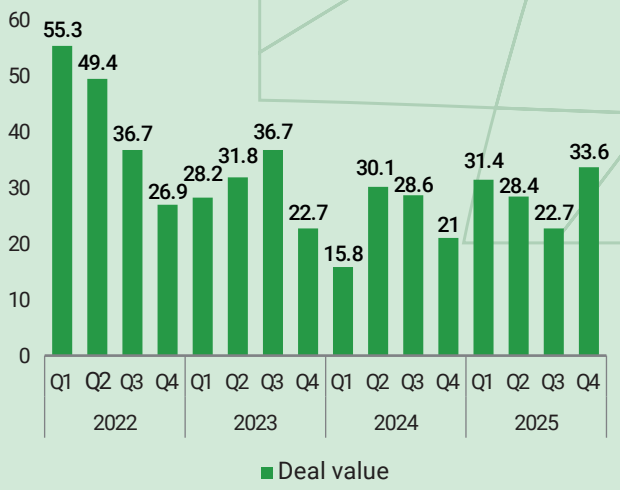
Digital technology is driving growth in account ownership, formal savings and digital payments. Among developing countries, 32 per cent of adults reported personally using a mobile money service in 2024, a sharp increase from just 3 per cent a decade ago.[56] The increase in mobile money account ownership contributes to a rise in formal savings, as large retail networks of mobile money service providers allow savers with mobile money accounts to make frequent, small cash deposits locally without occurring high transaction costs.

The share of adults who have saved formally using a mobile money account is much larger in some regions and economies. Sub-Saharan Africa has the largest share of adults who did so: 23 per cent of adults in 2024, twice the share in 2021. In Latin America and the Caribbean, 19 per cent of adults saved formally using a mobile money account, four times the share of adults in these economies who saved this way in 2021.

Global fintech investment reached $116 billion in 2025, rebounding from a seven-year low of $95.5 billion in 2024, as the market weathers macroeconomic challenges and geopolitical tensions.[57] Digital assets and currencies, which include crypto, saw total investment nearly doubling from 2024, reaching $19.1 billion in 2025. This reflects the adjustment of digital asset regulatory frameworks in key jurisdictions, which provides better clarity on permissible and prohibited activities, and growing participation in this sector by traditional firms. Investment in payment sectors declined in 2025 as investors became more selective, favouring large, scaling firms with established fundamentals over early-stage firms with higher risks.

Fintech can support growth and inclusion under sound regulations, but growing spillovers to traditional financial markets pose financial stability risks. Recent evidence suggests that the continued growth of stablecoins—with the potential to reach $2 trillion by 2028—could disrupt financial markets and weaken monetary policy effectiveness.[58] Data from 2021 to 2025 shows that stablecoin issuers have become large investors in short-term United States securities and have noticeable impact on traditional financial markets.[59] This impact can become more disruptive as the stablecoin sector continues to grow and reaches a level that is large enough to suppress short-term yields and have an influence on the transmission of the United States Federal Reserve's policy to market rates.

Figure III.7.10
Global funding activity in fintech, 2022Q1–2025Q4
(Billions of US dollars)



Source: Pulse of Fintech H2 2025, KPMG.

Addressing these risks without stifling innovation requires regulatory frameworks that are both enabling and proportionate. Such frameworks should be based on the principle of "same activity, same risk, same regulation" and ensure that stablecoins and other fintech innovations are subject to consistent and comprehensive regulations that are commensurate to the risks that they pose (see chapter IV.4 on the international financial architecture and systemic issues for more discussion on cryptoassets and stablecoins and related regulatory issues). Findings from a global industry survey indicate that fintech firms across regions identify capacity and coordination of financial authorities and efficiencies in licensing and registration processes as key constraints.[60]Among developing regions, fintech firms' perceptions of the regulatory environment are most positive in Asia-Pacific and weakest in Latin America and the Caribbean. Regarding open banking/open finance frameworks, 29 per cent of fintech firms globally deem them effective in supporting fintech business where they exist, while 24 per cent view them as ineffective.

Data, monitoring and follow-up **In Numbers**

Para 63: Investment in national data statistical systems

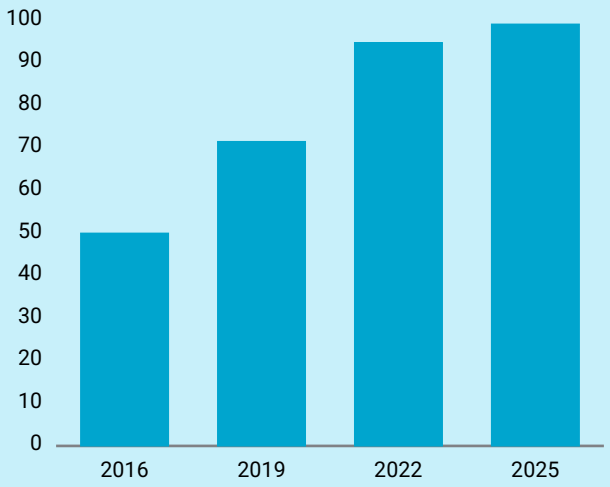
The Sevilla Commitment underscores the importance of high-quality and disaggregated data and statistics which requires predictable, multi-year financing for national statistical systems to enable monitoring and ensure that development progress remains on track.

There has been significant improvement in the availability and quality of data for monitoring the Sustainable Development Goals (SDGs). In early 2026, almost 70 per cent of SDG indicators have good coverage, and all 234 unique indicators have well-established methodologies to date. As of 20 October 2025, the Global Sustainable Development Goal Indicators Database included data for 232 of the 234 unique indicators and 3.3 million data records, an increase from data for 200 of the 231 unique indicators and approximately 1.4 million data records in 2020.

Despite these gains, challenges and gaps remain. Between 2019 and 2025, data availability improved across the SDGs with notable trend data coverage in health (Goal 3), clean water (Goal 6), clean energy (Goal 7), and partnerships (Goal 17). Goal 7 stands out with over 90 per cent trend data coverage. However, areas such as gender equality (Goal 5), sustainable cities (Goal 11), climate action (Goal 13), and peace and justice (Goal 16) continue to lag, with less than 35 per cent coverage.

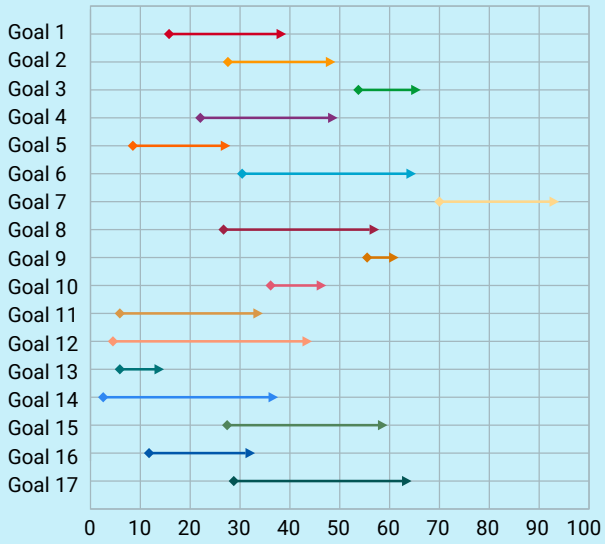
Disaggregated data remains insufficient, especially across cross-cutting dimensions such as disability, income and gender. In 2021, among reporting countries, 39 per cent had difficulties adequately collecting data on migrants, 27 per cent had difficulties collecting data on older persons, and 27 per cent had difficulties with data on persons with disabilities. In the Global SDG Indicators Database,

Figure III.8.1
SDG indicators with data
(Percentage)



Source: UN DESA.

Figure III.8.2
Member States with trend data for SDG indicators, by goal, 2019–2025
(Percentage)



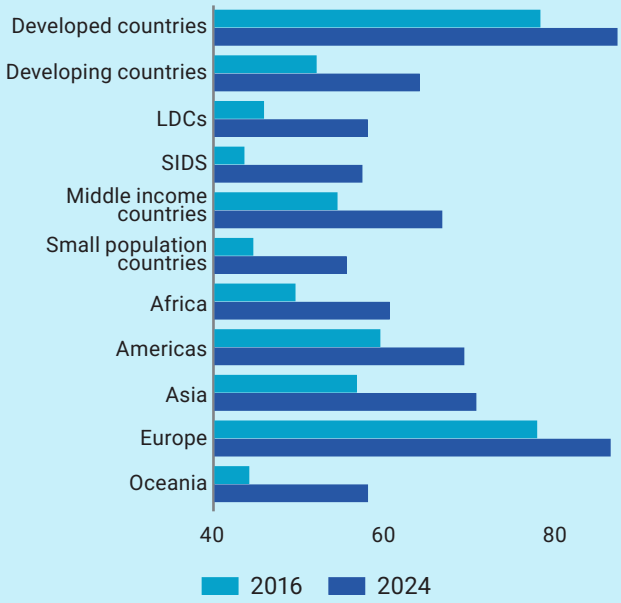
Source: UN DESA.
Note: Data for at least two years since 2015, weighted average across indicators. Diamond shows December 2019, arrowhead shows December 2025.

data disaggregated by disability status and income (quantiles/quintiles) is available for only 8 and 10 SDG indicators respectively. In 2025, 57 out of 251 SDG indicators had sex disaggregated data for some of the countries with data, compared to 54 out of 248 in 2023. Only 26 out of the 251 SDG indicators had sex disaggregated data for more than 95 per cent of countries with data in 2025.

Statistical capacities

Steady but slowing progress has been made in improving statistical performance at country level. The most significant improvements in Statistical Performance Indicators (SPI) overall scores occurred in countries that ranked in the bottom two deciles in 2016. The global average for the overall index crossed 71 in 2024, based on rapid improvements in data infrastructure (global average above 67 in 2024 from 50 in 2016) and data sources (global average at almost 60 in 2024 from below 50 in 2017). Countries with smaller population sizes face specific challenges, as even high-income countries with populations of less than 500,000 have lower average scores. Countries in special situations such as small island developing States (SIDS) and least developed countries (LDCs) have some of the lowest average scores, reflecting the need for greater investment in capacities in these countries.

Figure III.8.3
Average statistical perfomance scores, 2016–2024
(Statistical performance index)



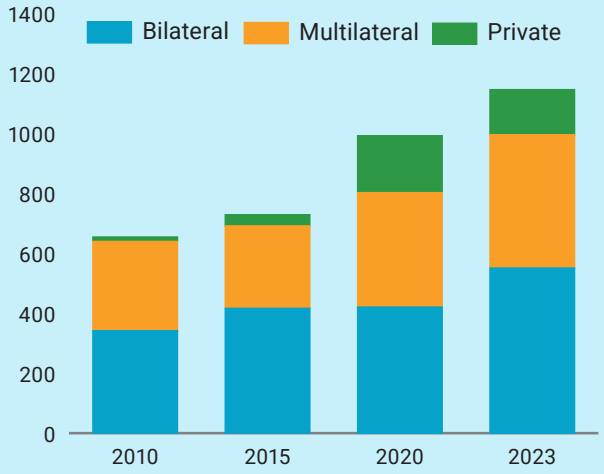
Source: Zander Prinsloo and others, "2025 Update of the Statistical Performance Indicators", World Bank.

Financial support and investment in data collection and capacity

External funding for data and statistics increased in 2023, driven largely by renewed donor commitments. However, this upward trajectory is now under threat. There was a historic rebound in 2023, with funding for data and statistics reaching an all-time high of $1.14 billion, an increase of 8 per cent over 2022, driven largely by Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) donors. However, declines are projected for 2024 and 2025. In 2024, official development assistance from DAC donors fell by 6 per cent in real terms compared to 2023. Projections for 2025 suggest another 9–17 per cent cut in the disbursements for data and statistics on top of the 2024 decreases.

The impacts of the decline in funding are already being felt in countries, undermining statistical activities. A rapid assessment conducted in 2025 showed that 69 per cent of the responding national statistical offices in low- and middle-income countries reported reduced funding since January 2025. SDG monitoring and gender statistics are expected to experience the greatest negative impact, while price statistics, poverty statistics, and labour and employment statistics are expected to see the least impact from the funding cuts. Gender data financing continued its decline from the 2021 peak of $194 million, with $165 million disbursed in 2022 and only $154 million in 2023. Suspension of a significant proportion of the 40-year-old Demographic and Health Surveys (DHS) programme has a detrimental

Figure III.8.4
External funding for data and statistics
(Millions of US dollars)



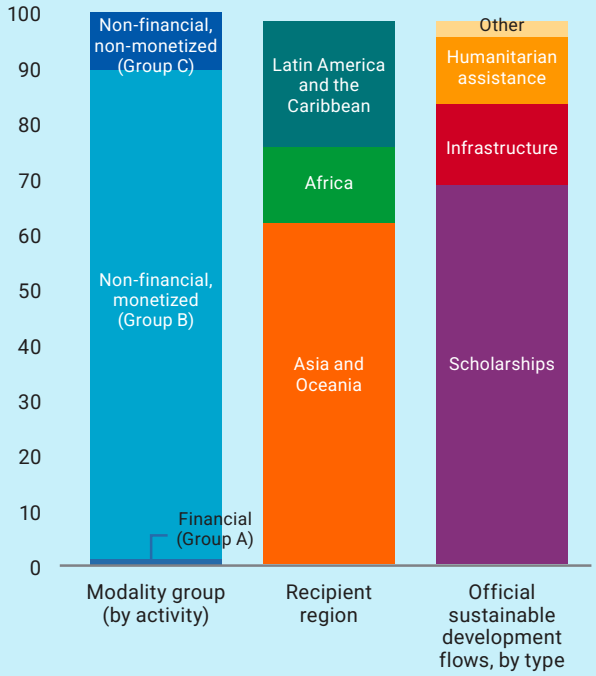
Source: PRESS 2025, Paris21.

impact on health and gender data infrastructure in developing countries. As of May 2025, 39 SDG indicators—nearly one in six—depended to varying degrees on DHS for essential data, and several core health and gender indicators derive 50–70 per cent of their data from DHS.

Para 64: Strengthen interoperability of data and statistical frameworks

The Sevilla Commitment promotes open, interoperable data platforms and standards. It calls for broader reporting by South-South cooperation providers, and supports coordination among the international community on data and statistics and leveraging non-traditional data sources.

Figure III.8.5
South-South Cooperation, by modality group, region and type, 2020–2025
(Percentage)



Source: UNCTAD, United Nations Framework to Measure South-South cooperation.
Note: Based on data from nine South-South cooperation providers in Latin America and the Caribbean between 2020 and 2025. Modality group is based on activity numbers. Official sustainable development flows comprise financial support and non-financial support that can be monetized (modality groups A and B respectively).

In 2025, the first ever South-South cooperation data was reported—under the United Nations Framework to Measure South-South Cooperation—to SDG indicator 17.3.1. To date, nine countries from Latin America and the Caribbean have shared initial data based on pilot efforts. Only 31 out of 4,368 South-South cooperation activities (1 per cent) were delivered through financial means. Of the remaining non-financial activities, 401 remained non-monetized. Around 70 per cent of official sustainable development flows from the reporting countries were provided in the form of scholarships, 15 per cent as monetary contributions to infrastructure projects, and 13 per cent as humanitarian assistance. Almost two thirds (63 per cent) of official sustainable development grants were provided to developing countries in Asia and Oceania. African countries received 13 per cent, while around one quarter (24 per cent) were provided to other Latin American and Caribbean countries. Support for LDCs accounted for around 7 per cent of the total support.

Para 65: FFD4 monitoring and follow-up

The Sevilla Commitment strengthened the follow-up process on financing for development to enhance monitoring and global policy coherence and bolster links to efforts at the regional and national levels.

Member States are nominating focal points for financing for development, in line with their agreement in the Sevilla Commitment. The agreed follow-up to the Sevilla Commitment at the national level is anchored through the appointment of national focal points for financing for development in finance and other relevant ministries. As of end February 2026, 69 Member States have nominated a total of 127 national focal points for financing for development, including from 63 ministries of finance or the economy.

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Chapter IV.1

The global economic context and its implications for sustainable development[1]

1. Introduction

Global growth remained resilient in 2025, but the conflict in the Middle East injects new uncertainty to the outlook. Prior to the outbreak of this conflict, global growth was projected to hold broadly steady in 2026 despite a challenging global macroeconomic environment—marked by elevated trade tensions and higher United States tariffs, geopolitical conflicts, and heightened policy uncertainty. While the global economy has continued to show resilience, supported by easing financial conditions, firm labour markets, and robust consumer spending, this resilience could be undermined through higher energy prices, second-round effects on inflation expectations, tighter financialconditions and other transmission channels.

Growth prospects are highly uneven, and longer-term prospects remain constrained by limited fiscal space, high public debt, and subdued investment. Projections of growth for 2026 made prior to the most recent events had varied across developing regions, ranging from 5.6 per cent growth for South Asia to 2.4 per cent for Latin America and the Caribbean. New growth drivers such as rising investment in artificial intelligence (AI)–driven technologies and the expansion of digital trade are beginning to shape the outlook. However, the scope and distribution of these benefits remain uncertain, as adoption and capacity vary widely across countries and sectors. At the same time, elevated interest rates and high debt burden, coupled with eroded business confidence stemming from policy uncertainty, geopolitical tensions and trade restrictions, have dampened broader public and private investment. Economic fragmentation and persistent inequalities—both between and within countries—continue to pose downside risk on longer-term growth and persist as significant challenges to sustainable development progress.

The conflict in the Middle East threatens to deliver a significant new shock to the already fragile global economy, with the ultimate impact hinging on the conflict's duration and severity. Beyond the toll on the affected region, spillover risks from elevated energy prices, rising inflation and financial market volatility are substantial. The conflict is also putting upward pressure on sovereign bond yields. A protracted conflict would also carry major implications for food security, tourism, and remittances, given the region's role as a major fertilizer trade route, transit hub, and source of remittances.

The moderation of global inflation is at risk. A further decline in global inflation had been projected for 2026–27, primarily aided by lower energy and food prices. These trends may now reverse, with elevated global energy and food prices due to the conflict in the Middle East representing the most immediate upside risk, compounded by exchange rate depreciation in many developing economies. Renewed trade frictions, more fragmented supply chains, and climate-related shocks could also slow the pace of disinflation and add uncertainty to the short-term outlook.

Global financial conditions eased in 2025, but many developing economies continue to face elevated borrowing costs and market volatility has increased since the outbreak of the conflict in the Middle East. Major central banks' policy easing and a depreciating United States dollar supported capital flows to developing economies, albeit with notable regional differences. Many developing economies continue to face high debt-service burdens, and their financing conditions remain sensitive to shifts in global risk appetite. The uncertainty around the global inflation outlook also complicates major central banks' decisions on policy rates, with implications for global financial conditions and borrowing cost for developing countries. Elevated asset valuations, particularly in technology and AI-related sectors, raise the likelihood of abrupt market corrections with potential cross-border spillovers. Vulnerabilities in non-bank financial institutions—including limited transparency in their lending activities—further add to systemic risk.

Climate-related shocks are increasingly shaping macroeconomic conditions. Global carbon dioxide emissions are estimated to have reached a record high in 2025, which was the third hottest year on record. More frequent and intense climate-related events are disrupting agricultural production, infrastructure, and transport, leading to localized food price spikes and greater price volatility. Direct expenditure costs associated with adaptation and rebuilding place additional pressure on public finances in affected countries. These impacts are especially severe in vulnerable developing economies, where climate shocks compound tight financing conditions and heavy debt burdens, weighing on growth and sustainable development (see chapter III.5 on debt for discussion on the ongoing review of the Debt Sustainability Framework for Low-income Countries, which aims to better account for the impact of climate risks and the economic benefits of climate investment and policies).

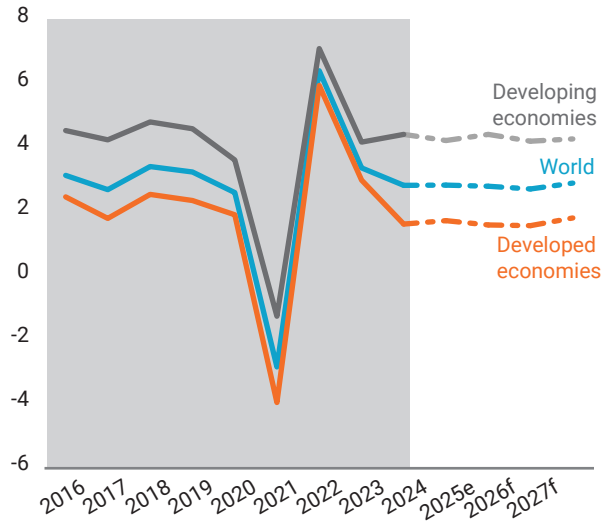
Progress toward the Sustainable Development Goals (SDGs) remains slow and uneven. Only about one-third of global targets are on track or show moderate progress. While global extreme poverty fell modestly in 2025, the pace of poverty reduction has decelerated significantly over the past decade. Slower poverty reduction, insufficient to keep pace with population growth, translates into higher concentration of global poverty in sub-Saharan Africa and conflict-affected countries. Income convergence between developing and developed economies has also weakened since the pandemic. Moreover, growth paths among developing economies are diverging, with some of the poorest countries increasingly falling further behind.

2. Global and regional growth trends and outlook

The global economic outlook remains fragile with GDP growth estimated at 2.8 per cent in 2025.[2] Following a projected slight decline to 2.7 per cent in 2026, global growth is forecast to recover modestly to 2.9 per cent in 2027 (see figure IV.1.1). These projections, however, may be revised downward should the conflict across the Middle East persist. Over the medium term, the pace of global expansion is expected to remain well below the 2010–2019 average of 3.2 per cent, constrained by several structural factors—most notably high debt levels, limited fiscal space and elevated borrowing costs which restrict investment in productive capacity. Nevertheless, the global economic performance in 2025 was better than previously anticipated despite new trade frictions and a sharp increase in U.S. tariffs. Global economic activity proved resilient, bolstered by the front-loading of shipments, inventory build-up amid trade policy uncertainty, and sustained consumer demand, underpinned by monetary easing and robust labour markets.

The recent boom in AI investment has supported global growth but introduces downside risk. Concentrated largely in the United States, this investment surge has boosted domestic activity and generated positive spillovers globally. However, the pace and scale of investment raise concerns. Increased reliance on debt financing could amplify shocks, particularly if returns disappoint or financial conditions tighten. A repricing of potentially overvalued technology stocks could have significant effects, given the sector's central role in recent equity market gains and the high market capitalization of major tech firms relative to output, even exceeding levels seen during the dot-com era. A moderate correction in AI-related valuations, combined with tighter financial

Figure IV.1.1
Growth of global economic output, 2016–2027
(Percentage)



Source: UN DESA, based on estimates and forecasts produced with the World Economic Forecasting Model.
Note: e = estimates; f = forecasts.

conditions, could reduce global growth by about 0.4 per cent. Larger corrections, which could be triggered by weaker-than-expected productivity gains, could amplify these effects.[3]

Growth in developed economies was projected to remain modest in 2026–2027, reflecting a balance between supportive policies and persistent structural challenges, but the conflict in the Middle East creates uncertainty around these projections. In the United States, GDP was forecast to edge up to 2.0 per cent in 2026 and 2.2 per cent in 2027, driven by rising investment in equipment— particularly in AI-related sectors—and robust consumer demand, underpinned by expansionary fiscal and monetary policies, though the prospect of further policy rate cuts is now less certain. In the European Union, growth was projected at 1.3 per cent in 2026 and 1.6 per cent in 2027, supported by consumer spending amid rising real wages. However, higher U.S. tariffs, geopolitical uncertainty, and long-standing structural constraints—including competitiveness challenges, high energy costs, slow technological diffusion, and population ageing—continue to weigh on potential output. In Japan, GDP was projected to expand by 0.9 per cent in 2026 and 1.0 per cent in 2027, as policymakers aim to stabilize inflation, while supporting a fragile consumption recovery after years of deflationary pressures.

Growth prospects vary widely across developing regions, potentially exacerbated by varying exposure to the spillovers from the conflict in the Middle East. In Africa, growth was projected to rise to 4.0 per cent in 2026, supported by stronger investment and moderating inflation. However, fiscal pressures, high debt-servicing costs, and declining official development assistance (ODA) constrain policy space. In East Asia, GDP growth was expected to ease from an estimated 4.9 per cent in 2025 to 4.4 per cent in 2026 as the boost from export front-loading fades, while domestic demand remains resilient, supported by monetary easing and fiscal expansion. South Asia was projected to maintain robust momentum, with growth projected at 5.6 per cent in 2026, led by India's strong consumption and investment demand. In Western Asia, growth was projected to strengthen to 4.1 per cent in 2026 as oil exporters were expected to benefit from the unwinding of OPEC Plus production cuts and ongoing economic diversification efforts, but escalating hostilities across the region pose a significant downside risk to that pre-conflict outlook. In Latin America and the Caribbean, growth was forecast to remain fairly steady at 2.4 per cent in 2026, underpinned by private consumption, stable commodity prices and improved financial conditions, though the region remains vulnerable to geopolitical tensions and U.S. trade policy shifts.

The outlook remains very challenging for vulnerable country groups, as limited economic diversification, high debt levels, climate-related shocks, and ODA reductions already weigh on growth prospects. These risks could be further compounded by the energy and food price shocks and possibly higher inflation and tighter financing conditions, even as some commodity-exporting countries may benefit from higher prices. In the least developed countries (LDCs), growth was projected to rise to 4.7 per cent in 2026, supported by improved macroeconomic stability and robust agricultural output in several large economies. However, growth remains below pre-pandemic averages and continues to fall well short of the SDG target of 7 per cent. Many LDCs have lower per capita GDP than they did pre-pandemic.[4] Higher U.S. tariffs and the expiration of the African Growth and Opportunity Act (AGOA) are hampering export prospects, particularly for labour-intensive manufacturing. Landlocked developing countries (LLDCs) were projected to grow by 4.8 per cent in 2026, amid divergent commodity price developments and persistent logistical bottlenecks. Small island developing States (SIDS) were projected to experience a slowdown in growth to 2.8 per cent in 2026—as narrow economic bases, elevated debt burdens, and high exposure to climate shocks continue to constrain activity. Nearly one-third of SIDS are classified as being in, or at high risk of, debt distress, underscoring the need to support these countries in addressing their debt challenges, and to expand access to concessional finance, for example by considering multidimensional vulnerabilities in allocations.

Slower income convergence between developed and developing countries has contributed to persistently high global inequality, which could dampen global demand and growth potential. Average GDP per capita growth has followed a downward trend across most developing regions (see figure IV.1.2). Africa and East Asia have experienced notable declines in income growth, while South Asia remains the only region showing sustained gains. The gap in per capita income with developed countries widened in nearly half of developing countries during 2020-2024, resulting in the highest share since the five-year period of 1995-1999.[5]

Rising economic fragmentation carries substantial risks for longer-term growth and economic resilience. A reduction in trade, loss of economic activity and diminished production efficiency put downward pressure on growth. A shift away from an interconnected global trading regime toward more domestically-oriented value chains—through higher import tariffs, additional constraints on international sourcing and subsidies to domestic production—could reduce global trade by over 18 per cent and global output by more than 5 per cent after five years, with some countries at risk of losing up to 12.2 per cent of GDP.[6] Output volatility is estimated to increase in more than half of the economies, suggesting "relocalizing" value chains may also reduce resilience to shocks. Longer-term costs could be even greater once reduced knowledge diffusion associated with less global trade is taken into account, with lower-productivity countries and those with stronger ties to innovative countries bearing the largest losses.[7]

3. Inflation dynamics

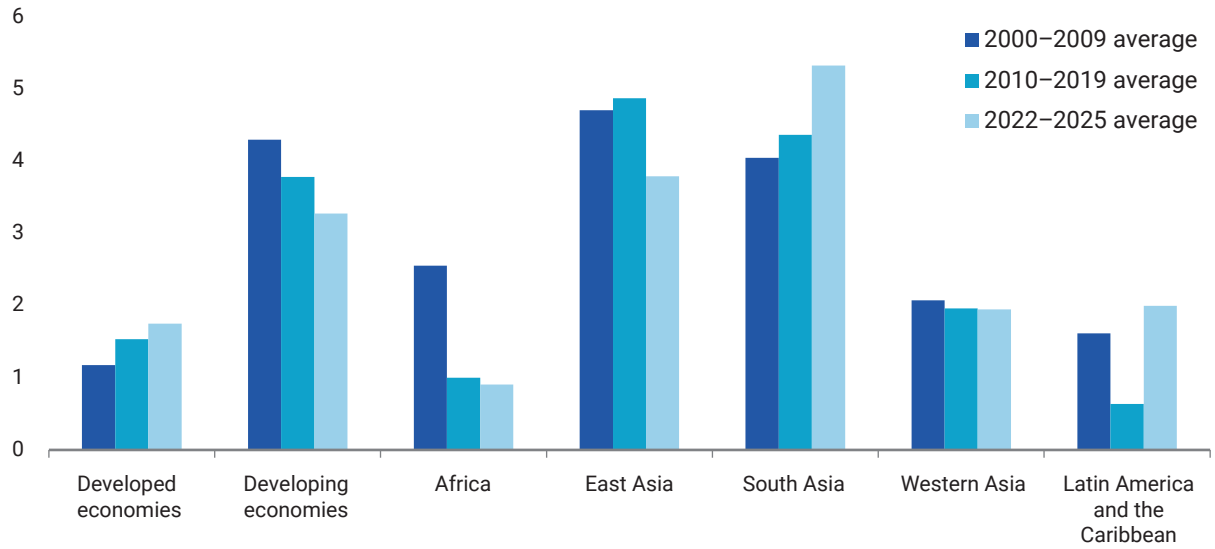
Prior to the conflict in the Middle East, global disinflation was projected to continue through lower energy and food prices, more stable exchange rates and slower nominal wage growth; while headline inflation was projected to moderate from an estimated 3.4 per cent in 2025 to 3.1 per cent in 2026 (see figure IV.1.3). The outlook is now highly uncertain, as the conflict in the Middle East is pushing energy and food prices higher—feeding directly into headline inflation, raising fuel and transportation costs and eroding household purchasing power—with the persistence of these pressures hinging critically on the duration and trajectory of the conflict. In several developed economies, core inflation is elevated—particularly in services related to housing, health care, and insurance. In the United States, tariff pass-through has pushed up prices of durable goods such as vehicles, electronics, and furniture,[8] though the overall impact on consumer inflation has so far been modest.

Developing economies experienced a broad easing of inflation in 2025. Average inflation is estimated to have fallen from 5.9 per cent in 2024 to 4.2 per cent in 2025, and was projected to decline to 3.9 per

Figure IV.1.2

Growth of GDP per capita in select country groupings and developing country regions, select years

(Percentage)

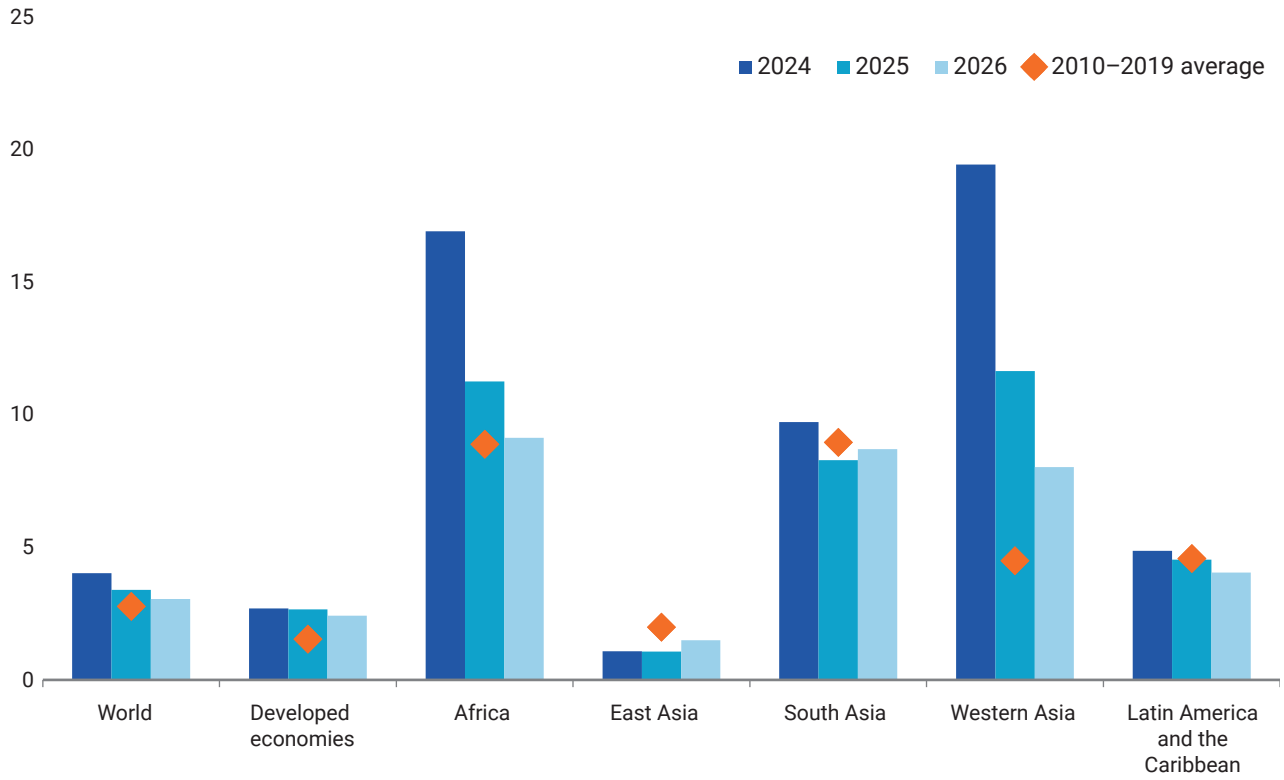


Source: UN DESA, based on estimates and forecasts produced with the World Economic Forecasting Model.

Figure IV.1.3

Global and regional inflation, select years

(Percentage change, year-on-year)

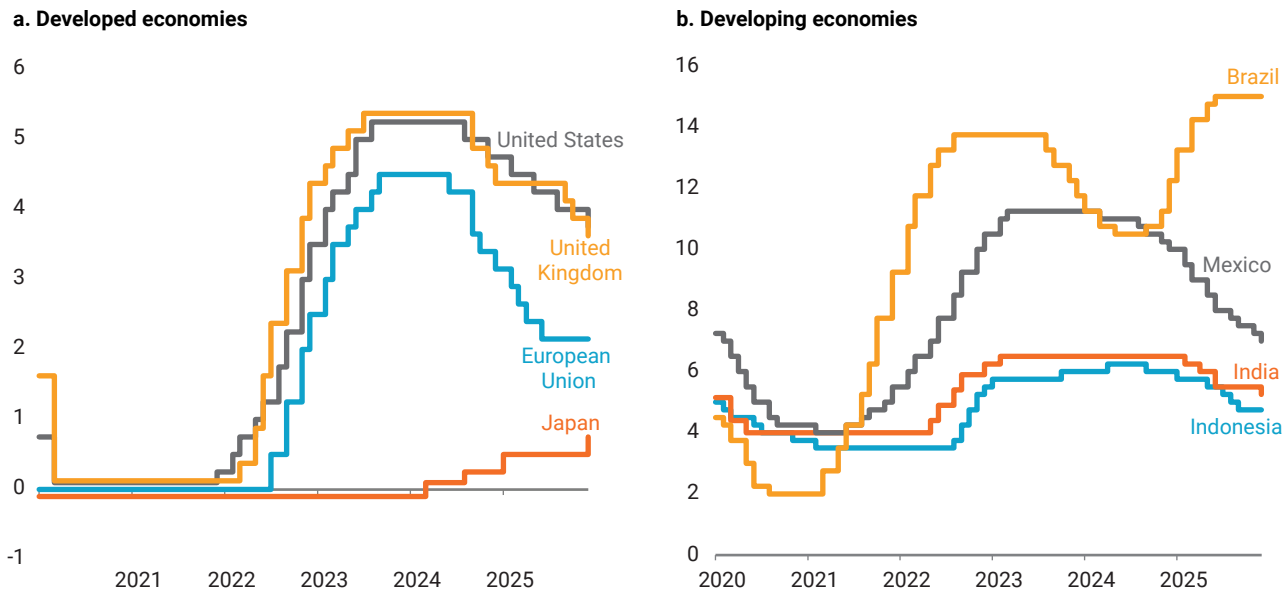


Source: UN DESA, based on estimates and forecasts produced with the World Economic Forecasting Model.
Note: Regional and country group averages are GDP-weighted. Afghanistan, Argentina, the State of Palestine, Sudan and the Bolivarian Republic of Venezuela are excluded.

Figure IV.1.4

Policy interest rates in select economies, January 2020–December 2025

(Percentage)



Source: UN DESA, based on CEIC data.

cent in 2026, supported by currency stabilization. However, renewed energy and food price volatility could undermine this trend. Food inflation remains high in many African and Western Asian economies due to conflict, climate-related shocks, and logistical constraints, while core inflation in Latin America and the Caribbean is being driven by wage adjustments and rising costs in regulated sectors such as transportation and health care. Some developing economies continue to face double-digit inflation, although the number of such cases is gradually declining.

Moderating inflation, robust international capital flows, and reduced exchange rate pressures created space for monetary easing in 2025. Approximately two-thirds of central banks globally reduced policy interest rates, with easing most pronounced in developed economies and major developing economies in Asia and Latin America (see figure IV.1.4). Nevertheless, interest rates in many countries remain above their pre-pandemic levels.

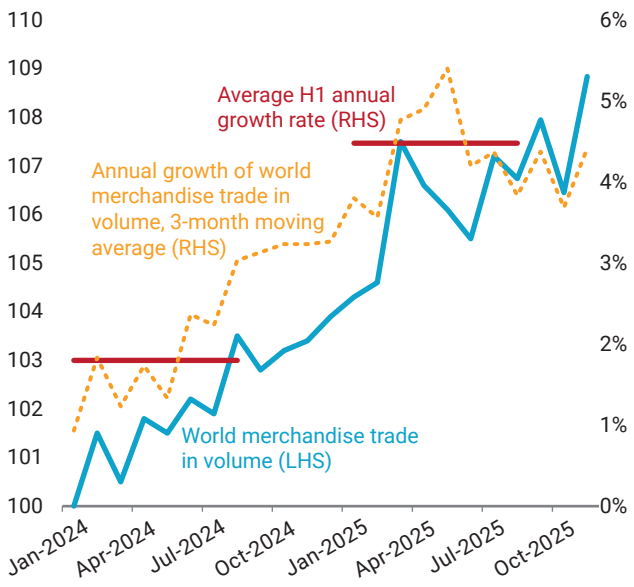
Upside risks to inflation remain significant. Protracted conflicts in the Middle East, escalating geopolitical tensions in other parts of the world, climate-related supply shocks, or further fragmentation in global trade could reignite inflationary pressures, prompting central banks to adopt less accommodative monetary stances.

4. International trade

In 2025, sharp adjustments in U.S. tariffs added significant uncertainty to the global trade environment, yet overall trade remained resilient. Global trade expanded by an estimated 3.8 per cent, amid strong growth in both merchandise and services trade. The United States raised its average effective tariff rate from 2.5 per cent in 2024 to about 15 per cent by December 2025, with headline increases ranging from 10 to 40 percentage points across trading partners. For LDCs, trade-weighted applied US-tariffs have increased from around 9 per cent to 28 per cent. These measures prompted widespread frontloading of U.S. imports in the first half of the year —particularly in pharmaceuticals and machinery—temporarily boosting trade volumes (see figure IV.1.5).

Trade policy shifts in 2025 triggered notable changes in global trade patterns and supply-chain configurations. Export market diversification accelerated among major U.S. trading partners (see figure IV.1.6, as well as chapter IV.3 on trade): China offset reduced exports to the United States by expanding shipments to the ASEAN (Association of Southeast Asian Nations) region and Africa, while the European Union strengthened trade ties with regional partners such as Switzerland and the United Kingdom. Canada redirected exports toward Africa, the ASEAN (Association of Southeast Asian Nations) region and Europe to compensate for declining U.S. demand. There was also a notable increase in goods trade within regional trade agreements in 2025.[9] These adjustments reflect an emerging supply-chain realignment, as firms reconfigure sourcing strategies and diversify markets to mitigate exposure to policy-driven trade frictions. Maritime trade patterns also shifted, with longer shipping routes becoming more prevalent, signaling reduced logistical efficiency and higher costs. Despite these disruptions, an estimated 72 per cent of all goods moved under the World Trade Organization's Most-Favoured-Nation (MFN) terms as of September 2025—underscoring continued global interdependence even amid growing fragmentation.

Figure IV.1.5
World merchandise trade, January 2024–November 2025
(Index, January 2024 = 100, percentage)



Source: UN DESA, based on data from CPB Netherlands Bureau for Economic Policy Analysis.
Note: LHS = left-hand side; RHS = right-hand side; H1 = first half of the year.

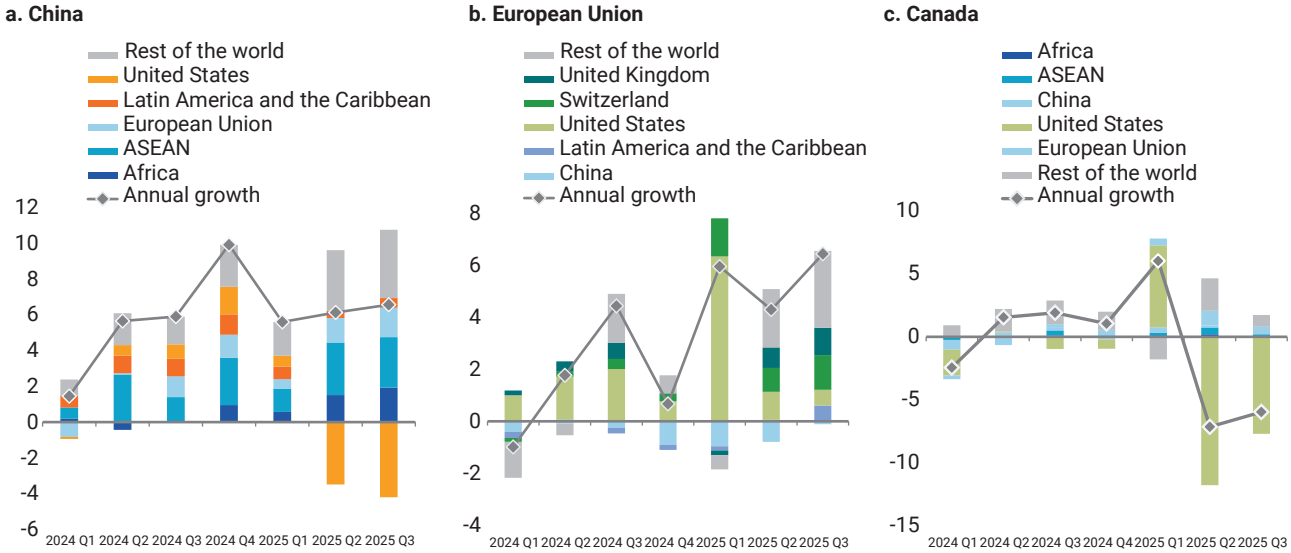
5. Investment

Investment growth has been constrained by a combination of cyclical and structural factors across both developed and developing economies, with average growth in recent years lagging behind earlier periods (see figure IV.1.7a). Elevated interest rates relative to the pre-pandemic period,

Figure IV.1.6

Annual growth of merchandise exports in select economies and contributions by destination, 2024 Q1–2025 Q3

(Percentage)



Source: UN DESA, based on data from the Trade Data Monitor.
Note: The growth rates and contributions are based on nominal values.

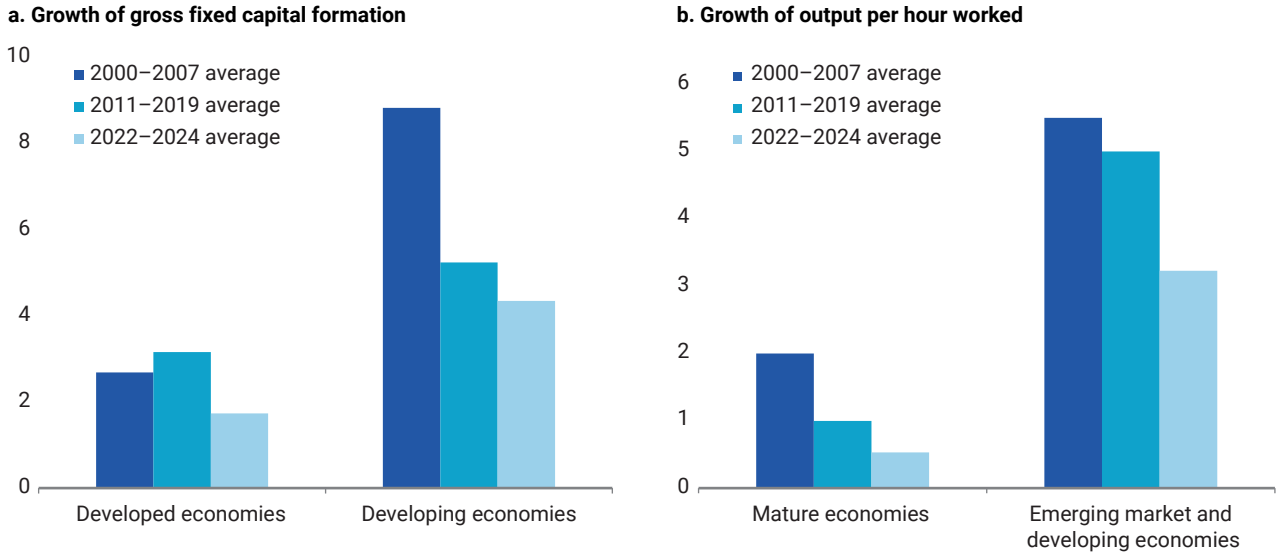
high public debt, and tighter fiscal conditions have dampened both public and private investment. Heightened policy uncertainty, geopolitical fragmentation, and trade restrictions continue to erode business confidence. In many developing economies, limited access to finance, weak institutional capacity, and rising debt servicing costs further constrain capital formation. At the same time, investment needs for climate mitigation and adaptation, digitalization, and infrastructure remain substantial but unevenly financed. Green and sustainable infrastructure projects, which tend to have longer payback periods and higher upfront costs, are disproportionately affected.

While global investment growth has remained subdued, the overall performance in 2025 was somewhat better than anticipated. Gross fixed capital formation proved resilient, supported by an easing of trade tensions and looser monetary policy. In developed economies, investment picked up in 2025, driven by technology-related spending—notably AI infrastructure in the United States, software and R&D in the euro area, and export-oriented machinery in Japan (see figure IV.1.8). Housing investment remained weak, weighed down by still elevated construction and borrowing costs.

Investment trends were mixed across developing economies. Many Asian economies maintained strong investment growth, supported by manufacturing expansion, infrastructure upgrades, and targeted fiscal measures. India recorded robust gains, while Gulf Cooperation Council (GCC) countries advanced large-scale diversification projects. In contrast, China experienced a contraction in fixed asset investment, weighed down by continued weakness in the property sector. In Africa and Latin America and the Caribbean, investment growth generally remained muted, constrained by limited fiscal space and policy uncertainty, though some countries benefited from rising investment in extractive industries. Capital flows into the extraction and processing of critical minerals—for example, in Chile, the Democratic Republic of the Congo, and Zambia—increased markedly, reflecting growing global demand for energy-transition materials.

New foreign direct investment (FDI) project activity remained subdued in 2025, continuing to weigh on fixed capital formation. The value of total FDI is estimated to have rebounded after two years of decline, though trends varied across regions, sectors, and investment types.[10] Global FDI flows rose by 14 per cent, but excluding conduit flows—transactions routed through financial hubs that largely reflect intrafirm movements rather than new productive investment—the increase was only 5 per cent. The number of new project announcements declined, with greenfield investments down 16 per cent and international project finance deals 12 per cent. Investment activity also became increasingly concentrated in developed economies and in technology-intensive sectors, including AI, data centres, and semiconductors.

Figure IV.1.7
Growth of investment and productivity, select years
(Percentage)



Source: UN DESA, based on national data and the Conference Board Total Economy Database 2025.
Note: Panel b): Country groups are not strictly comparable to those in the World Economic Situation and Prospects 2026 but illustrate group tendencies. Productivity is measured by output per hour worked.

Weak investment constrains productivity growth and, in turn, hampers medium-term growth prospects. Over the past two decades, labour productivity growth—measured as real GDP per hour worked—has slowed markedly in both developed and developing economies (see figure IV.1.7b), with significant cross-country differences. As a result, potential growth paths are diverging, contributing to persistent inequalities across countries and regions.

6. International finance

Global financial conditions eased in 2025 and are expected to remain broadly accommodative into 2026, yet underlying vulnerabilities continue to pose risks. Widespread monetary policy loosening and a weaker U.S. dollar supported credit growth and cross-border capital flows (see figure IV.1.9). Episodes of market volatility, including those in mid-2025, underscore the sensitivity of financial conditions to shifts in risk sentiment. Meanwhile, elevated asset valuations and a growing concentration of market gains in a narrow segment of large technology-oriented firms have increased the potential for abrupt market corrections, should investor confidence weaken.

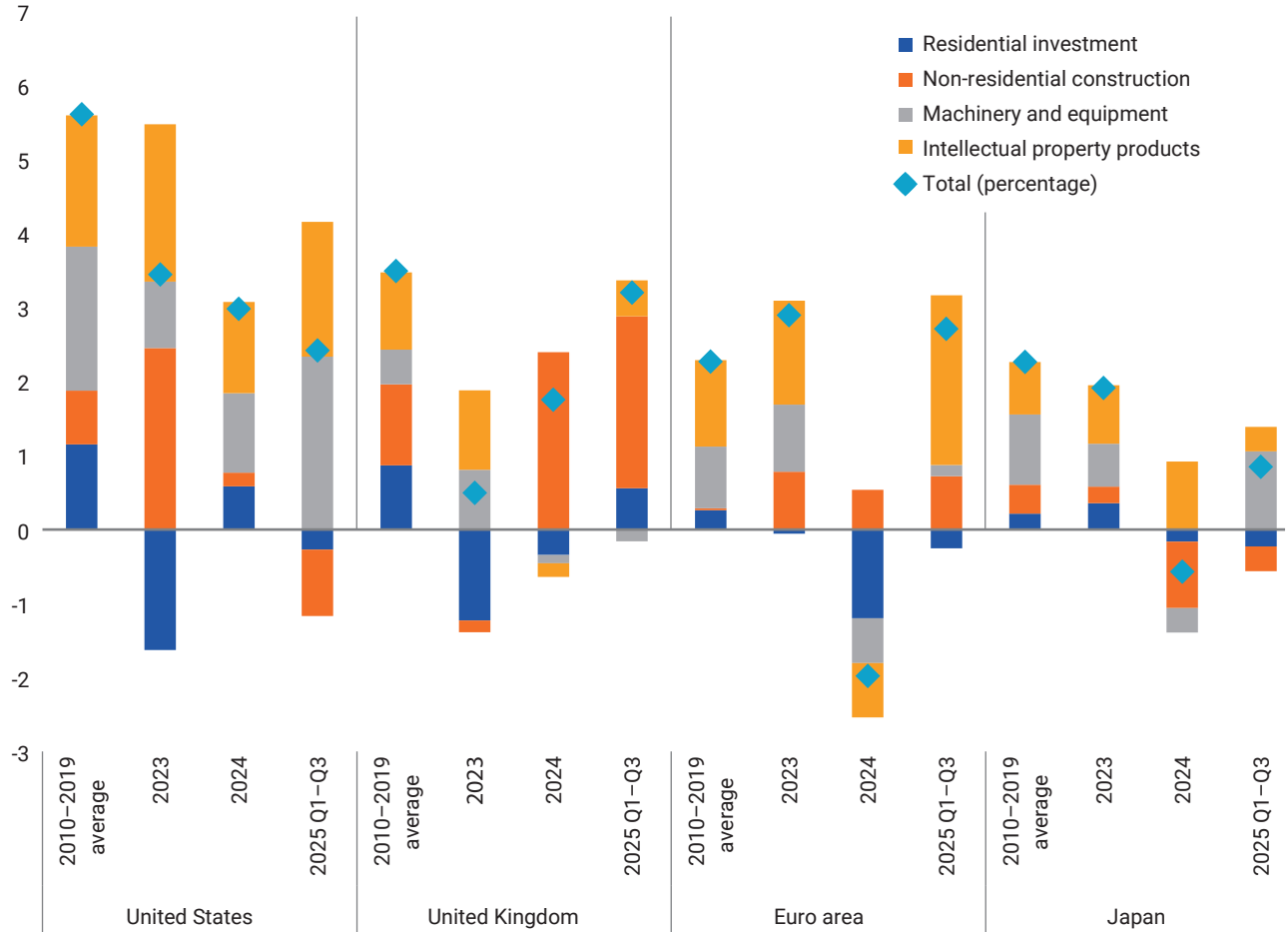
Financing conditions for developing economies improved in 2025, although access to finance remains uneven and sensitive to shifts in global financial sentiment. Global liquidity expanded in 2025, supporting stronger cross-border bank lending and a rebound in portfolio inflows to emerging markets, reflected in robust international bond issuance. However, regional disparities in market access persisted, and many frontier economies continued to face elevated borrowing costs and heightened rollover risks (see chapter III.5 on debt and debt sustainability for more details). In bond markets, the outbreak of conflict in the Middle East has put upward pressure on sovereign yields,[11] with potential implications for borrowing costs in developing countries. For developed countries, sovereign bond yield curves have steepened, driven by the rise in term premia that pushed up long-term yields, due to investor concerns about their fiscal trajectories.[12]

Structural financial risks are intensifying, driven by shifting reserve strategies and the expanding role of non-bank financial institutions (NBFIs). The weaker U.S. dollar in 2025 supported stronger non-U.S. portfolio flows and a surge in gold demand, as central banks—especially in developing economies—further increased gold reserves and reduced reliance on dollar-denominated assets. A rapid or disorderly shift in reserve composition could disrupt global bond markets and tighten liquidity conditions, given the central role of U.S. dollar assets as safe-haven instruments and the limited depth of alternative reserve markets. At the same time, the rapid expansion of NBFIs has heightened systemic risk, as their growing size, leverage, and

Figure IV.1.8

Annual investment growth in select developed economies, by asset type, select years

(Percentage)



Source: UN DESA, based on data from CEIC, Eurostat and national sources.
Note: Figures are in constant prices. Data for the United Kingdom, the euro area and Japan reflects total investment; data for the United States reflects private investment.

interconnectedness with the banking sector could amplify shocks, underscoring the need for stronger regulation, supervision, and crisis-management frameworks.

7. Labour markets

Global labour markets remained resilient in 2025. The global unemployment rate held steady at 4.9 per cent and is projected to remain broadly unchanged in 2026, supported by robust labour demand.[13] However, elevated policy uncertainty, the risk of renewed trade disruptions, and softening growth momentum in some countries are expected to weigh on employment dynamics going forward. The global labour force participation rate is projected to decline by 0.2 percentage points each year, reaching 60.5 per cent in 2027. This structural downward trend, driven in part by the growing number of retirees, has accelerated once again, as the countervailing effect of rising participation rates for women in lower-middle- and high-income countries between 2015 and 2025 has waned.

Growth in global real wages and labour income remains insufficient to offset the real income losses caused by the inflation surge during 2022–2024. The share of labour in global income stood at 52.6 per cent in 2025, remaining below its 2019 level of 53 per cent, a reflection that real wage growth has not kept pace with labour productivity growth.

Labour market conditions diverged across regions, and deep structural challenges continue to constrain inclusive and sustainable employment outcomes. Developed economies generally maintained low unemployment, though signs of labour market softening have emerged in several countries. Labour markets remained resilient in parts of Asia and Latin America, with employment gains in several large emerging economies

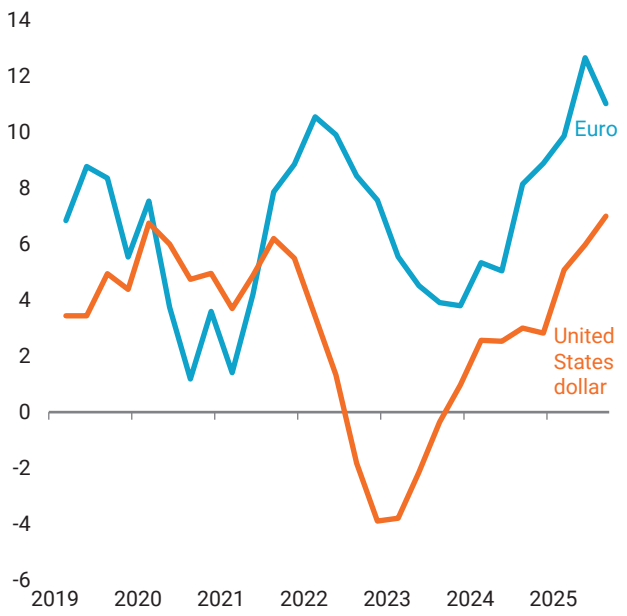
supported by robust domestic demand and the expansion of service sectors. On the other hand, Africa and Arab States saw unemployment rates higher than the global level—6.3 per cent and 9.5 per cent respectively in 2025—reflecting structural challenges and ongoing conflicts in some quarters in the regions. Gender gaps remain wide, with women accounting for only about two-fifths of global employment and generally facing higher unemployment rates than men (see figure IV.1.10). Youth unemployment remains more than twice the global average, at 12.4 per cent, with over 257 million young people not in employment, education, or training (NEET).[14] The situation is of particular concern in Africa, where employment growth continues to lag behind rapid population increases, with 22.9 per cent of youth classified as NEET. Persons with disabilities also face persistent barriers—only 27 per cent are employed, compared with 56 per cent of persons without disabilities.[15]

The effects of AI on labour markets could prove more far-reaching than those of earlier technological transitions, potentially exposing even traditionally high-wage occupations to displacement risks. So far, however, the aggregate impact remains modest. Evidence suggests that AI's effects vary widely across segments of the workforce, and that the resulting productivity gains are not automatic or uniformly shared.

8. Conclusion

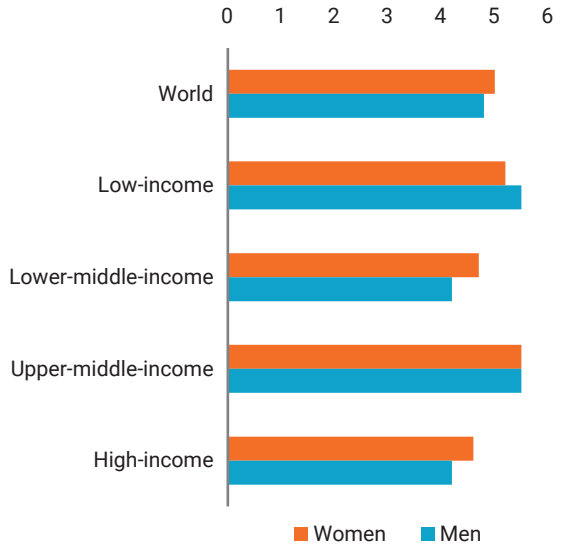
Policy makers should focus on safeguarding macroeconomic and financial stability while embarking on structural reforms to rebuild the foundations for stronger, more inclusive, and sustainable growth. Monetary policy should balance the need to support credit growth and economic activity with the imperative of anchoring inflation expectations, while enhanced macroprudential measures are needed to contain financial risks. Accelerating investment requires a comprehensive package of national policies supported by international cooperation—including scaled-up international financial support to boost investment in economies at risk of falling further behind, and a renewed commitment to a predictable, rules-based trading and investment system.[16] These recommendations are in line with actions in the Sevilla Commitment and the priority actions identified in chapter I of this report: to expand sustainable financing, with a focus on impact, invest in resilience, enhance coherence and reinforce multilateral cooperation. Advancing these priorities will help countries to go beyond short-term stabilization, towards resilient and sustainable development.

Figure IV.1.9
Growth of credit to non-bank, non-resident borrowers, 2019 Q1–2025 Q2
(Percentage)



Source: UN DESA, based on data from the Bank for International Settlements global liquidity indicators and the Institute of International Finance.

Figure IV.1.10
Unemployment rate, by sex and country income group, 2025
(Percentage)



Source: UN DESA, based on the International Labour Organization (ILO) *World Employment and Social Trends 2026*.
Note: Figure use ILO country income groups.

Endnotes

1 This chapter is based on the United Nations World Economic Situation and Prospects 2026.

2 The growth figures are based on the United Nations World Economic Situation and Prospects 2026. Other Task Force members also project fairly steady global growth on a market-exchange-rate basis in 2026. The IMF's World Economic Outlook (January 2026) forecasts world gross product to expand by 2.8 per cent in 2026, unchanged from 2025. The World Bank's Global Economic Prospects (January 2026) projects global growth of 2.6 per cent in 2026, slightly down from 2.7 per cent in 2025.

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Chapter IV.2

Domestic and international private business and finance

1. Key messages and recommendations

Private business and finance are central engines of sustainable development, providing the vast majority of jobs worldwide, driving innovation and mobilizing investment for structural transformation. Private sector activity accounts for around 75 per cent of investment, more than 80 per cent of all government revenue and 90 per cent of employment in developing countries.[1] Aligning private sector activity and investment with the Sustainable Development Goals (SDGs) and creating enabling environments that facilitate private investment remains critical to the achievement of all 17 goals.

In recent years, private sector dynamism has slowed markedly. Heightened geopolitical tensions and fragmentation have stifled global investment flows, while long-term structural changes, such as the shift towards digital and service-based business models, have fuelled a structural transition in international investment away from greenfield investment in manufacturing capacity towards digital business models. This has led to a shrinking pipeline of physical infrastructure projects and a reduction in investments in key SDG sectors. Most recently, developing countries saw a 25 per cent decline in the combined values of greenfield investment and international project finance, with least developed countries (LDCs) hit hardest.[2] To counteract these trends, the Sevilla Commitment sets out ambitious measures to support LDCs and other developing countries to mobilize long-term financing and investment for the SDGs.

Countries have been advancing policies to create enabling environments for private sector activity, but domestic private sector dynamism remains hampered by persistent bottlenecks in physical infrastructures and underdeveloped financial and capital markets in many countries. Local financial sectors and capital markets can unlock much-needed financing for micro-, small- and medium-sized enterprises (MSMEs), which face persistent financing gaps, particularly in developing countries. To develop robust financial markets, countries should first focus on building a domestic savings base and banking system to underpin more complex capital markets, which risk being illiquid and underfunded without a domestic savings base in place.

International private finance flows continue to be highly concentrated in a small subset of sectors and countries. Foreign direct investment (FDI) continues to elude most developing countries. While private capital mobilization via blended finance is growing, it remains disproportionately concentrated in specific countries and sectors, with countries most in need—LDCs, landlocked developing countries (LLDCs) and small island developing States (SIDS)—remaining marginalized. The Sevilla Commitment calls for a shift in approach, with the aim of increasing mobilization in these countries and strengthening the development impact of each dollar

Key messages and recommendations

leveraged, while better serving national needs in different contexts. Underpinning this shift is the need for stronger evidence on which blended finance structures and instruments are best suited for different investment purposes and country needs, enhanced coordination among providers of catalytic and concessional capital, and better and more accessible data on risks and sustainable development impact.

Private capital flows and corporate strategies remain insufficiently aligned with sustainable development priorities. While the sustainable business and finance agenda has continued to advance in some regions, other regions have experienced political and legal pushbacks which, together with tighter macroeconomic conditions, have slowed momentum, leading to increasingly divergent trends across geographies and asset classes. Retrenchment and regulatory uncertainty in parts of the advanced economies have contrasted with continued policy innovation and growing leadership in regions such as Asia and the Pacific and Latin America. In financial markets, environmental, social and governance (ESG) equity flows have declined, while sustainable debt has reached record levels and investment in sustainability-related assets, including clean energy, has continued to expand. Businesses have adapted to this more challenging environment by moderating public sustainability commitments—so-called "greenhushing"—and embedding sustainability more quietly within core operations. As a result, the next phase of sustainable business and finance will be defined less by the proliferation of frameworks than by the impact of ESG investments on profitability and real-economy outcomes.

Against this backdrop, the *Financing for Sustainable Development Report 2026* emphasizes that the catalytic role of private business and finance must be strengthened, not only by mobilizing greater volumes of capital but by improving alignment, quality and development impact. A mix of policy, regulatory and market approaches should help to shift private incentives more decisively towards long-term investments in productive capacity, resilient infrastructure, risk-informed land use, climate adaptation and inclusive innovation, among other things. Scaling private finance for SDG advancement will require higher volumes, strong transparency and impact management.

2. Domestic financial and private sector development and enabling environments for sustainable development

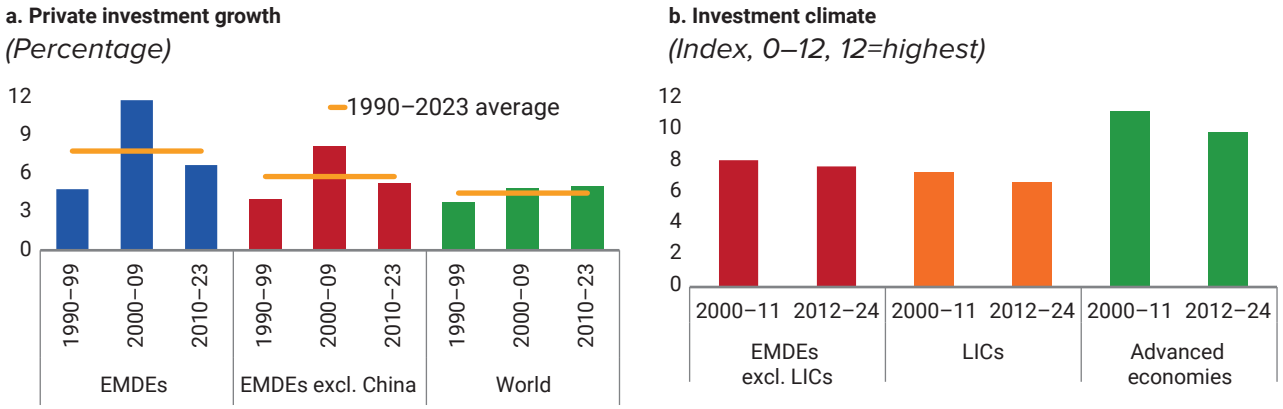
2.1 Strengthening enabling environments for private sector development

Action 32a: Promote policy frameworks that create an enabling environment

Vibrant, innovative and sustainable private sector activity relies on a conducive enabling environment aligned with sustainable development at national and global levels. At the global level, private sector dynamism has slowed in recent years. Private investment growth has been stagnant or falling in developed countries for decades, but it has now fallen below 2000–2009 rates in developing countries as investment climates have declined across all major country groupings (see figure IV.2.1). A number of factors are at play, including structural shifts in business and investment patterns away from "traditional" investments in manufacturing capacity towards investments in asset-light, digital business models, which has led to a shrinking pipeline of large-scale projects and therefore

lower investment rates overall. Value added from manufacturing as a share of GDP now stands at 19.7 per cent in developing countries and 15.1 per cent globally.[3] This is the lowest value in at least two decades and has called into question whether manufacturing can still serve as a "development escalator". Nonetheless, manufacturing remains an important component of sustainable development strategies for many countries. Countries can advance targeted policies to foster greater economic diversification, including in labour-absorbing service sectors, and greater integration into global value chains in response to these trends.[4] Overall, these profound structural shifts, coupled with rising geopolitical uncertainty and fragmentation, are creating a challenging global backdrop for domestic private actors to operate in.

Figure IV.2.1
Private investment growth and investment climate



Source: Haver Analytics; Investment and Capital Stock Dataset (IMF 2021a); WDI (database); World Bank.
Note: EMDEs = emerging market and developing economies. Average annual investment growth calculated using countries' investment in constant international dollars as weights. Sample includes 162 economies, of which 125 are EMDEs.

Source: PRS Group's International Country Risk Guide (ICRG); World Bank.
Note: EMDEs = emerging market and developing economies; LICs = low-income countries. Medians of ICRG's investment profile index. Sample includes 36 advanced economies and 102 EMDEs, of which 18 are LICs.

Action 32a: Promote policy frameworks that create an enabling environment

At the national level, the Sevilla Commitment underlines the importance of coherent financing policies and enabling environments in support of private sector activity for sustainable development. The Sevilla Commitment strongly promotes efforts to put in place or strengthen financing policies aimed at fostering private sector development and creating an enabling environment aligned with sustainable development. Such private sector development policies can promote long-term, risk-informed, quality investments in sustainable development. Enabling environments for sustainable investments would include measures to "internalize" pervasive externalities that hamper sustainable transformations. For instance, fiscal systems would set the right incentives for private actors such as through carbon taxes or the removal of fossil fuel subsidies. Such policy measures should also be accompanied by regulatory measures such as energy efficiency, and labour and environmental standards to foster alignment with sustainable development.

Action 32a: Promote policy frameworks that create an enabling environment

Countries are taking concrete actions to improve their domestic enabling environments. This includes investment facilitation measures, which the Sevilla Commitment emphasizes, improved insolvency and competition frameworks, and strengthened accountability and transparency. Indicators, such as those gathered in the World Bank Group's B-READY assessments, are suggesting that countries are making progress in this regard. A total of 93.5 per cent of countries in the World Bank Group's B-READY assessments, for example, now have regulatory policies in place to prohibit anti-competitive behaviours and 68 per cent require mandatory verifications of beneficial owners' identities to strengthen business accountability.[5] The international community is also stepping up support in this area. Through the IDA21 Private Investment Lens,

the World Bank Group supports countries, including through B-READY, with a focus on improving regulatory and business environments, creating efficiencies through scale, leverage and harmonization of regulations as well as enabling mobilization by deepening financial markets, including domestic capital markets and facilitating local currency financing.[6] Promoting women's participation in the economy is a key aspect of creating an enabling environment for sustainable development. However, progress in this area remains limited. Although women account for 40.2 per cent of the global labour force,[7] only 14.7 per cent of formal firms have women in top managerial positions, with only 33 per cent female participation in the ownership of firms.[8]

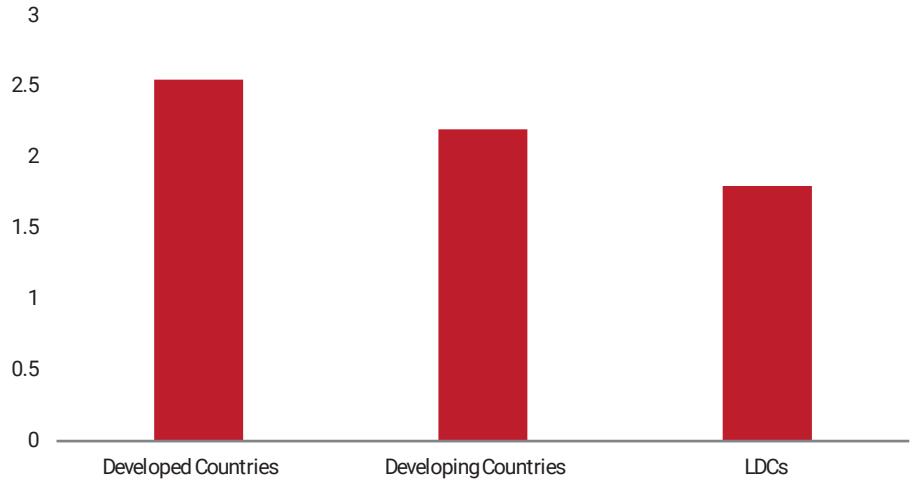
Action 32i: Promote women's active participation in the economy

Action 33d: Support quality, reliable, sustainable and resilient infrastructure

Private sector dynamism is curtailed by challenges in other areas, particularly infrastructure. Firms in some countries, for example, face as many as 22 power outages per month[9] and more than a billion people are living more than 2 kilometres away from an all-weather road,[10] undermining the ability of entrepreneurs to run a business and connect to markets. Infrastructure disruptions due to disasters also cascade across economies and interrupt business continuity. As figure IV.2.2 suggests, the largest gaps in infrastructure quality are found in LDCs. Closing these infrastructure gaps requires comprehensive approaches. There are strong feedback loops between enabling environments, such as supportive policy and regulatory environments, and investment in infrastructure, which can create virtuous cycles of improvements.[11] Yet, for many countries, mobilizing the necessary financing to invest in infrastructure continues to be a key bottleneck, creating instead a vicious cycle of a weak enabling environment, a subdued investment climate, lack of access to foreign and domestic financing and underinvestment in infrastructure. LLDCs are particularly reliant on closing gaps to improve access to global markets. To support them in boosting investment in sustainable infrastructure and ensuring its adequate maintenance, Member States are exploring setting up an Infrastructure Investment Finance Facility for LLDCs as proposed under the Sevilla Commitment.

Action 33f: Attract investment in affordable, reliable, sustainable and modern energy

Figure IV.2.2
Logistics performance index: quality of trade and transport-related infrastructure
(Index: 1=low, 5=high)



Source: DESA calculations on the basis of World Bank data.

2.2 Enhancing domestic financial market development

Action 32b: Promote domestic financial sectors and savings base

Robust domestic financial sectors are key to a thriving business sector, with domestic resources providing the bulk of financing for private sector activity in a

large majority of countries. A gradual approach can help to develop such markets, prioritizing the building of a domestic savings base through locally rooted actors such as local, cooperative and savings banks, before establishing more complex financial markets that risk being illiquid and underfunded without an adequate savings base. While some developing countries have registered progress in this area, many others, particularly countries in special situations, have been unable to do so, with recent trends suggesting that some are losing ground. In LDCs, for instance, gross domestic savings as a share of GDP has declined from 22.4 per cent in 2020 to 18.6 per cent in 2024, compared to 25.9 per cent globally.[12] Efforts to promote greater depth in and efficiency of financial markets have not yielded significant improvements. Indicators such as the ratio of financial institutions' assets to GDP and the ratio of deposits to GDP have stagnated in many developing countries, particularly in LDCs. In response, capacity-building, such as through the World Bank Group's Joint Capital Markets Program, supports national authorities and investors to develop liquid and well-regulated capital markets. There is also an increased focus on scaling up financing in local currency, which continues to be a challenge in many developing countries (see box IV.2.1).

Action 32d: Support technical assistance and capacity development for financial sector development

Strengthening access to financing for MSMEs is a policy priority in many countries, but progress is insufficient.[13] MSMEs represent the backbone of private sector activity but they continue to face significant hurdles in accessing financing at affordable rates. Globally, MSMEs represent 90 per cent of all businesses and account for more than half of employment.[14] Despite their importance, the financing gap for MSMEs is estimated to be around US$5.7 trillion, equivalent to around 19 per cent of global GDP and 20 per cent of total private sector credit.[15] Access to finance is particularly challenging for the so-called "missing middle" of firms that are too large to qualify for microfinance and too small to tap growth capital. Women-owned MSMEs, comprising 28 per cent of small businesses, face particular challenges, with an estimated credit gap of around $1.4 trillion to $1.7 trillion.[16] Targeted financial products for women-led and youth-led enterprises can reduce these persistent financing gaps.

Action 32g: Promotion of inclusive development-oriented policies, formalization and growth of MSMEs

Domestic actors such as local banks can help to strengthen the MSME financing ecosystem. Bank lending continues to provide the bulk of financing for MSMEs, but there are significant gaps between developed and developing countries. Only about 2.6 per cent of GDP is loaned to SMEs in some LDCs, compared to 11.9 per cent in the richest countries.[17] Investment guarantee schemes that share risks (so called "de-risking") and broaden access for underserved firms can help to address these constraints. Public development banks often play a central role, providing concessional credit, co-lending arrangements and technical assistance to facilitate MSME access to finance. Local currency financing is also crucial to unlock greater funding for MSMEs (see box IV.2.1). In addition to firm-level instruments, ecosystem-level policy and regulatory reforms (e.g. proportionate regulation for MSME finance, guidance on sex-disaggregated reporting, consumer protection frameworks and gender-responsive supervisory incentives embedded in national financial inclusion strategies) are critical to expanding access to finance for MSMEs, including those owned by women.[18]

Action 32l: Reduce structural constraints, challenges, barriers for MSMEs

Regulatory impediments can hinder greater financing for MSMEs. These include the unintended consequences of financial stability regulation that increase compliance costs and reduce the flow of finance towards MSMEs in developing countries. The high costs of regulatory compliance for local and small banks also curtail MSME financing in many developing countries, where universally applied regulation that does not consider business size may lead to a lending bias towards larger firms. Financial technology (fintech) lending, which has grown in importance over recent years, has proven effective in reaching previously underserved MSMEs. Yet, the share of lending from fintech lenders to MSMEs continues to be limited overall, with only around 10 per cent of fintech portfolios channelled towards SMEs, as concerns regarding consumer protection increase.[19] It is also unclear whether fintech solutions are effective in serving the same intermediary role as traditional banks in channelling local

Action 32l: Promotion of formalization and growth of MSMEs

Action 32m: Leverage digital tools and remove barriers for MSMEs

Box IV.2.1

Solutions to unlock local currency financing at scale

Local currency financing remains a critical bottleneck to private sector development, particularly in economies where financial sectors are shallow, dominated by short-term lending or heavily reliant on external capital. In such environments, firms often depend on foreign currency borrowing, which leads to a heightened exposure to exchange rate volatility and amplifying debt vulnerabilities when currencies depreciate. MSMEs in particular are unable to carry the cost of such exposure—or the cost of hedging against such exposure. Expanded access to local currency financing is not only essential for private sector resilience but also for financing sustainable infrastructure, climate adaptation and mitigation, and broader macro-financial stability. The Sevilla Commitment underlines the importance of local currency financing across three paragraphs, encouraging official creditors to increase lending in local currencies in developing countries (para 41e), highlighting the need to scale up products in local currency (para 31n) and the development of hedging solutions for sustainable investment (para 33p) by multilateral development banks (MDBs), encouraging development finance institutions to promote finance for MSMEs, including through on-lending to domestic financial institutions and enhanced local currency financing (para 27g).

Yet, several persistent structural constraints limit the expansion of long-term local currency financing with no single policy measure available to unlock such financing at scale in most countries. Domestic capital markets, especially corporate bond markets, remain underdeveloped or absent in many developing countries, particularly LDCs. In some countries, in addition to structural constraints, large government financing needs may also crowd out private borrowers and narrow the lending space for commercial banks. Pension, insurance and mutual fund sectors—which provide the long-term capital essential for deeper financial markets—tend to be small, fragmented or insufficiently regulated.

Strengthening local currency financing requires a comprehensive policy approach to develop domestic financial markets in a gradual manner. Developing a domestic savings base, followed by government and corporate bond markets is foundational: Expanding the institutional investor base by deepening insurance, pension and collective investment schemes increases the pools of long-term domestic savings that can be mobilized for productive investment. Predictable issuance calendars, credible medium-term debt management frameworks and effective market-making mechanisms help to anchor yield curves and crowd in private issuers. In parallel, regional initiatives, including cross-border bond markets and currency swap arrangements, can help to overcome national market fragmentation and attract a broader investor base. Blended finance instruments, such as local currency guarantees, hedging facilities and catalytic investments from development finance institutions, can make local currency financing instruments more attractive to private financiers when structured to share both risks and returns fairly.

At the global level, several actors have advanced new solutions and instruments as well as expanded the financing available in local currencies and developed tools to mitigate currency risk. The World Bank Group's private sector arm, the International Finance Corporation (IFC), has significantly expanded the financing it provides in local currencies over the past three decades. Most recently, in fiscal year 2025, IFC made US$4.6 billion of local currency financing available through 87 commitments in 37 currencies. A total of 28 per cent of its own account annual long-term debt commitments were in local currency. The Inter-American Development Bank (IDB) has been supporting Brazil in the design and implementation of Eco Invest Brasil, an initiative that helps to attract long-term domestic and international private capital for sustainable investments. The programme deploys innovative blended finance solutions and foreign exchange hedging mechanisms to strengthen project bankability and crowd in private capital. Building on the success of Eco Invest, IDB, in partnership with Brazil and the United Kingdom, launched FX EDGE in July 2025 at the Fourth International Financing for Development Conference (FFD4) in Sevilla to help countries boost foreign capital mobilization and develop local markets. The European Bank for Reconstruction and Development (EBRD) and the Asian Infrastructure Investment Bank (AIIB) are advancing the Delta initiative to build a shared pool of local currencies. By pooling currencies, risks can be diversified without undue exposure to any single currency, reducing the cost of hedging. Building on this, the Sevilla Commitment calls for the creation of a joint platform of multilateral and other public development banks to manage liquidity needs by building local currency pools and creating a centre of excellence for local currency and capital market development.

Source: World Bank Group, IDB.

savings towards local MSMEs. Greater data availability is thus crucial to assess the overall impact of fintech on MSME financing.

While progress on access to financing for MSMEs has been limited, there have been significant advances in financial inclusion of individuals. Adult account ownership has risen by five percentage points globally, from 74 per cent in 2021 to 79 per cent in 2024. The global gender gap in account ownership has narrowed to four percentage points. Nonetheless, 1.3 billion adults still lack access to a financial account.[20] To realize the benefits of increased access, greater efforts must be directed towards improving financial capability and literacy, enabling individuals to effectively leverage these services to reach their long-term financial goals. While owning an account is the first step to financial stability, financial health includes additional factors, such as financial security, resilience and control.[21] For instance, despite increased overall access, data suggests that only 56 per cent of adults could easily access extra money to deal with unforeseen expenditure.[22] While fintech solutions have contributed to increasing access to financial services, improving financial and digital literacy as well as consumer protection is critical to reduce potential risks.

Action 32n: Expand access to financial products and services across society

As disaster risks increase, strengthening resilience and preparedness is critical. Rather than treating disasters as exogenous shocks, domestic financing policy needs to recognize them as recurrent, systemic risks and integrate them into fiscal planning, investment appraisal and financial regulation. Data-driven disaster risk financing strategies are needed that interlock tailored risk reduction, risk transfer and risk management actions. Increasing insurance coverage is also important, especially for smallholders and other small-scale actors along the value chain although, increasingly, there are also climate risks that have become effectively uninsurable. Globally, less than 20 per cent of smallholder farmers have agricultural insurance, most of them in India and China, with less than 3 per cent in sub-Saharan Africa.[23] Evidence shows that insurance can protect and increase incomes, prevent vulnerable households from falling into poverty, reduce negative coping strategies and encourage prudent investment in agriculture, while strengthening governments' planning capacity when it comes to allocating public resources to disaster risk mitigation. This requires public policies to keep risk transfer feasible, and insurance solutions that embed risk-prevention incentives. Initiatives, such as the INSURED (insurance for rural resilience and economic development) programme of IFAD, have supported tailored climate risk insurance solutions, including in fragile contexts. Moreover, only 1.1 per cent of total crisis finance is prearranged, which can lead to slower recovery times and higher action costs. In 2024, prearranged finance was estimated at $9.4 billion. Low-income countries have received a miniscule share of such finance, at only around 3.2 per cent in 2023.[24] To provide financial solutions that enable anticipatory action for faster and more cost-effective responses before emergencies escalate, the Food and Agriculture Organization (FAO) has introduced the Financing for Shock-Driven Food Crisis Facility to advance contingent payout systems for up to 12 hazards, including some traditionally considered uninsurable.

Action 32e: Develop comprehensive risk management and insurance markets

Action 32f: Encourage the use of prearranged financing

2.3 Leveraging remittances and safeguarding correspondent banking relationships

In the Sevilla Commitment, Member States underlined the positive contribution of migrants to inclusive growth and sustainable development, with remittances providing an important source of external financing in many countries of origin. Remittance flows support household consumption, education and health spending in countries of origin. Remittance flows increased by 4.6 per cent from $865 billion in 2023 to $905 billion in 2024.[25] Over three quarters of remittances are sent to low- and middle-income countries. Migrant savings in countries of destination are estimated at $420 billion to $520 billion.[26] Platforms such as

Action 32n: Expand access to financial products and services across society

the Global Diaspora Policy Alliance, launched in 2024, aim to enhance policy coherence and collaboration in diaspora engagement.

Action 32o: Reducing costs of remittances

Yet, despite their importance, efforts to reduce the cost of transferring remittances continue to fall short. The global target (SDG target 10.c), reiterated in the Sevilla Commitment, is to lower the average transaction cost of remittances to less than 3 per cent of the amount sent. Despite this objective, the global average cost of sending a benchmark of $200 increased from 6.26 per cent in the fourth quarter of 2024 to 6.49 per cent in the first quarter of 2025. This is more than double the committed target.[27] A lack of competition between operators, the non-transparency of fees and commissions as well as corridor-specific issues are all contributing factors to the high costs. Efforts to reduce costs should thus include fostering competition between operators, harmonizing regulatory frameworks and investing in payment systems infrastructure to facilitate interoperability at all levels, in line with G20 recommendations. Other needed actions are leveraging the potential of central bank digital currencies (CBDCs) and strengthening digital and fintech-based remittance channels. In rural and low-income areas, a lack of financial literacy as well as weak digital infrastructure poses additional barriers. Limited internet connectivity, low smartphone ownership and unreliable electricity supply reduce access to remittance services. Programmes such as the IFAD Financing Facility for Remittances have expanded digital infrastructure to rural families to receive, save and manage remittances safely, while linking recipients to savings, credit and insurance products that strengthen resilience and enable productive investment, thus supporting financial literacy.

Action 32p: Support correspondent banking relationships

The global decline in correspondent banking relationships continues to limit access to cross-border payments, trade finance and remittances. Correspondent banking relationships are the backbone of the $250 trillion in cross-border payments expected by 2027.[28] Countries without any, or with only very few banks that have correspondent banking relationships, are effectively barred from receiving cross-border flows. Available comparative data between 2011 and 2022 shows that correspondent banking relationships declined by about 20–30 per cent,[29] driven to a large degree by higher regulatory compliance costs related to stricter anti-money laundering and counterterrorism financing regulations. Countries with declining correspondent banking relationships have also seen cross-border financial flows decline—a trend that has been particularly pronounced in SIDS.[30] High market concentration among existing correspondent banks is reducing competition and available payment channels and leading to longer payment chains and thus costs. Enhancing supervisory cooperation across jurisdictions, developing regional payment platforms and leveraging technology for better risk management are critical measures to maintain and expand correspondent banking services. These trends also affect inclusive cross-border payments to rural and low-income communities, where low-volume corridors and smaller financial institutions are often the first to be excluded, increasing costs and limiting access to formal channels.

3. Foreign direct investment and private capital mobilization for sustainable development impact

Action 33a: Promote sustained foreign direct investment in developing countries

3.1 Foreign direct investment

Global FDI has been severely affected by a slowing and fragmenting world economy, compounding challenges for financing sustainable development. In

the years leading up to Sevilla, global FDI had already trailed the expansion of GDP and trade (figure IV.2.3), signalling a decoupling of cross-border productive investment from the broader global economic activity. International investment continued its downward trend in 2024, with FDI falling by 11 per cent from $1.67 trillion in2023 to $1.49 trillion in 2024. This marked the second straight year of contraction and confirms persistent fragility in international investment flows.[31] Weaknesses persisted in 2025: without higher flows through global financial centres, FDI increased by only 5 per cent, with greenfield project announcements dropping by 16 per cent. These trends suggest that global FDI is in a cyclical downturn layered on structural shifts, pointing to a gloomy outlook as investor caution deepens amid tariff escalation and ongoing geopolitical tensions.[32]

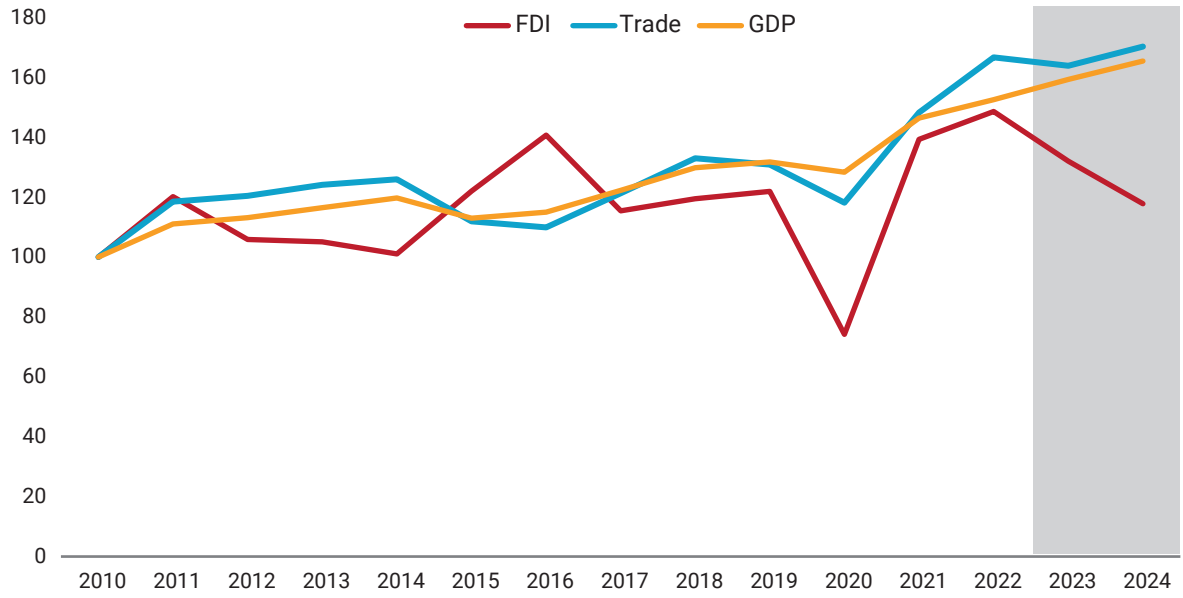
Action 33c: Strategically attract foreign development investment

FDI to developing countries continues to be highly concentrated, with 10 major emerging markets accounting for approximately 75 per cent of total inflows.[33] For developing economies overall, FDI remains the largest source of external finance, representing around 45 per cent of total external inflows (though only 24 per cent in LDCs). A high concentration of FDI is also evident in one of the growth sectors—the digital economy—where developing countries attracted $531 billion in announced digital economy projects between 2020 and 2024. But 80 per cent of this capital was concentrated in just 10 countries, most of them in developing Asia, underscoring the risk of widening digital divides. Nonetheless, South-South investment in the digital economy is increasing, accounting for 40 per cent of the greenfield investment in developing economies (see figure IV.2.5). [34]

Action 33d: Originate, prepare and support quality, reliable, sustainable and resilient infrastructure projects

International project finance data indicates a gloomy future for investment capacity, with potentially significant impacts on infrastructure and energy investment. International project finance continued its downward trajectory in the first half of 2025, dropping by 11 per cent in quantity and 8 per cent in value, with infrastructure-related deals particularly affected, following a cumulative decline in international project finance value of over 40 per cent between 2021 and 2024 (see figure IV.2.6).[35] Rising interest rates, currency volatility and tighter global financial conditions have made long-tenor project debt more expensive and harder to secure, especially in lower-income markets perceived as higher

Figure IV.2.3
FDI is losing pace with trade and GDP
(FDI, GDP and trade indexed, 2010 = 100)



Source: UNCTAD, based on IMF for GDP and trade.
Note: GDP at current prices, trade is value of goods and services exports.

Box IV.2.2

"New FDI" can contribute to the green and digital transitions, but may create fewer jobs and increase inequalities

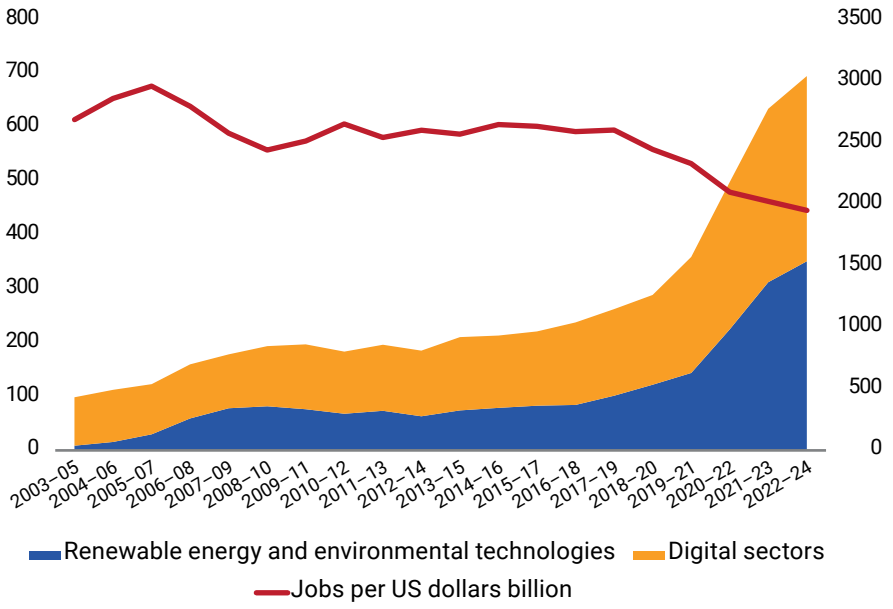
The shift towards digital business models is affecting the development impact of recent FDI flows. FDI is increasingly associated with higher productivity and higher rates of adoption of digital technologies. At the same time, it also contributes to widening inequalities and has lower job creation impacts. Owing to their larger scale of operations and better access to capital, foreign firms are on average 70 per cent more productive than domestic firms but only pay 34 per cent higher wages. They are also 80 per cent more likely to spend on R&D—up from 60 per cent from 2015 to 2019—and faster to adopt digital technologies, as shown by their 19 per cent higher likelihood to use digital payment solutions. From a sectoral perspective, digital and green industries attracted half of global greenfield FDI between 2019 and 2023. Greenfield FDI in renewable energies increased from 1 per cent of global greenfield FDI in 2003 to 22 per cent in 2024 and greenfield FDI in digital goods and services from 12 per cent to 30 per cent.

With regard to labour market outcomes, this "new" FDI is creating fewer jobs than in the past (see figure IV.2.4). In 2024, greenfield FDI generated 2.4 million jobs worldwide (compared with 2.8 million in 2023). Sectors experiencing a massive surge in FDI such as renewables or semiconductors have, however, low job creation intensities. While this shift signals a reallocation of labour to where it is needed, it led to a drop in job creation intensity of greenfield FDI of 17 per cent between 2014 and 2018 and 2019 and 2023, with potential long-term adverse impacts. Overall, these trends are actively reshaping the contribution of FDI to sustainable development. Swift policy action, including preparing the workforce for emerging skills that are in demand, will help to ensure that FDI supports labour productivity growth and benefits both people and the planet.

Figure IV.2.4

Greenfield FDI in digital and green sectors is less job-intensive

(Billions of US dollars, number of jobs per US dollar billion)



Source: OECD, "FDI Qualities Indicators Visualisation Platform."

risk. This prolonged slump is a major concern. Project finance is the main vehicle for large-scale infrastructure. LDCs rely heavily on international project finance for large infrastructure and energy projects. One sector that has shown resilience is information and communication technology (ICT), driven by strong activity in ICT-related projects.

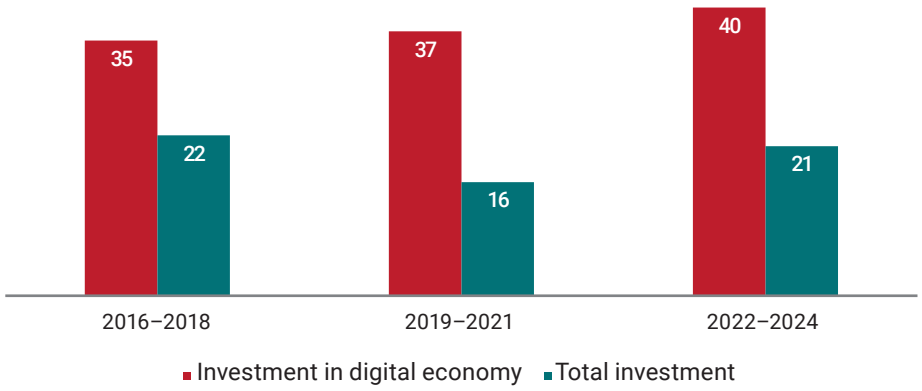
Developing countries continue to face significant challenges in attracting and directing international investment towards sectors critical to achieving the SDGs, including sustainable infrastructure. Over the past decade, international investment in SDG-related sectors such as infrastructure, food systems, health,

Figure IV.2.5

Growing role of South–South greenfield investment in the digital economy

Share of South–South investment in greenfield projects in the digital economy and in all sectors

(Percentage of value)

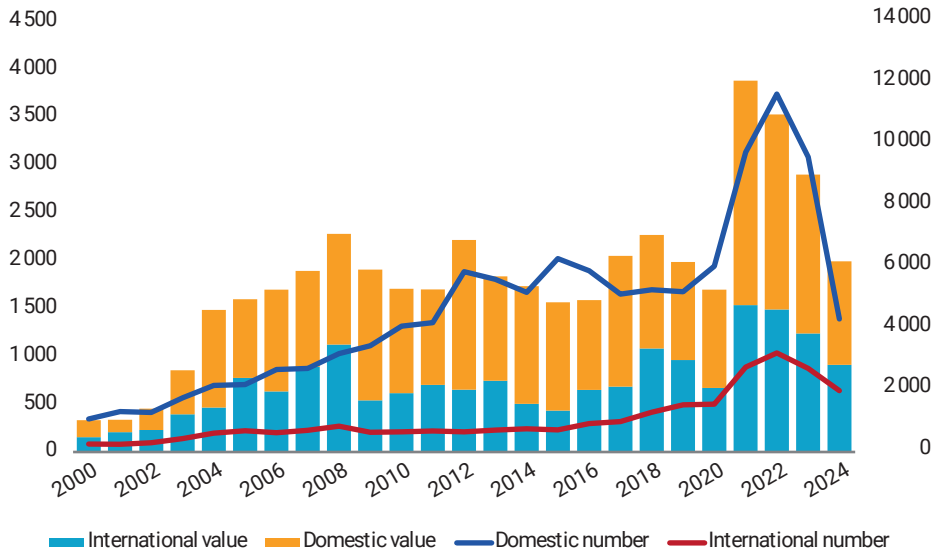


Source: UNCTAD, based on information from The Financial Times Ltd, fDi markets.

Figure IV.2.6

Trends of project finance have reversed in recent years

(Billions of dollars and number, value and number of deals by source of investment)



Source: UNCTAD.

Table IV.2.1
Investment in developing countries in sectors relevant to the SDGs

	2015	2023	2024	Growth rate 2015–2024	Growth rate 2023–2024
Infrastructure	150	219	142	-6	-35
Renewable energy	106	372	256	143	-31
Water, sanitation and hygiene	8	12	9	13	-30
Agrifood system	19	24	19	5	-19
Health and education	11	12	15	38	25

Source: UNCTAD (2025).

and education, stagnated. Investments in most key sectors other than energy have stalled or declined since 2011. In 2025, investment dropped by 35 per cent in infrastructure, 31 per cent in renewable energy, 30 per cent in water and sanitation, and 19 per cent in agrifood systems (see table IV.2.1), following an average decline of 25 per cent across sectors in 2024. The impact on LDCs has been particularly severe, with projected investment falling by about 86 per cent in 2024, with larger projects dropping out of the pipeline. The number of projects in LDCs is on track to fall by another 5 per cent in 2025, possibly reaching their lowest level since 2015.[36] Overall, climate-related investment needs are a significant component of the total investment shortfall faced by countries. The global economic context, including stubbornly high borrowing costs and declining project finance, disproportionately affects green and sustainable infrastructure projects, which tend to have longer payback periods and higher upfront cost. Development finance institutions, including MDBs, continue to play a vital role, directly financing nearly a quarter of infrastructure projects in LDCs.

3.2 Private capital mobilization for sustainable development impact

Action 33g: Shift the approach to blended finance

Private capital mobilization has grown over the last decade but remains below expectations and concentrated in specific countries and sectors, largely bypassing countries in special situations. Since the adoption of the Addis Ababa Action Agenda in 2015, much of the discourse around private capital mobilization has focused on the potential of blended finance—which refers to the use of public development finance to crowd in additional finance, notably private finance. With the main focus on the volume of private finance mobilized, efforts have been concentrated in middle-income countries and economic infrastructure and services sectors, where the potential for financial returns is higher. Over the period from 2015 to 2024, private finance mobilized via blended finance activities grew from $32 billion to $75 billion. Volumes mobilized were four times higher in middle-income countries than in LDCs, LLDCs and SIDS combined (see figure IV.2.7). Over the same period, more than three quarters (76 per cent) of private finance mobilized across developing countries was in banking and business services; energy; industry, mining and construction; and transport and storage (see figure IV.2.8).

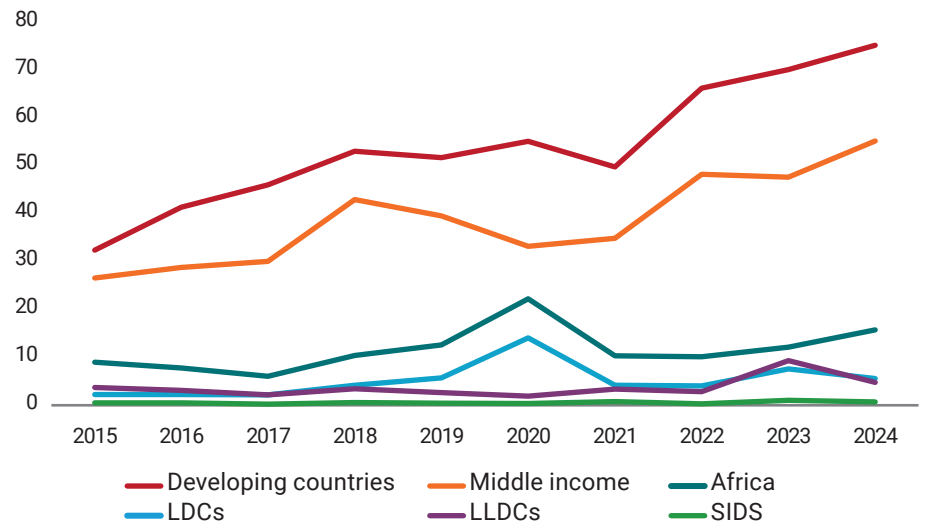
Longstanding challenges hinder private capital from being mobilized at the scale required to meet SDG investment needs, especially in the places that need it the most. These challenges include weak enabling environments; low saving rates; underdeveloped financial markets; project bankability and project preparation; complex deal structuring; and mismatches between perceived and actual risk levels. Prudential regulation that fails to systematically recognize how blended finance and credit enhancements such as guarantees, reduce risk,

further hinders mobilization at scale. Availability of risk, impact and financial performance data to adequately assess risks and opportunities in different country contexts and markets, and to support effective blended finance instrument choices, remains limited. Institutional incentives within providers may also contribute to lower-than-expected mobilization, especially in countries in special situations where MDBs and development finance institutions are also often faced with investment challenges stemming from political economy uncertainties.[37] For example, over the period from 2013 to 2023, only 6.1 per cent of MDB/development finance institution private sector investments were committed to LDCs.[38]

A shift in approach is needed, grounded in country ownership and focused on maximizing the development impact of every dollar invested as well as the volume of private finance mobilized. This will require taking a more holistic approach to private capital mobilization and adapting it based on country circumstances, needs and priorities. The Sevilla Commitment calls for such a shift and outlines several actions to support it. These include:

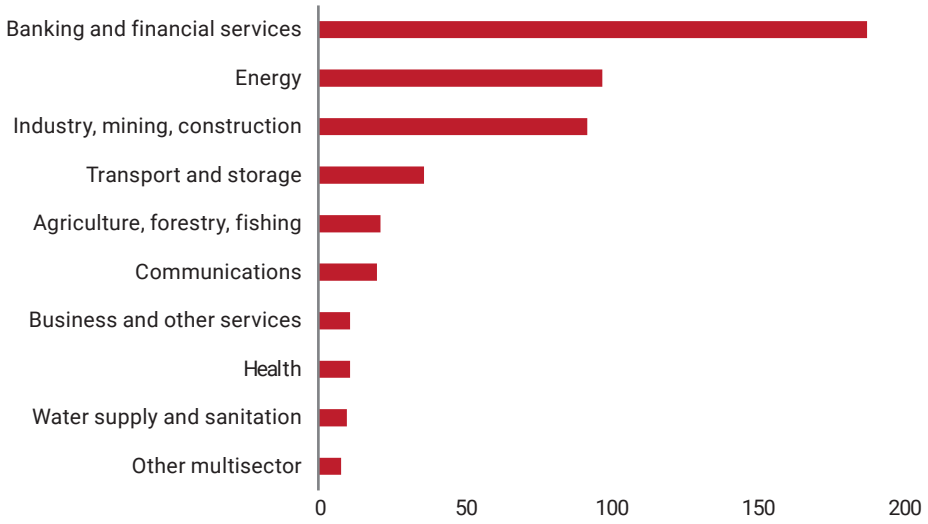
- More effectively designing and using different risk-sharing and blended finance instruments and structures that share risks and rewards fairly to mobilize private capital under different circumstances;
- Strengthening the catalysing capacity of key blended finance actors to crowd in private capital including in LDCs;
- Increasing collaboration across the blended finance ecosystem to enhance the efficiency and impact of public capital contributions;
- Improving regulation to fairly value the risk reduction stemming from the use of guarantees (see chapter IV.4, International financial architecture and systemic issues);
- Improving the availability, quality and accessibility of risk and impact data to support additional investments.

Figure IV.2.7
Amounts mobilized from the private sector by official development finance interventions
(Billions of US dollars)



Source: OECD (2026).

Figure IV.2.8
Top sectors for blended finance investments, 2015–2024
(Billions of US dollars)



Source: OECD (2026).

3.2.1 More effective use of instruments

Actions 33h-j, 33l, 33n, 33p: Use different blended finance instruments and structures more effectively

Over the period from 2015 to 2024, guarantees and direct investments in companies and special purpose vehicles (SPVs) emerged as the primary blended finance mechanisms to mobilize private capital in developing countries (see figure IV.2.9). Guarantees[39] in particular have been used for mobilization, including to promote access to finance in underdeveloped and underserved markets such as LDCs (see box IV.2.3)[40]—though constraints to their wider use remain, including regulatory treatment (see chapter IV.4, International financial architecture and systemic issues).

Complementing traditional instruments and structures for private capital mobilization, MDBs have been innovating and identifying new mobilization products, in particular through securitization.[41] MDBs are advancing a shift towards originate-to-distribute/share models. By bundling together pools of assets and transforming them into tradable securities, securitization can enable the scale-up of private capital mobilization, including from institutional investors with different risk/return profiles. For example, the IDB Scaling4Impact securitization, which was launched in 2024, consists of securitizing $1 billion of IDB Invest's portfolio, creating a tranched structure with an $870 million senior tranche; a $100 million mezzanine tranche, a portion of which was sold to international investors and the remainder insured by AXIS and AXA; and a $30 million junior tranche retained by IDB Invest.[42] Under the World Bank Group's Emerging Markets Securitization Program, IFC raised $510 million through a securitization vehicle backed by a globally diversified portfolio of emerging market corporate loans. The senior tranche notes were listed on the London Stock Exchange. This inaugural issuance enabled IFC to share part of its high-quality emerging market loan exposure with institutional investors and a consortium of global insurance companies, mobilizing private capital and expanding its lending capacity. The United Kingdom-funded Mobilist programme played a catalytic role as a co-investor with IFC in the equity tranche for this inaugural issuance.

Standardization based on the purpose of the investment and country context can support scaled-up private capital mobilization ratios. Private capital mobilization can be conceptualized as a continuum, ranging from the creation of new markets to large-scale deployment of private capital in mature markets.[43]

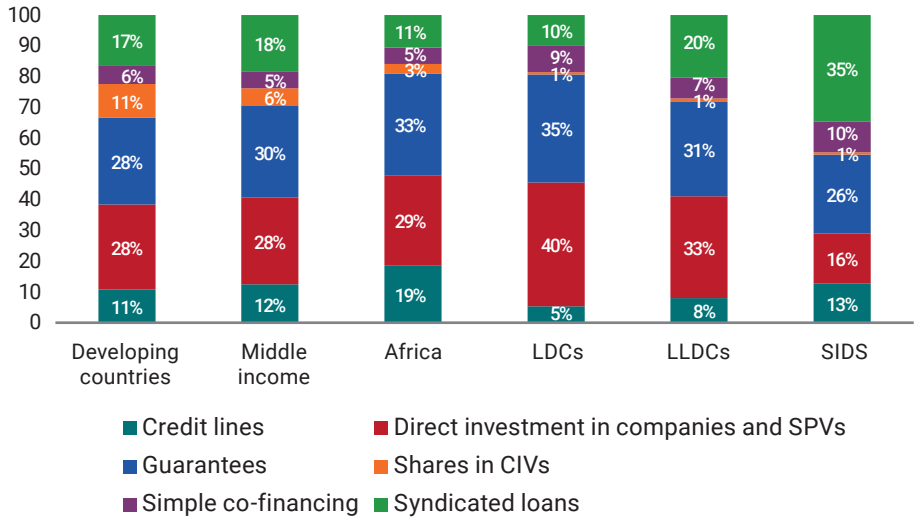
Different instruments and structures can be used in support of interventions along this continuum, taking into consideration trade-offs related to cost, scalability and suitability across country contexts. Such instruments include risk-sharing and blended finance instruments that are typically used to enable specific transactions or projects; technical assistance and support for pipeline development and for improving projects' bankability; and more macro-level interventions aimed at creating markets and improving the enabling environment for private investment, such as market-enabling policy reforms and institutional capacity-building (see section 2.1 above).[44] The Sevilla Commitment specifically calls for strengthening the use of risk-sharing and blended finance instruments, while ensuring that risks and rewards are shared fairly. It also supports efforts to create effective and replicable, scalable blended finance structures and instruments for different country contexts and target areas of intervention, based on lessons learned, best practices and existing efforts towards harmonization. Several initiatives have begun to build the evidence base required to better understand which instruments and structures are best matched to specific investment purposes and country needs:

- Convergence has identified 12 Private Investment Mobilization Models (PIMMs) based on different investor types and related risks to be mitigated for their mobilization at scale;
- SCALED—an initiative by a group of donor governments and private institutional investors, previously known as the Hamburg Sustainability Platform—is working towards standardization of blended finance structures with the aim of reducing transaction costs and making blended finance solutions more attractive to all participants and easier to replicate and scale;
- The Investor Leadership Network and the Global Investors for Sustainable Development Alliance have documented best practices;
- British International Investment and the Boston Consulting Group have developed a typology of fund archetypes to enable fund designers to choose structures that best match their risk/return profiles and impact goals;

Figure IV.2.9

Use of different leveraging mechanisms to mobilize private finance in different contexts, 2015–2024

(Percentage)



Source: OECD (2026).
Note: SPVs = special purpose vehicles; CIVs = collective investment vehicles.

Box IV.2.3

Using guarantees in LDCs—examples from the World Bank Group

Accelerating access to clean and reliable energy in Burundi

A new World Bank-financed initiative in Burundi aims to expand electricity access and strengthen the country's energy sector, targeting an estimated 2.4 million people, 1,200 public institutions and 6,000 SMEs. As part of the ASCENT regional programme, the project supports the Government of Burundi's Universal Access Program and focuses on modernizing and expanding the national grid, particularly in Bujumbura and rural areas, through innovative public-private collaboration with Weza Power. Guarantees provided by the World Bank Group Guarantee Platform play a pivotal role by reducing investment risks and mobilizing private capital, protecting investors against political risks and breaches of contract. This de-risking encourages private sector participation, facilitates long-term financing and supports the roll-out of reliable electricity, especially for women-led households and MSMEs. With $190 million in funding from IDA and other donors, the project incorporates performance-based reforms to address tariff structure, connection policy and grid standards, aiming to overcome barriers to electrification and ensure long-term sustainability, while complementing ongoing efforts to scale up decentralized solar solutions.

Enhancing health-care services in Yemen

Blending IDA Private Sector Window (PSW) funds with IFC investments through the IDA PSW Blended Finance Facility, the World Bank Group is supporting the construction of a greenfield full-service university hospital in Yemen with a 50 per cent first loss guarantee of up to $11 million. The project will benefit over 160,000 patients annually, and this teaching university hospital will provide a quality practical education environment for medical students, contributing to the supply of trained health-care professionals and addressing the lack of health-care resources in the region.

Source: World Bank.

- The OECD DAC Blended Finance Guidance 2025 provides policy guidance and practical steps to ensure high standards in blended finance and increase the scale of private finance mobilization across a number of instruments and structures;
- Building on the above, the Global Investors for Sustainable Development Alliance has launched a global workstream to further strengthen the evidence base by anchoring blended finance design more explicitly in country needs. The workstream starts from national development priorities and financing strategies, including Integrated National Financing Frameworks, to clarify investment objectives and constraints. It then assesses country-level risk alongside the risk appetites and impact objectives of different public and private investments. Based on this analysis, the Global Investors for Sustainable Development Alliance aims to develop a practical taxonomy linking specific blended finance instruments and structures to the country contexts and investment profiles where they are most effective.

3.2.2 Strengthening the catalysing capacity of key blended finance actors

Actions 33k, 33m: Strengthen the catalysing capacity of key blended finance actors

Catalytic and concessional capital should be provided in a more coordinated manner along the investment continuum and project life cycle. The Sevilla Commitment recognizes the need for concessional finance to serve as a bridge, helping to improve project pipelines and bankability, in order to attract other capital providers.[45] Official development assistance and philanthropic capital can support early-stage activities and new market creation where there is greater uncertainty and risk, with semi-commercial finance (including from public development banks) and commercial finance focusing on scaling up projects and mobilizing at scale. The Sevilla Commitment also encourages the United Nations Capital Development Fund (UNCDF) to leverage its catalytic capital instruments

Box IV.2.4

The role of UNCDF in providing catalytic financing in LDCs and other countries in special situations

United Nations Member States created UNCDF in 1966 with the unique capability in the United Nations system to deploy supplementary catalytic capital directly in the most underserved markets to support economic development. Today UNCDF uses grants, concessional loans and guarantees combined with financial and business advisory services across three capability areas: MSME finance, subnational finance, and digital finance.

UNCDF focuses on financing for "missing middle" projects (MSMEs, small/mid-size subnational infrastructure projects) that benefit last-mile communities and beneficiaries. The investments of UNCDF are in the range of $500,000 to $7 million on average, focusing on clients who need more capital than microfinance institutions can provide but who are considered too small and risky by banks, regulated development finance institutions and most other providers of commercial finance.

UNCDF serves as a grant-funded (hybrid) development finance entity that does not rely on market borrowing, is not credit rated, and does not have a mandate to preserve or grow capital for shareholders. As such, it can do what most other regulated development finance institutions and other financial institutions find difficult to do: finance local actors in high-risk markets, use early-stage financial de-risking tools to crowd in private finance, and bring projects and enterprises with high development impact to readiness for investments from the private sector as well as public development banks.

UNCDF also offers concessional local currency instruments, helping clients access local currency financing and avoid foreign exchange risk, while also helping to develop local capital markets and lay the groundwork for future domestic capital mobilization.

UNCDF can serve as a "feeder" for public development banks, sourcing and nurturing potential high-impact projects until they are ready for larger investment. UNCDF can also take on high-risk positions in capital stacks to unlock financing from public development banks with lower risk profiles. The role of UNCDF is to complement other international financial institutions, development finance institutions and development partners.

Source: UNCDF.

to support LDCs and other countries in special situations to de-risk investments and change the risk profile of early-stage markets (see box IV.2.4). Collaboration between sovereign and private sector operations at MDBs can also enhance deal origination and bankability of projects and support more coordinated investments along the investment continuum. The World Bank Group's Knowledge Bank helps to design bankable projects and reforms that enable private investments. Working as one across IBRD, IDA, IFC, the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID), the World Bank Group integrates public and private toolkits through country offices, demonstrating that MDBs are rising to the challenge and enhancing alignment between capital deployment, upstream project preparation and risk coverage. The IDB Group's offer to the private sector comprises a continuum of financing tools between the IDB Lab and IDB Invest, supporting the business innovation cycle from early-stage experimentation to scale.[46]

3.2.3 Increasing collaboration across the blended finance ecosystem

Actions 33l, 33o, 33s, 33t: Increase collaboration across the blended finance ecosystem

At a more systemic level, there is a need for more coordination and collaboration among all actors, including MDBs, development finance institutions, development partners, foundations and philanthropies, export credit agencies and others. This is echoed in the Sevilla Commitment, which underlines in particular the need to: enhance collaboration in the use of risk-sharing instruments and insurance solutions; establish pools of catalytic capital and support the development of repositories of guarantee instruments, building on the World Bank Group Guarantee Platform (see box IV.2.3); strengthen efforts to facilitate diaspora investment; and encourage greater collaboration with export credit

Box IV.2.5

Collaboration cases to mobilize private capital for climate action and development outcomes

Supporting renewable energy generation in Tunisia[a]

Two solar power projects in Tunisia illustrate how guarantees and multilateral partnerships can accelerate renewable energy investment in middle-income countries. MIGA, through the World Bank Group Guarantee Platform, issued €18.45 million in guarantees to AEOLUS SAS (France), covering political and contractual risks for 20 years, and leveraged the Renewable Energy Catalyst Trust Fund to provide a first-loss layer to support first grid-connected independent power producers in the country. The projects, developed with Scatec (Norway) and financed by EBRD and Proparco (France), will build two 50 MW solar plants and transmission infrastructure, reducing greenhouse gas emissions by an estimated 108,000 tons annually. Japan's export credit agency, Nippon Export and Investment Insurance, is reinsuring a portion of the MIGA exposure.

By diversifying Tunisia's energy mix—currently dominated by imported gas—the initiative will help to mitigate fiscal and foreign exchange pressures while advancing the Government's target of 35 per cent renewable generation by 2030. This collaboration demonstrates how risk mitigation and blended finance can catalyse private investment and support national energy transition strategies.

Accelerating the climate transition in the Global South[b]

ALTÉRRA—one of the world's largest private climate investment vehicles—was launched during COP28, with a commitment of $30 billion from the United Arab Emirates to drive transformative climate partnerships, with BlackRock, Brookfield and TPG as inaugural launch partners. ALTÉRRA seeks to anchor and enable climate-focused strategies that crowd in other investors and key financial actors, with the aim of raising and investing up to $250 billion of institutional and private capital by 2030 to drive climate investments at scale, while generating positive investment returns.

ALTÉRRA has a dual-arm structure to enhance its impact: a $25 billion Acceleration Fund to direct institutional capital towards projects crucial for accelerating the global transition to a net-zero and climate-resilient economy at scale; and a $5 billion Transformation Fund to incentivize investment flows into high-growth climate opportunities in underserved markets by providing catalytic capital. To date, the Transformation Fund has co-launched and invested in two flagship Global South strategies: the TPG Global South Initiative and Brookfield's Catalytic Transition Fund. In both cases, ALTÉRRA deployed catalytic capital at the fund level using an innovative capped return structure designed to enhance the risk-adjusted returns of other institutional investors, thereby mobilizing larger volumes of private capital into underinvested markets.

Expanding access to essential services in Kenya[c]

In Kenya, a coalition led by United Nations agencies, national authorities, private investors and philanthropic partners implemented a $10 million development impact bond focused on adolescent sexual and reproductive health. Between 2023 and 2025, the development impact bond reached over 800,000 adolescent girls through mobile-based outreach linked to a network of public and private service providers. The SDG Outcomes Fund (investment from a group of social investors coordinated by Bridges Outcomes Partnerships) provided $8.9 million in upfront financing to enable the delivery of the intervention. The flexible nature of the funding and contract enabled the programme implementer (TIKO) to achieve maximum impact. Once the agreed target results were achieved by TIKO and independently verified, UNFPA pooled funds from outcome payers (the Children Investment Fund Foundation and the Joint SDG Fund) and paid back the SDG Outcomes Fund a pre-agreed rate per outcome achieved. This model builds on an earlier pilot (2020–2022) and demonstrates how outcome-based financing can expand access to essential services, incentivize performance and crowd in private capital for high-impact interventions.

a World Bank Group Guarantees MIGA, "MIGA Guarantee to propel Tunisia's renewable energy generation," 6 August 2024, www.miga.org/press-release/miga-guarantee-propel-tunisias-renewable-energy-generation.

b COP28 UAE, "UAE commits US$30 billion in catalytic capital to launch landmark climate-focused investment vehicle at COP28".

c UNFPA.

agencies to enhance the efficiency and impact of public capital. According to the 2025 Implementation Report on the G20 Roadmap Toward Better, Bigger and More Effective MDBs, private capital mobilization is a key priority area for joint action among MDBs, with recent initiatives reflecting concrete steps towards a more coordinated and impact-driven approach. Progress is being driven through country partnership strategies that outline pathways for cooperation among MDBs while ensuring development complementarity, memoranda of understanding (MOUs), country platforms, co-financing framework agreements and mutual reliance agreements, which embed practical incentives to work together. As of end-2024, MDBs had signed 32 cooperation agreements, including MOUs and co-financing framework agreements.[47] In 2024, 10 MDBs launched the Global Collaborative Co-Financing Platform,[48] which has since been extended to bilateral development partners and other organizations. The secure portal enables greater exchange and transparency of co-financing opportunities, with 232 projects listed to date (with financing needs of $128 billion) and 23 projects that have met their financing needs. Collaboration is also expanding beyond MDBs. The World Bank Group's new country engagement model puts greater emphasis on working with partners and promoting synergies to scale up results and achieve impact in priority areas. Box IV.2.5 provides examples of collaboration across different actors, including governments, MDBs, bilateral development finance institutions and export credit agencies.

3.2.4 Improving availability, quality and accessibility of risk and impact data

Action 33r: Risk and impact data

Delivering on the shift to private capital mobilization set out in the Sevilla Commitment requires enhancing the availability, quality and accessibility of risk and impact data. Developing countries are often viewed as high-risk investment destinations due to limited historical credit and repayment data, leading risk-averse investors to underallocate capital. The Global Emerging Markets Risk Database (GEMs) addresses the need for more transparent, high-quality credit data. Established in 2009 by the European Investment Bank (EIB) and IFC, GEMs now brings together data from 29 major MDBs and development finance institutions on the credit risk performance of their lending to public, private, and sovereign and sovereign-guaranteed entities in emerging markets and developing economies from 1994. After years of limited accessibility, the database began releasing public statistics in 2020, publishing private and sub-sovereign recovery rates in 2024, and significantly expanding disaggregated data in October 2025.[49] The data reveals that actual risk in developing countries is lower than commonly perceived when investing alongside MDBs/development finance institutions.[50] Between 1994 and 2024, loans to more than 10,000 private entities in 169 countries had an average default rate of 3.54 per cent, similar to default rates of private firms in advanced economies, and an average recovery rate of 72.9 per cent, surpassing global benchmarks. Even in sub-Saharan Africa, where defaults were highest at 6.05 per cent, recovery rates exceeded 78 per cent, demonstrating that high-quality, creditworthy projects exist even in low-rated sovereign environments.[51] As a result of the latest GEMs release in October 2025, Standard & Poor's (S&P) announced that it had revised its approach to assessing the risk associated with sovereign operations by MDBs. Under the updated approach, MDBs are expected to face lower capital requirements to cover their liabilities, reflecting the revised assessment by S&P that sovereign portfolios held by MDBs carry lower risk than previously estimated.[52]

Alongside transparent credit information, impact-oriented investors also require robust and decision-useful impact data, yet gaps remain. There exists no agreed approach to impact measurement, and the landscape of impact measurement standards used by MDBs, development finance institutions and private impact actors remains fragmented and operationally burdensome. Donors and financiers continue to rely on large sets of indicators that can slow disbursement and investment decisions while increasing reporting burdens

for smaller entities and blended finance recipients. Moreover, many indicators emphasize inputs and activities rather than measurable outcomes, limiting the ability to meaningfully assess impact performance. Several initiatives have emerged to improve comparability and standardization. These have included: Harmonized Indicators for Private Sector Operations (HIPSO); the 2X Challenge, providing a widely adopted framework for measuring gender outcomes; and the Global Impact Investing Network (GIIN), through IRIS+, which serves as a key market reference for impact measurement. These various efforts culminated in the release of the Joint Impact Indicators in 2021. While these frameworks have advanced alignment around common impact themes—including gender equality, jobs and climate—full harmonization has remained elusive due to differing mandates, sectoral needs, regulatory environments and legacy standards, resulting in persistent inconsistencies in definitions and reporting practices. Consequently, recent efforts have increasingly shifted towards enhancing the interoperability of impact measurement and management frameworks, enabling different systems to work together more effectively while reducing reporting burdens and fragmentation. Yet, even where outcome data exists, it is largely ex post and rarely integrated ex ante into transaction structuring or investment decisions. As a result, transactions remain driven primarily by financial metrics, with environmental and social outcomes carrying limited to no weight in investment modelling. Advancing harmonized, decision-useful impact measurement and integrating it into core investment processes is essential for unlocking greater institutional capital flows into blended finance.

4. Aligning business and finance with sustainable development impact

Paragraph 34 of the Sevilla Commitment calls for aligning business and finance with sustainable development through a combination of market-based and regulatory approaches. In 2025, political backlash, compounded by adverse macroeconomic conditions, weakened momentum behind the sustainable business and finance agenda in major markets, while progress continued—and in some cases even accelerated—in other regions. In some jurisdictions, slowdowns or reversals in corporate sustainability practices, investment flows and regulatory developments were observed, while in others, particularly Asia and the Pacific and Latin America and the Caribbean, forward momentum was maintained. Divergence also became more pronounced across investment and corporate strategies and asset classes. In capital markets, while ESG equity and sustainable fund flows declined, sustainable debt continued to expand, alongside increased financing for sustainable assets such as clean energy. Companies adapted to an increasingly complex operating environment by adopting more cautious public sustainability communications—often described as "greenhushing". At the same time, some organizations are shifting from stand-alone sustainability teams towards embedding sustainability within core business functions, with a stronger focus on the business case and risk management.

4.1 Market alignment: financial incentives for sustainable development impact

Action 34a: Impact investing promotion

Overall investment in sustainable development strategies held steady in aggregate terms, but capital shifted away from the highest-impact approaches

called for in the Sevilla Commitment. The value of fund assets reporting the use of responsible or sustainable investment approaches—covering strategies from negative screening to ESG integration and impact investing—expanded to $16.7 trillion in 2024 from nearly $11.2 in 2022, increasing their market share relative to traditional investment strategies from 3 per cent to 27 per cent in the same period.[53] However, within the narrower and more ambitious category of sustainable funds— explicitly focused on sustainability or ESG—global net flows declined for the third consecutive year in 2024, falling by more than 40 per cent compared with 2023, including net outflows in some regions (see figure IV.2.10).[54] Flows were even more constrained for the most ambitious segment, impact investing, defined as allocating capital with the intention of generating measurable social and environmental outcomes. Impact investing still only represents less than 10 per cent of total sustainable finance to date, that is, $1.6 trillion in assets under management in 2024.[55] Although the market has grown to nearly three times its 2019 level, a contraction is projected for 2025 (see figure IV.2.11).[56] Geographic concentration also persists, with investors based in developed markets managing 95 per cent of sample impact assets under management in 2024.[57] Impact investing has long been burdened by the misconception that it necessitates concessionary returns, even though the vast majority of impact investors pursue risk-adjusted, market-rate strategies. While growing evidence indicates that impact investments can match or even outperform traditional investments and that their global cost-competitiveness is improving, the market continues to face challenges due to the lack of comprehensive data on financial returns.[58]

At the investor level, institutional investors are becoming the dominant source of impact capital, increasingly viewing climate considerations as a driver of financial performance and as central to portfolio resilience, asset pricing and beneficiary interests. What began as a niche activity led by family offices, foundations and development finance institutions has expanded to include pension funds, insurers, sovereign wealth funds and other large institutional investors, which provided just under half of newly reported impact investing capital in 2025.[59] Growing recognition of systemic climate risk is reshaping interpretations of fiduciary duty. In Japan, the world's largest pension fund (with $1.8 trillion assets under management) placed impact investing on its 2025 agenda, reflecting government interest in addressing societal challenges such as ageing, as well as the view that SDG-aligned strategies can support long-term returns.[60] In Europe, asset owners managing $1.5 trillion signalled potential mandate shifts away from managers falling short on climate action.[61] In the United States, CalPERS—the nation's largest pension fund based in California—announced in 2023 plans to increase its climate-solutions allocation to $100 billion by 2030. A 2025 Morgan Stanley survey found that 84 per cent of institutional investors globally plan to increase sustainable investing allocations over the next two years, with North America driving the strongest growth, primarily driven by financial performance.[62] Despite this growing demand, impact investing remains constrained by limited scale, liquidity and institutional-grade infrastructure, creating a persistent gap between institutional appetite and available investable opportunities. [63]

At the asset-class level, sustainable debt continues to expand, with thematic and sustainable bonds reaching record volumes, although issuance remains heavily concentrated in developed markets. Sustainable bond issuance hit a record high in 2024, with annual issuances of green, social, sustainability-linked and related bonds issued amounting to $6.2 trillion as of December 2024, surpassing 2023 levels. Green bond issuances represented 57 per cent of the total[64] (see figure IV.2.12). Gender-focused bonds—thematic bond issuances that explicitly channel capital towards advancing gender equality and women's empowerment—have mobilized approximately $246 billion across 576 issuances globally for projects or targets that advance SDG 5.[65] Moreover, total sukuk issuance in 2024 was around $180 billion, with projections indicating a total outstanding amount of

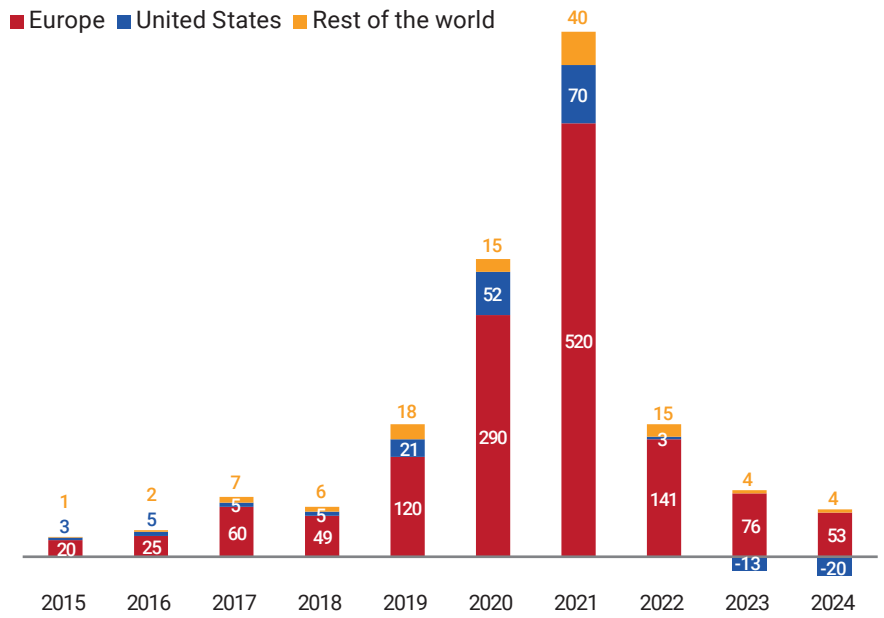
$1 trillion in the near future.[66] In 2022, developing country issuers (including corporates, financial institutions and the public sector) made up 13 per cent of the total green, social and sustainability bond market, dropping to 5 per cent if excluding China.[67]

At the sector level, energy investment shows a mixed picture of record global spending alongside declining project finance and persistent shortfalls in developing economies. At the global level, capital spending on renewable energy reached a record high in 2024 at $2.2 trillion, with investment in renewables totalling twice that of fossil fuels, which fell to a historic low (see figure IV.2.13).[68] This shift was driven by improving supply chains and declining clean technology costs, even as major oil and gas companies scaled back elements of their transition plans.[69] In developing countries, however, renewable energy investment fell by about one quarter in 2024, despite renewables remaining the largest SDG-relevant investment sector.[70] Moreover international project finance—the principal channel for large energy and infrastructure projects—saw renewable energy deals fall by 16 per cent in both number and value in 2024, after a comparable drop in 2023. Elevated borrowing costs and heightened sensitivity to sovereign debt risks have constrained this predominantly debt-based financing model.[71]

Action 34b: Impact management and voluntary standards

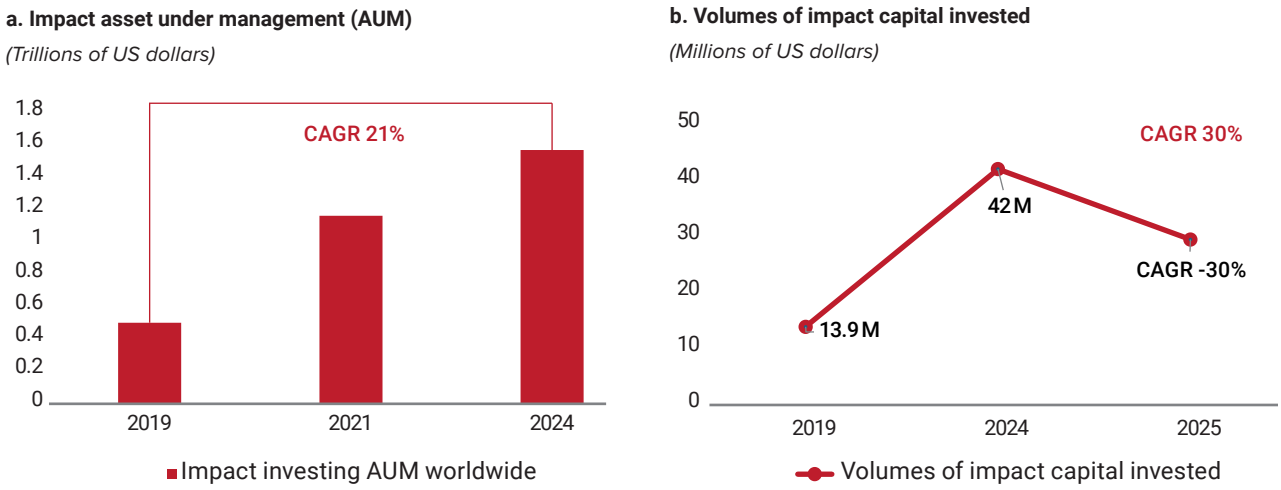
In addition to impact management within the specialized impact investing field, the Sevilla Commitment advocates for the integration of sustainability and impact management throughout mainstream business and finance. Companies and investors are adopting a more cautious approach to public ESG communication, a trend referred to as *greenhushing*. After a decade of rapid growth in sustainability claims and announcements, the market volatility and policy reversals in 2025 and mounting regulatory scrutiny have reduced rhetorical incentives, leading to a slowdown and a decline in public commitments ("greenhushing"). This is reflected in a decline in "ESG" references across S&P 100 disclosures and a shift towards broader language such as "sustainability" (see figure IV.2.14), along with other terms such as competition, risk and resilience.[72] A record surge of fund renaming and reclassifications were also observed in Europe, linked to the European Market Authority's 2025

Figure IV.2.10
Net investment flows to sustainable funds by region
(Billions of US dollars)



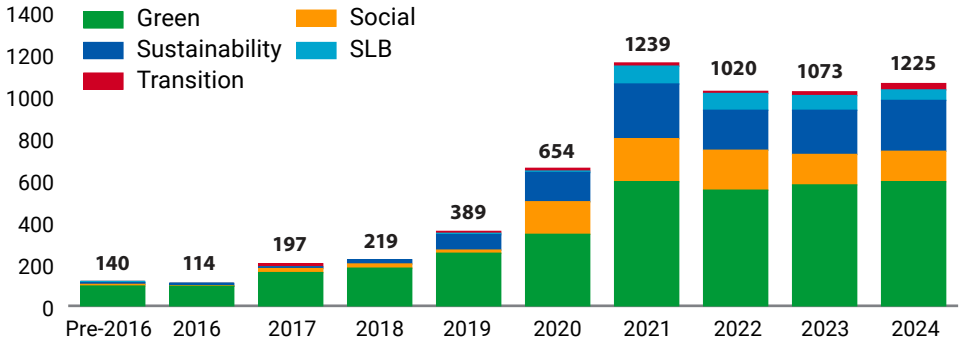
Source: UNCTAD (2025).

Figure IV.2.11
Impact investing assets and volumes



Source: Global Impact Investing Network (2024 and 2025).
Note: CAGR: compound annual growth rate.

Figure IV.2.12
Global labelled sustainable bond annual issuance
(Billions of US dollars)

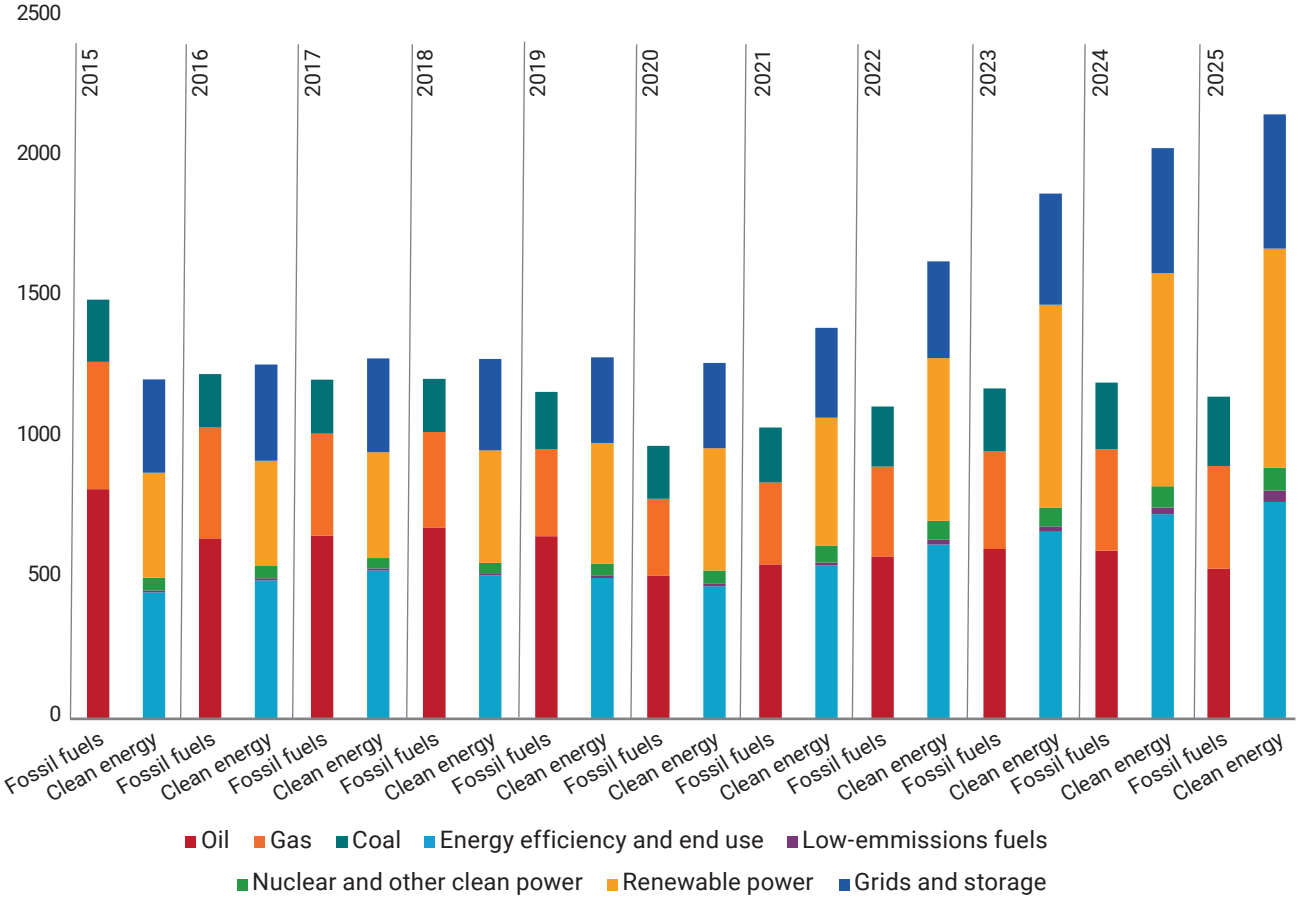


Source: World Bank Group (2025).

anti-greenwashing regulation.[73] Moreover, several global banks and asset managers exited climate alliances under the Glasgow Financial Alliance for Net Zero, including former early movers like BlackRock, due to political and regulatory pressures.[74] Yet, the banking sector maintained its engagement with the United Nations sustainable development agenda in the context of the UN Principles for Responsible Banking. While a few membership shifts could be observed in response to the change in political climate, the overall level of participation remains stable with over $98 trillion in banking assets held by more than 350 signatories to the UN Principles for Responsible Banking, representing approximately 50 per cent of the global banking sector, with strong growth in both Asia and Latin America.[75]

Market participants are not retreating from sustainability management but rather shifting towards quieter and more operationally embedded action. A majority of chief executive officers (CEOs) report deeper integration of sustainability across operations,[76] with ESG risks remaining the top organizational challenge for 45 per cent of C-suite executives across 27 countries.[77] An illustrative example of this trend includes the recent incorporation of the S&P Global Sustainable1

Figure IIV.2.13
Global investment in clean energy and fossil fuels
(Capital spending on new and existing power capacity)



Source: EIA (2025).
Note: 2025 is estimated. Investment is measured as ongoing capital spending on new and existing power capacity.

platform, the company's sustainability unit, into S&P Global Energy Horizons.[78] Although partly driven by the current ESG backlash, the deeper integration of sustainability into core operations may prove to be a positive development over time; however, it could also weaken market signalling, particularly for developing countries seeking to attract sustainability-focused global capital through the adoption of ESG measures (see box IV.2.8).

Companies and financial institutions are placing renewed focus on the business case for sustainability, emphasizing core drivers such as performance, risk reduction, and resilience. The 2025 CEO Study by the United Nations Global Compact and Accenture found that 88 per cent of CEOs view the business case for sustainability as stronger now than five years ago as it is increasingly linked to cost resilience, risk management and long-term value creation amid economic and geopolitical uncertainty.[79] Today, over 99 per cent of CEOs anticipate further integration of sustainability into their core business strategy in the coming years.[80] Still, as of today, only 21 per cent of chief financial officers (CFOs) say sustainability is currently fully embedded in strategy.[81] Among the drivers of deeper integration, CFOs point to both top-line and bottom-line benefits, ranging from innovation and new market opportunities to efficiency gains and improved access to capital.[82] A mounting body of evidence supports these claims. A 2025 survey by the World Benchmarking Alliance, covering 1,100 globally influential companies, found that responsible business conduct links to modestly stronger

financial performance, including slightly higher revenues, return on capital employed, return on assets, and stock-price growth.[83] A study by Bloomberg Intelligence shows that low-carbon companies outperformed high-carbon peers by 8 per cent over the previous five years.[84] Banks and insurers implementing sustainable finance frameworks across their businesses also benefit from measurable financial advantages, including, for instance, lower funding costs for adopters of the UN Principles for Responsible Banking, as well as more stable returns among insurers adopting the Principles for Sustainable Insurance.

Despite deeper operational integration and a renewed focus on the business case, misaligned incentives and persistent measurement challenges continue to hinder the systematic incorporation of sustainability into core business models, leaving market-based incentives and standards essential for steering sustainability management. Voluntary initiatives, including those cited above, must continue to lead, evolve and increasingly cross-pollinate to advance the SDGs. Progress among the initiatives cited in the Sevilla Commitment includes:

- *The UNDP and International Organization for Standardization (ISO) Management System Standard for SDGs (ISO 53001)* is approaching completion (see box IV.2.6) with a view to help translating SDGs into operational practice;
- *ESG ratings, benchmarks and data providers* that enable sustainability investments to assess and compare performance, thereby allowing product positioning for investors. Industry revenues for these services have increased in recent years from $245 million in 2016 to $1.56 billion in 2024;[85]
- *Impact valuation methodologies* continue to be refined; they monetize intangible value creation and externalities, allowing their integration into financial accounting and investment models. This work is driven by several organizations, including the Capitals Coalition, the International Foundation for Valuing Impacts, Social Value International, and the International Sustainability Standards Board (ISSB).

Voluntary standards are increasingly expanding beyond environmental considerations to address social dimensions, with the potential to inform future policy and regulatory approaches. The Taskforce on Inequality and Social-related Financial Disclosures (TISFD) is advancing methodologies to identify, assess and disclose the impacts and dependencies of businesses and financial institutions on people and society. Its emerging framework in 2026 will support the reporting of social risks and opportunities—including system-level risks such as inequality—and is intended to complement the existing guidance of the Taskforce on Climate-related Financial Disclosures and the Taskforce on Nature-related Financial Disclosures. In parallel, national policy tools are beginning to integrate social objectives more explicitly. For example, in Latin America, Brazil's Sustainable Taxonomy Framework incorporates gender and racial equity alongside environmental goals, placing it among a small but growing group of developing economies, including Mexico, that are broadening taxonomies beyond climate to better reflect inclusive development priorities.

Greater interoperability among standards, together with a stronger focus on impact, is essential to reduce compliance burdens, enhance coherence and ensure alignment with SDGs. Efforts to cross-reference and leverage with and between different voluntary standards are gathering pace, to improve comparability and decision usefulness. For example, the work of the Impact Management Platform is particularly relevant in this regard (see box IV.2.7).

Box IV.2.6

ISO/UNDP Management System Standard for the SDGs (ISO 53001)

The ISO/UNDP Management System Standard for the SDGs (ISO 53001) is a new international standard designed to help organizations embed SDGs into core governance, strategy and operations. Developed jointly by UNDP and the International Organization for Standardization (ISO), the standard provides practical, internationally recognized guidance to move beyond reporting and integrate sustainability and impact into decision-making. Its adoption is being advanced through the ImpactWorks Alliance, a global coalition being convened by UNDP that will bring together enterprises, investors, regulators and standard setters. The Alliance aims to promote coherence between ISO 53001 and the existing UNDP SDG Impact Standards, helping to reduce fragmentation across sustainability frameworks, strengthen market integrity and build investor confidence in SDG-aligned investment. ISO 53001 is anticipated to launch in summer 2026, subject to completion of the formal development process of ISO.

Box IV.2.7

Impact Management Platform

The Impact Management Platform is a collaboration among leading providers of international public good standards, frameworks and guidance for managing impact. Established in 2022, it brings together voluntary frameworks to promote coherence, interoperability and complementarity, reduce fragmentation and enable the mainstream adoption of impact management.

Together, the 18 Platform partners are working to: clarify and build consensus on the meaning and practice of impact management; work towards a complete and coherent system of impact management resources; and have coordinated dialogue with policymakers.

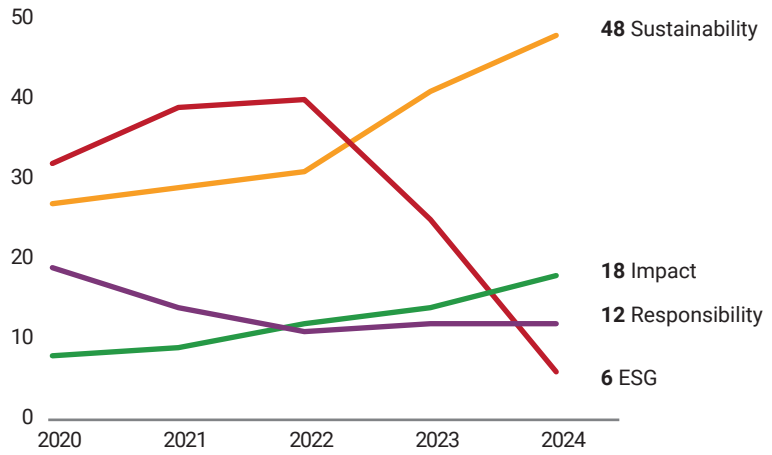
To date, key resources co-developed by the Platform partners include:

- The Actions of Impact Management, a distinctive overview of what constitutes the practice of impact management;[86]
- The Imperative for Impact Management, which explains the business case for the practice;[87]
- A System Map of the main sustainability and impact management frameworks and resources;[88]
- Two R&D papers on sustainability topic nomenclature[89] and industry classification.[90]

Action 34c: Private entities and intergovernmental agreements

The Sevilla Commitment calls for clearer expectations regarding the accountability of private actors in relation to intergovernmental agreements, with early progress under way. The Pact for the Future first introduced a commitment to "strengthen [private sector] accountability towards the implementation of UN frameworks" (action 55 c). The Sevilla Commitment advanced this by formally referencing the private sector within its monitoring mechanisms. The Business Steering Committee, co-chaired by the Global Investors for Sustainable Development Alliance and the International Chamber of Commerce and comprising leading business networks, also issued a business communiqué. Further progress came at the Second World Summit for Social Development in Doha, Qatar, where Member States recognized the role of both

Figure IV.2.14
Frequency of use of sustainability terms in non-financial reports of the S&P 100
(Percentage)



Source: Les Echos, Fidelity (2025).

governments and the private sector in ensuring a living wage. Looking ahead, the Pact for the Future's Action 55(c) mandates a roadmap by 2027 to establish a United Nations-led multi-stakeholder process defining the role and responsibility of the private sector within United Nations frameworks and creating a more coherent approach to engagement and accountability to advance the SDGs.

4.2 Alignment through sustainable business and finance regulation

Actions 34d, g: Sustainable business and finance regulation

The Sevilla Commitment urges the continued adoption of sustainable business and finance regulation, but political headwinds have threatened progress in major jurisdictions. Over the past decade, many countries adopted legislative, regulatory and policy measures, reflecting the recognition that such policies are essential for driving socioeconomic transitions and delivering benefits beyond what voluntary standards alone can achieve (see box IV.2.8). In 2025, the global adoption landscape became more fragmented, with a reversal in North America and a slowdown in Europe despite continued—and in some cases accelerated—growth in Asia and the Pacific and Latin America. The Principles for Responsible Investment 2026 Regulation Database update reveals that 15 major jurisdictions have adopted a cumulative total of 340 policies and regulations, with an average of 45 policies/regulations adopted each year between 2021 and 2025 (see figure IV.2.15). By 2024, all G20 countries were found to have corporate and financial policies supporting the transition to net zero.[91] Policies and regulations adopted by countries worldwide extend beyond climate to cover a wide spectrum of areas supporting sustainable investment and sustainable corporate practices, including investor responsibilities and stewardship, corporate reporting rules, transition plans, taxonomies, and human rights and environmental due diligence measures (see figure IV.2.16). [92]

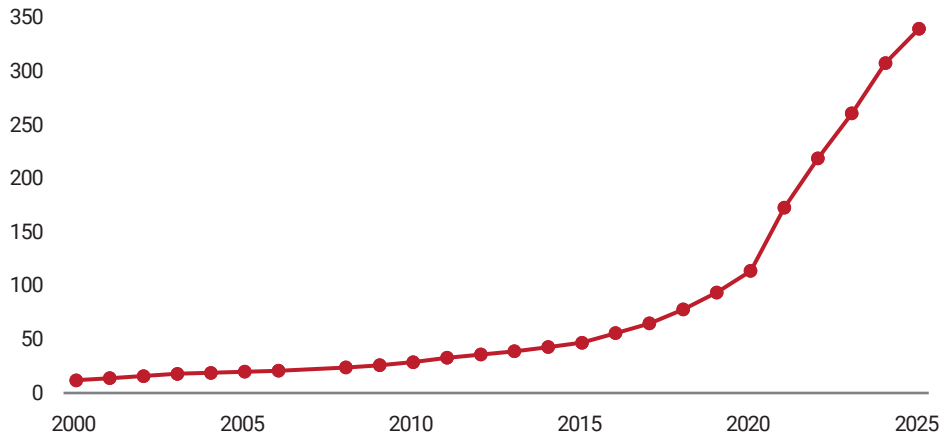
Developing countries took the lead in regulatory adoption in 2024. Developing economies accounted for 60 per cent of new measures introduced,[93] including taxonomies, disclosure rules and carbon-market regulations, particularly in Asia and the Pacific and Latin America. China alone has introduced nearly 50 measures shaping its sustainable finance agenda and guiding the transition towards a more sustainable economy. Among developed markets, the European Union remained

a frontrunner with the fund-naming rules of ESMA, a new European Green Bond Standard, and oversight of ESG rating providers. However, it also reopened and scaled back parts of its framework, following industry pushback and former Italian Prime Minister Mario Draghi's report, "The future of European competitiveness". The report highlighted administrative burdens, duplicative reporting obligations and risks to European Union competitiveness, particularly for smaller firms and cross-border financial institutions.[94] The proposed "Omnibus" legislation aims to scale back elements of the Corporate Sustainability Reporting Directive, the Corporate Sustainability Due Diligence Directive, and the EU Taxonomy. The European Commission also began revising its Sustainable Finance Disclosure Regulation in 2025. These changes have introduced additional uncertainty for market participants. In the United States, federal climate disclosure rules remain delayed, while States such as California have advanced ambitious reporting requirements, although still litigated in 2025.[95] The above regulatory approaches differ in scope and materiality, differences that carry significant implications for comparability and implementation.

A country-led, context-specific approach to policy and regulation adoption is essential, along with cross-border interoperability. Experience in developing economies demonstrates that regulation alone is insufficient; effectiveness depends on appropriate sequencing, institutional capacity and coherent coordination across financial, fiscal, industrial and real-economy policies. Fragmented policy frameworks weaken market signals and increase transaction costs, thereby constraining the ability of regulation to redirect capital. A strategic, phased approach tailored to national circumstances is therefore required. As a practical illustration, the Principles for Responsible Investment has developed a case study on the sustainable finance landscape in Brazil, offering a roadmap for policymakers on developing coordinated policy frameworks that can support responsible investment and mobilize private capital for economic transition.[96] Cross-jurisdiction interoperability is essential to reduce fragmentation and strengthen investor confidence (see boxes IV.2.9 and IV.2.10).

Figure IV.2.15

Cumulative number of sustainable business and finance policies adopted in 15 major jurisdictions



Source: Principles for Responsible Investment (2026).
Note: The 15 selected jurisdictions are among the largest and most influential capital markets with ke regional financial hubs and high-impact emerging economies. Regions and jurisdictions covered include the Americas (Brazil, Canada, Mexico, the United States), APAC (Australia, China, Hong Kong SAR (China), India, Japan, Singapore, Republic of Korea), EMEA (European Union, South Africa, Switzerland, United Kingdom).

Box IV.2.8

Does sustainable business and finance regulation help to mobilize additional investment flows at the country level?

A growing body of research indicates that sustainable business and finance regulations can mobilize additional investment, although the magnitude of this effect differs across policy tools and country settings.

Regulatory clarity can expand the volume of capital and improve its reliability. Early evidence from the most mature taxonomy framework, the EU Taxonomy, indicates that taxonomy-aligned capital expenditure by major European listed firms reached approximately €250 billion in 2023—around one-third higher than the previous year—with particularly rapid growth in enabling and transitional activities.[97] Signals from the European Union market also suggest that investors increasingly ascribe higher valuations to taxonomy-aligned assets, reinforcing the view that clearer classification rules attract not only more capital, but capital with stronger risk-return characteristics.[98] Emerging market experience points to similar conclusions: In China, six years of green credit data indicates that loans classified under the national Taxonomy carry substantially lower credit risk, with default rates of around 0.4 per cent compared with roughly 2 per cent across the banking system.[99]

More mature empirical evidence shows that mandatory ESG disclosure requirements generate measurable improvements in capital market functioning. By raising the level and comparability of firm-level information, these rules reduce information asymmetry and significantly enhance stock liquidity.[100] Improved transparency also strengthens the efficiency of price formation: Firms that are subject to mandatory disclosure exhibit higher stock price non-synchronicity, meaning their share prices are driven more by firm-specific information than by broader market or industry movements.[101]

The adoption of ESG policies and regulations can also serve a signalling function, indicating that a market is stable and ready to attract global sustainable investment. By lowering perceived risks and strengthening enabling environments, this can enhance investor confidence. However, in the context of the current ESG backlash in developed markets, if major international financial institutions scale back their public sustainability commitments, the signalling value of national ESG frameworks may weaken. This has implications for developing countries, as policy efforts to build enabling environments could yield diminishing returns if private sector engagement in developed markets retreats.

At the macro-financial level, regulatory measures meant to mitigate climate risks, such as transition plans, may strengthen financial stability. While FSB emphasizes that their use for financial stability purposes remains at an early stage, it notes that the enhanced transparency, credibility and comparability of transition-plan information could, under appropriate conditions, support more effective monitoring of climate-related risks and thereby contribute to a more resilient financial system.[102]

Experience in developing countries shows that regulation alone is insufficient. Impact depends on effective sequencing, implementation capacity and a whole-of-economy approach that aligns financial regulation with fiscal, industrial and real-economy policies. For a practical illustration, the Principles for Responsible Investment has developed a case study on the sustainable finance landscape in Brazil.[103] The Brazilian Government is working towards a whole-of-economy coordination to prevent the fragmented signals that raise transaction costs by aligning the Central Bank of Brazil's climate risk rules (requiring banks to establish social, environmental and climate responsibility policies under Resolution CMN No. 4,945) with the Ministry of Finance's securities regulation, development bank financing, fiscal policy and Sustainable Taxonomy Framework. Regulations connect to real economy policies like sectoral roadmaps and infrastructure planning through initiatives like the Climate and Ecological Transformation Investment Platform, ensuring that sustainable finance rules do not just create compliance burdens, but actually channel capital towards priority transition sectors and activities aligned with national sustainability targets. Linkages with public budgeting are also critical. Where governments introduce tools such as climate budget tagging or sustainable budgeting, tools like taxonomies become more actionable because public and private actors share a common understanding of what constitutes sustainable investment.

Box IV.2.9

Sevilla Platform for Action Initiative "Paragraph 34: From Commitment to Action"

The Sevilla Platform for Action on Paragraph 34 is a collaborative initiative supporting the follow-up to the Sevilla Commitment on sustainable business and finance policy and regulation. It was convened in Sevilla by the Global Reporting Initiative (GRI), the United Nations Department of Economic and Social Affairs (UN DESA); UNDP; and the United Nations Environment Programme Finance Initiative (UNEP FI), with support from the Principles on Responsible Investment. The Sevilla Platform for Action brings together United Nations entities, standard setters and other organizations, with a view to engaging Member States and private sector actors to strengthen dialogue, coordination and mutual understanding across sustainable finance standards, policy and regulatory approaches. Its objective is to promote greater coherence, interoperability and policy alignment, while supporting Member States to navigate an increasingly complex sustainable business and finance landscape within the broader financing for development agenda. This includes highlighting existing interoperability and capacity-building initiatives and raising awareness of available tools and good practices.

Box IV.2.10

Taxonomy Roadmap Initiative: advancing interoperability and comparability of taxonomies

The Roadmap for Advancing Interoperability and Comparability of Sustainable Finance Taxonomies (the "Taxonomy Roadmap Initiative") is a global effort launched at COP29 under the leadership of the Azerbaijani Presidency and the Central Bank of Azerbaijan, in partnership with IFC through its Sustainable Banking and Finance Network, the International Platform on Sustainable Finance and UNDP. It responds to the rapid growth of more than 60 national and regional sustainable finance taxonomies and the risk of market fragmentation from uncoordinated approaches. The Initiative provides a structured platform for international organizations to share experiences, align methodologies and promote good practices to support interoperability. Its key tools and outputs to support taxonomy implementation and interoperability include a Global Interoperability Roadmap, the Initiative's 2025 Progress Report, a Taxonomy Mapper, Principles for Taxonomy Interoperability,[104] and a dedicated collaboration platform (www.TaxonomiesRoadmap.org).

Actions 34e-f: Sustainability disclosure policies and regulations for reporting on risks, impacts and opportunities, and sustainability management measures

The Sevilla Commitment calls for sustainability disclosure regulation on impacts, risks and opportunities. Member States are encouraged to draw on international standards adapted to national contexts, including the International Financial Reporting Standards (IFRS) Foundation's ISSB standards, which focus on sustainability-related financial risks (financial materiality), and the GRI Standards, which focus on how economic activities affect people and the planet (impact materiality). Financial materiality disclosures are key to strengthen capital markets and support financial stability (see chapter IV.4),[105] while impact materiality enhances understanding of externalities and alignment with sustainable development. ISSB and GRI have strengthened their interoperability over time, advancing a shared vision for reporting on impacts, risks and opportunities (double materiality).[106] Yet, they continue to be promoted independently, with country-level adoption proceeding through separate channels.

Figure IV.2.16

Types of sustainable business and finance policies and regulations issued to date

(Policies to date by category)

2015		2017		2019		2021		2023		2025	
6	6	8	10	16	19	42	59	66	81	87	Investor sustainability responsibilities
29	33	36	40	42	44	52	58	66	72	75	Corporate sustainability responsibilities
16	19	21	25	27	31	37	42	49	67	75	Corporate sustainability disclosure
8	9	9	9	10	18	34	42	54	58	65	National transition strateies
3	4	6	8	10	13	24	37	47	53	59	Regulation of sustainable financial instruments
2	3	3	3	6	7	18	25	31	35	37	Investor sustainability disclosure
2	5	9	12	16	17	18	24	26	28	31	Stewardship
			2	4	5	6	8	12	15	17	Service providers sustainability regulation
4	4	5	6	6	6	11	12	14	16	16	Human rights & environmental due diligence
		2	2	2	4	5	7	9	10	14	Sustainability classification instruments
						2	3	3	5	7	Transition plans

Source: Principles for Responsible Investment (2026).

Mandatory reporting now spans a growing share of global market capitalization, with an increasingly strong rationale for adoption. Sustainability-related disclosure is required by law or regulations in 79 per cent of jurisdictions.[107] Nearly 40 jurisdictions representing almost 60 per cent of global GDP and 40 per cent of global market capitalization are now using or taking steps to introduce ISSB standards in their legal or regulatory frameworks. This includes developing countries such as Bangladesh, Tanzania, Zambia, Rwanda and Uganda, among many others.[108] Momentum is also building around double materiality, with new requirements introduced by the Chinese stock exchanges, South Africa's King V Code and the European Union's Corporate Sustainability Reporting Directive (CSRD), as well as in Latin America. In Colombia, for example, the Superintendence of Companies has incorporated a double materiality approach into its sustainability regulation through Chapter XV of the Basic Legal Circular, requiring supervised companies to identify, manage and disclose both the impacts of their activities on the economy, society and the environment, as well as sustainability-related risks that may affect business performance and continuity. As of today, 82 countries reference or require the GRI Standards in some form.[109] Finally, companies are also enhancing transparency, with 42 per cent obtaining external assurance in 2024, as encouraged by the Sevilla Commitment.[110]

The Sevilla Commitment calls for regulation that is balanced, interoperable and supported by robust capacity-building, with efforts already under way. Effective regulation requires tailored support for developing countries and SMEs facing capacity constraints. The Sustainability Disclosure and Management Hubs (SDMH) Programme supports countries in implementing sustainability disclosure frameworks and strengthening sustainability management. This is a UNDP-led, European Union-funded effort, working with several partners, including the IFRS Foundation, GRI, ISO and the Global Steering Group for Impact Investment. SDMH aligns national approaches with global standards, using IFRS for financial materiality, complemented by GRI for impact materiality and interoperability with European standards. In 2025, four countries were supported—Peru, Kazakhstan, Mongolia and Egypt—covering around 800 listed companies and $210 billion in market capitalization, through assessments, roadmaps, trainings and stakeholder engagement. New technologies, particularly artificial intelligence, are also helping to strengthen companies' reporting capacity today.[111]

Beyond reporting, the Sevilla Commitment urges the adoption of regulatory frameworks that strengthen management practices to improve business conduct. Strengthening the alignment between reporting and management processes is essential, ensuring that disclosed data meaningfully informs decision-making. Although progress on these types of measures remains limited, some examples are emerging. For instance, Japan and South Africa have introduced sector-specific stewardship requirements. In the European Union, the Corporate Sustainability Due Diligence Directive establishes explicit duties to identify, prevent and mitigate environmental and human rights impacts across value chains, although elements of the directive are currently under review and subject to potential recalibration under the proposed "Omnibus" package.

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Chapter IV.3

International trade as an engine for development

1. Key messages and recommendations

Trade as an engine for development is at a crossroads. Geopolitical tensions and competition for resources such as critical minerals have led to a sharp increase in trade-restrictive measures, including tariffs. Most recently, the conflict in the Middle East and around the Strait of Hormuz is disrupting global trade. Developing countries, particularly those in special situations such as least developed countries (LDCs), landlocked developing countries (LLDCs) and small island developing States (SIDS), have the least capacity to weather the adverse effects of a fragmented global trading system. At the same time, the rapid rise in South-South trade and the ongoing digital transformation are profoundly reshaping global trading and production patterns, offering new opportunities, for instance through trade in services. Strengthening the capacities of countries to take advantage of these opportunities, including those relating to the low-carbon and digital transformations, will be critical.

In this era of growing fragmentation, the Sevilla Commitment provides a path to address these challenges and support the most vulnerable countries to grasp the opportunities of trade. Recognizing the potential of trade to act as an engine for development, the Sevilla Commitment includes concrete actions to preserve the multilateral trading system with the World Trade Organization (WTO) at its core, while also supporting regional and interregional trade. While the system has demonstrated resilience in the short term, with 72 per cent of the global trade in goods continuing to rely on most-favoured-nation (MFN) terms as of February 2026, the broader environment, defined by power asymmetries and rising protectionism, threatens multilateral disciplines,[1] re-emphasizing the importance of advancing WTO reform including, but not limited to, restoring fully the well-functioning dispute settlement system. The implementation of the WTO Fisheries Subsidies Agreement and the operationalization of the African Continental Free Trade Area (AfCFTA) are both examples of concrete action to deliver results at the multilateral and regional levels.

Trade has driven convergence among countries over the past decades, but many developing countries and particularly LDCs have lacked the necessary capacities to integrate productively into the world economy and global value chains. The exports of LDCs still represent only 1 per cent of world exports, despite commitments in the 2030 Agenda to double this figure.[2] LDCs also continue to suffer from high product concentration in a few sectors and are constrained by a high number of non-tariffs measures. In addition, LDCs lack the infrastructure and skills to benefit from the increase in the trade in services.

Key messages and recommendations

To benefit from trade as an engine for development within the current environment, developing countries and LDCs in particular need additional support. This should include efforts to strengthen infrastructure development, trade finance and digital trade as well as support for industrialization, value addition and diversification of exports. Despite increasing needs, aid for trade, the primary multilateral instrument for building trade capacity, has largely stagnated and even registered a decline in value and as a share of total official development assistance (ODA) between 2022 and 2023.[3] Additional efforts are needed to reduce the trade finance gap, which has remained stubbornly high at $2.5 trillion.[4], disproportionately affecting small and medium-sized enterprises in developing countries that lack access to the instruments needed to participate in cross-border trade. Scaling up Aid for Trade (AfT) disbursements, modernizing trade finance instruments, and reducing compliance burdens for smaller firms are therefore essential to ensure that developing countries can act on the opportunities that the current trading environment still offers. Reforms to accelerate the capacity of micro-, small- and medium-sized enterprises (MSMEs) to trade by lowering their compliance burden can also boost the participation of developing countries in international trade. Simpler and development-friendly rules of origin together with targeted assistance for trade diversification and facilitation, including for trade in services, could also help to boost LDC exports.

As the importance of critical minerals and other commodities grows, increasing value addition to their production in developing countries is a critical priority to ensure commodity-rich countries can benefit from trade in these goods. While investment in mining expanded by 10 per cent globally in 2023 and exploration spending increased by 15 per cent, growth has slowed compared to prior years and risks failing to absorb the expected increase in global demand.[5] The key requirements to drive industrialization, growth and development in those sectors are a combination of increased financing for processing commodities, including energy infrastructure, a robust enabling environment and a coherent and coordinated industrial strategy.

2. Key trends in global trade

Action 42: International trade as an engine for sustainable development

Global trade patterns have become more unstable, with a sharp increase in trade-restrictive measures in 2025, although trade remained resilient overall. Merchandise trade dynamism slowed in most regions, as figure IV.3.1 suggests, with only the developing countries in the Americas showing growth momentum. In 2025, and against the backdrop of geopolitical tensions and disruptions, the use of protectionist measures, including tariffs, rose sharply. The Global Trade Alert also highlighted a surge in restrictive measures. Over 3,000 restrictive measures were recorded globally in 2024–2025, alongside fewer liberalizing actions.[6] Tariff increases re-emerged as a major barrier in 2025, complemented by export restrictions and industrial subsidies often aimed at strategic autonomy. These new measures have lifted the global tariff average, although unevenly across sectors and trading partners. They have also contributed to a stark rise in uncertainty, with the World Trade Uncertainty Index dramatically higher than historic trends (see figure IV.3.2).[7] Despite the heightened uncertainty and rise in trade tensions, global trade remained resilient in 2025, expanding by an estimated 3.8 per cent, supported by the front-loading of merchandise trade and the expansion of trade in services.[8] Such resilience is threatened in 2026, including due to disruptions in the Strait of Hormuz, which impact maritime trade and global supply chains in the region and beyond.[9]

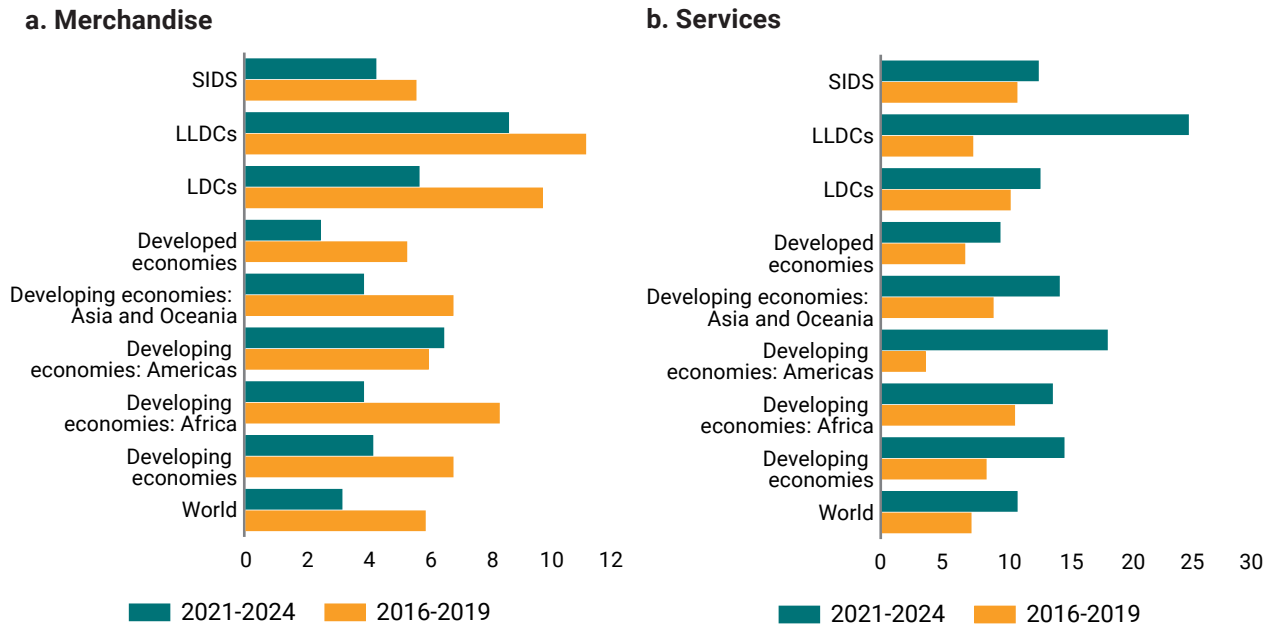
Action 42: International trade as an engine for sustainable development

Tariff increases have hit LDCs particularly hard. Estimates shows that trade-weighted applied United States tariffs have grown from around 9 per cent to 28 per cent for LDCs and from 2 per cent to 19 per cent for developing countries excluding China between January and October 2025.[10] [11] Across sectors, manufacturing has been hit particularly hard by the new measures, with the

Figure IV.3.1

Average export growth rate before and after the COVID-19 pandemic, by development status

(Percentage)



Source: UNCTAD calculations based on UNCTADStat.

highest tariffs found in steel, aluminium, copper and its derivatives, the automotive and transport industry and textiles and apparel (figure IV.3.3). While the impact of such measures on medium- and long-term trade patterns remains uncertain, some countries have already diverted trade away from the United States (see figure IV.3.4). Hence, China has offset reduced exports to the United States by expanding shipments to the ASEAN (Association of Southeast Asian Nations) region and Africa, while the European Union has strengthened trade ties with regional partners such as Switzerland and the United Kingdom. Canada has also redirected exports towards Africa, ASEAN and Europe to compensate for declining United States demand.[12] These adjustments reflect an emerging supply-chain realignment, as firms reconfigure sourcing strategies and diversify markets to mitigate exposure to policy-driven trade frictions. Countries are increasingly sourcing products from fewer suppliers; around 30 per cent of exported products are subject to high levels of concentration in a few markets.[13]

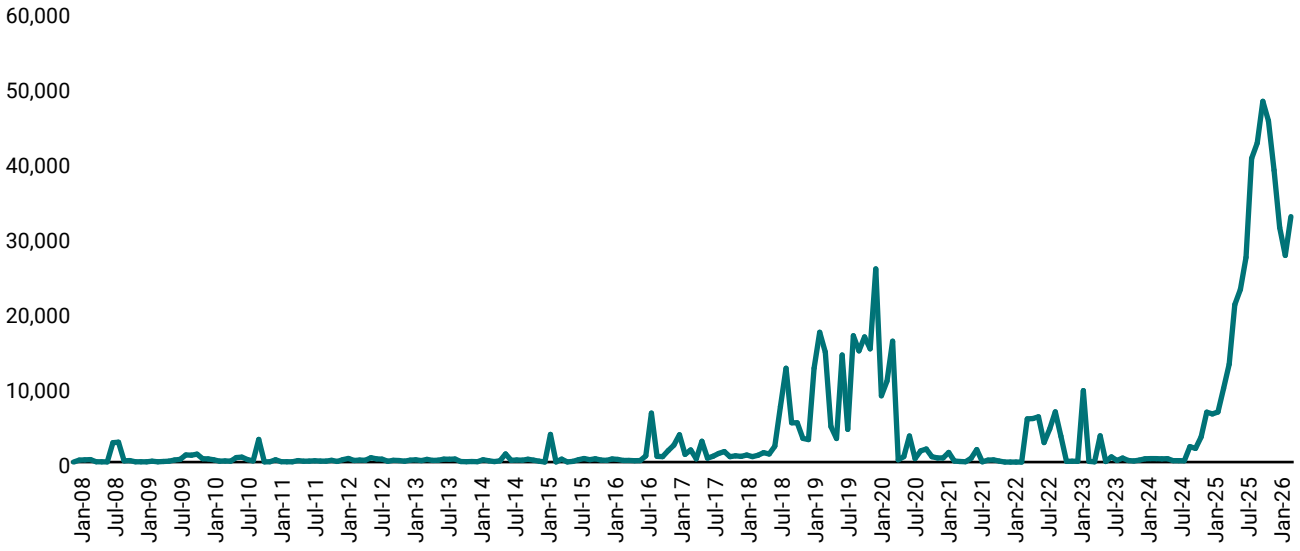
Action 42: International trade as an engine for sustainable development

Rising trade restrictions and uncertainties are impacting many developing countries that have already been struggling to unlock trade as an engine for development. While the expansion of global value chains has been a key driver of some developing countries' integration into the global economy, the participation of many developing economies remains concentrated in low value added segments and particularly in commodities. This leaves them vulnerable to price swings and external shocks. As of 2024, most global manufacturing value chains are concentrated in developed countries and in East Asian and Southeast Asian developing countries, which have accounted for most of the growth in the trade share of developing countries (see figure IV.3.5).[14] Indeed, diversification towards manufactured goods through global value chains did not produce rapid growth for many developing countries. For these countries, integration into manufacturing global value chains has largely occurred as suppliers of lower-value goods, parts or intermediates to oligopolistic firms in developed countries, exerting sustained downward pressure on manufactures' terms of trade (developing countries' manufactures prices relative to developed countries' manufactures prices, see figure IV.3.6).

Figure IV.3.2

World trade uncertainty index, 2008–2026

(Index. GDP weighted average)

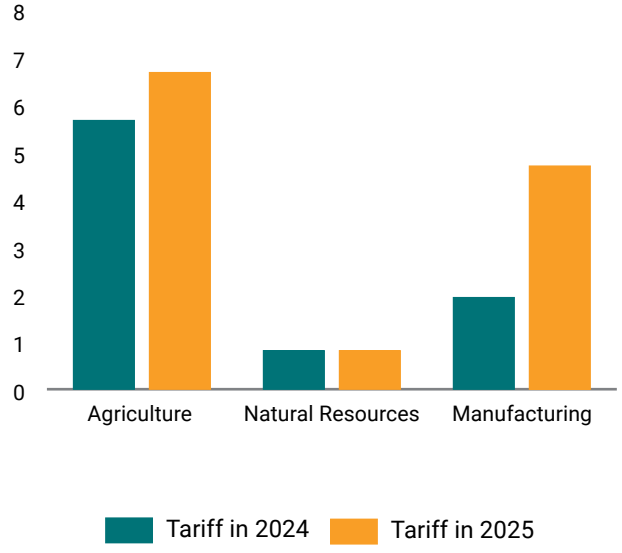


Source: World Uncertainty Index.
Note: The WTUI is computed by counting the percent of word "uncertain" (or its variant) near a word related to trade in the Economist Intelligence Unit country reports. The WTUI is then rescaled by multiplying by 1,000,000. A higher number means higher uncertainty and vice versa.

Figure IV.3.3

Trade-weighted average applied tariff on global trade

(Percentage)

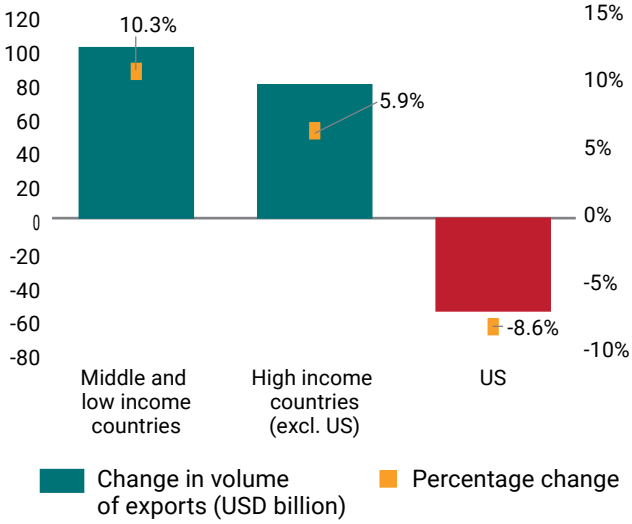


Source: UNCTAD.

Figure IV.3.4

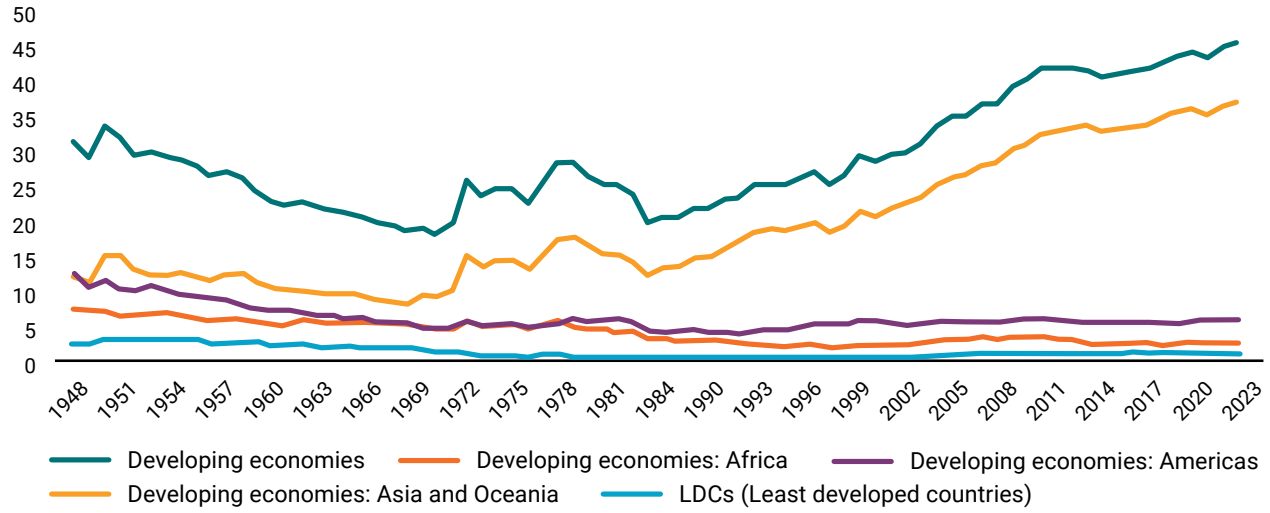
Developing country change in exports, by destination of exports, Jan–July 2025 vs 2024

(Billions of US dollars, percentage change in volume)



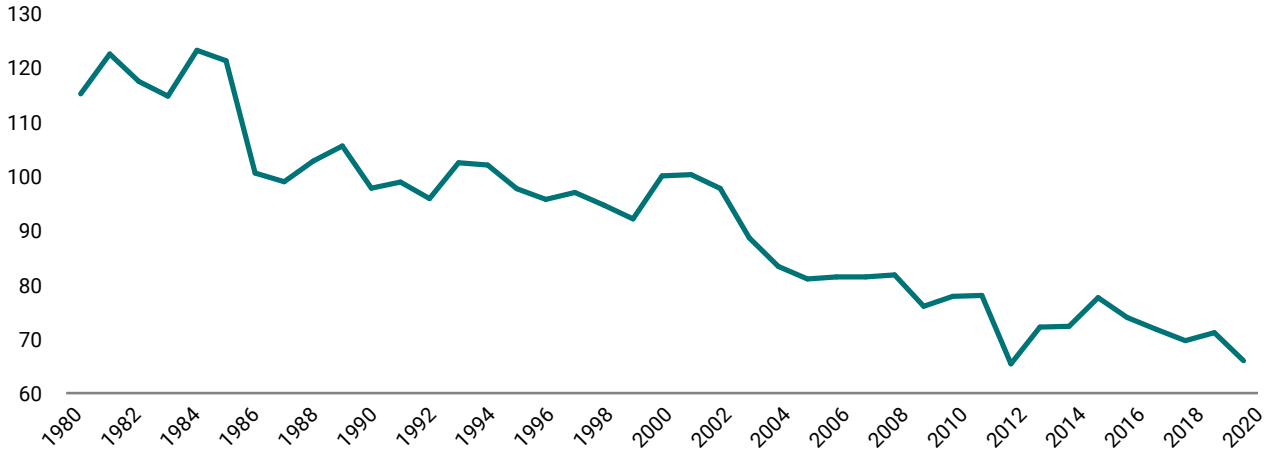
Source: World Bank Group Trade Watch.

Figure IV.3.5
Share of developing countries and LDCs in world merchandise exports
(Percentage)



Source: UNCTAD calculations based on UNCTADStat.

Figure IV.3.6
Manufactures terms of trade, 1980–2020
(Index, 2000=100)



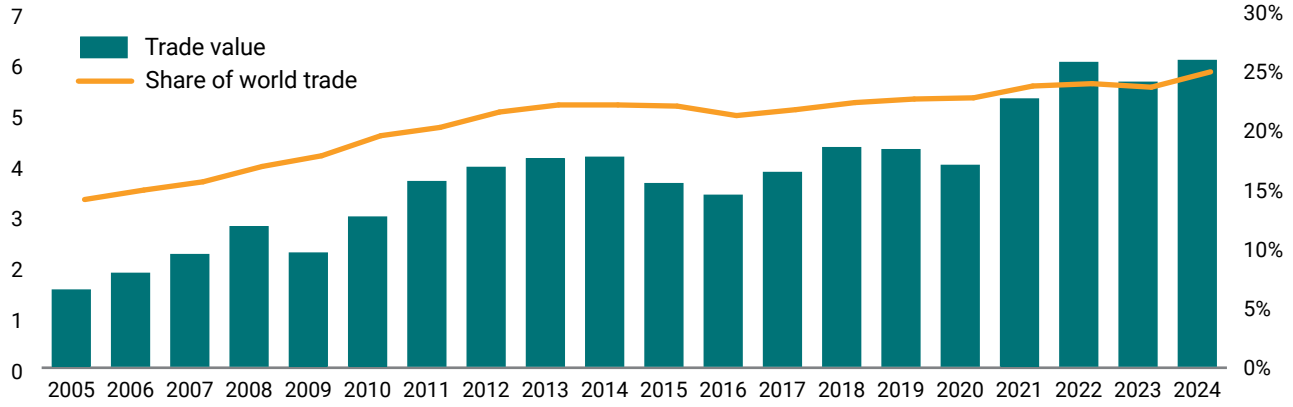
Source: FSDO based on International Trade Statistics Yearbook editions, Special Table 39, Manufactured Goods Exports.

Action 42: International trade as an engine for sustainable development

The increase in South-South trade and digital trade and the low-carbon transition have created new opportunities. The value of South-South trade has increased substantially, rising more than fourfold (see figure IV.3.7) in the last 20 years, while South-North trade doubled over the same period.[15] South-South trade exhibits a high technology intensity, with high- and medium-technology manufactured products together accounting for 50 per cent of South-South trade, suggesting its potential to foster economic diversification, including through local processing of commodities. As a result, developing country markets now account for a much larger share of developing country exports—almost 60 per cent in 2024. The low-carbon transition, linked to the expansion of global demand for environmental goods and services, has also allowed some developing countries to diversify their exports. In 2024, exports of environmental goods reached $2 trillion, accounting for 14 per cent of global manufacturing exports.[16]

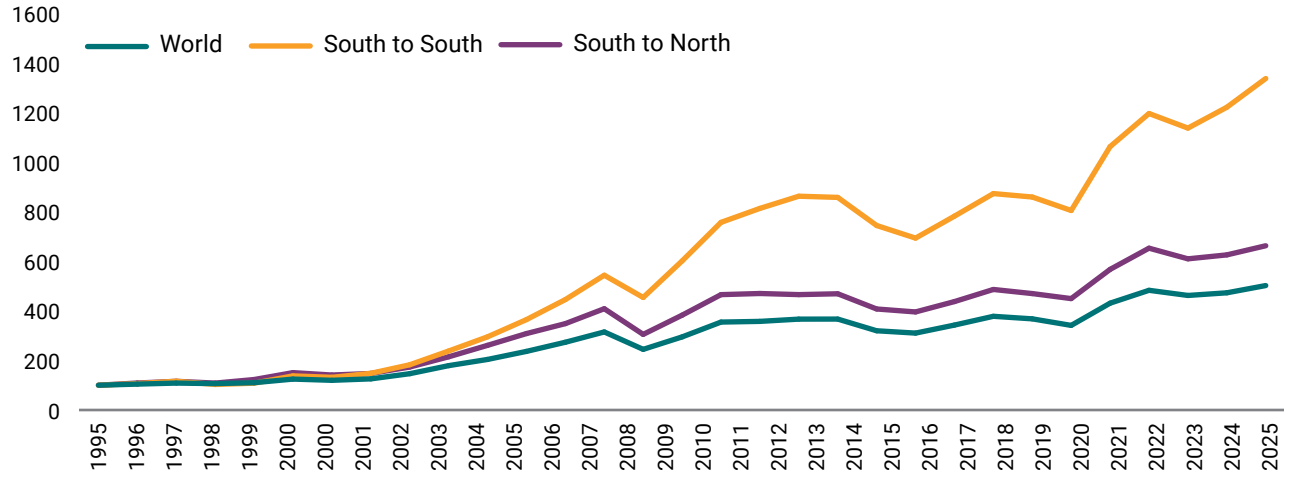
Services have become a central driver of global trade, increasingly outpacing the growth of merchandise trade and reshaping international markets. Between 2015 and 2024, the trade in global services grew by roughly $4 trillion, reaching nearly $9 trillion, with digitally delivered services accounting for more than 50 per cent of total services exports—approximately $4.5 trillion.[17] Demand for digitally delivered services is expected to continue to rise, fuelled by advances in artificial intelligence, cloud computing, cross-border professional services, and the digitalization of other sectors such as health, education, manufacturing and finance. These activities are less vulnerable to physical supply chain disruptions and could provide new pathways for developing economies to integrate into global markets. However, trade in services remains highly concentrated by geography and suppliers: Developed countries account for over 70 per cent of global services exports, with developing Asian economies contributing another 25 per cent.[18] Moreover, such activities introduce new types of vulnerabilities, including to cyberattacks. Realizing the potential gains from the trade in services requires significant investment in digital infrastructure, human skills and forward-looking regulatory and cybersecurity frameworks. Without adequate

Figure IV.3.7
South-South Merchandise Trade, 2005–2024
(Trillions of US dollars, percentage)



Source: UNCTAD calculations based on UNCTADStat.

Figure IV.3.8
Selected merchandise export flows, 1995–2025
(Index, 1995=100)



Source: UN Trade and Development (UNCTAD) calculations based on UNCTADstat and UNCTAD estimates.

support, most countries, including LDCs, LLDCs and SIDS, will not be able to benefit from the growing trade in services.

3. Preserving the multilateral trading system as a key driver of economic growth and sustainable development

3.1 Multilateral trading system and WTO

Actions 43 a-i: Strengthen the multilateral trading system

The multilateral trading system is navigating a period of profound uncertainty. The predictable, rules-based framework anchored by WTO has underpinned the multilateral trading system for several decades, fostering global economic growth and enabling economies of all sizes to integrate into international markets. However, today, the multilateral trading system is navigating a period of profound uncertainty, marked by heightened geopolitical tensions, the fragmentation of global value chains and the resurgence of unilateral trade policies. While the system has demonstrated resilience, with 72 per cent of the global goods trade continuing to rely on MFN terms as of February 2026, the broader environment defined by power asymmetries and rising protectionism threatens multilateral disciplines.[19] This is of most concern to developing countries, particularly LDCs and other structurally vulnerable economies that cannot replicate the economic security provided by multilateral disciplines through bilateral agreements alone. As called for in the Sevilla Commitment, the multilateral trading system and WTO will have to deliver on their founding principles.

Current discussions on WTO reform offer a critical window to realign the trading system with contemporary economic realities. The agenda of MC14 in Yaoundé reflected a broad recognition that the current trade environment demands reform that is more substantive, comprehensive and strategic. Reform discussions are converging around four main areas

i. *WTO's foundational principles and its role in today's global economy.* Rising fragmentation, unilateral actions and increased recourse to preferential arrangements are straining the rules-based system, prompting calls for political reflection on core disciplines, including most-favoured-nation treatment, non-discrimination, and the balance of rights and obligations.

ii. *Decision-making and the treatment of past mandates.* While no Member challenges the principle of consensus, there is widespread frustration at the difficulty of reaching decisions, raising concerns about the WTO's capacity to deliver timely outcomes. Perspectives differ on the appropriate role of plurilateral approaches, and many Members stress that existing mandates—including on development and agriculture—must be honoured rather than set aside.

iii. *Development, special and differential treatment (S&DT) and level playing field issues.* S&DT is widely recognized as a treaty-embedded right and essential instrument for supporting the trade integration of developing and LDC Members. At the same time, there is growing pressure to make it more needs-based, targeted and effective. Separately, Members broadly recognize that existing disciplines on subsidies, state intervention and transparency are outdated and insufficiently enforced, with improving notification compliance widely seen as an essential starting point.

iv. *Restoration of a fully functioning dispute settlement system.* The WTO's Appellate Body has been non-functional since 2019, preventing final rulings on disputes. The Multiparty Interim Appeal Arbitration Agreement, now covering 61 Members and approximately 60 percent of world trade, provides a partial remedy, but a permanent solution remains essential—particularly for developing countries that depend on multilateral disciplines for market access security and cannot rely on bilateral leverage alone.

MC14 yielded concrete outcomes in some areas. Ministers adopted a decision to improve the integration of small economies into the multilateral trading system, and a decision on enhancing the implementation of special and differential treatment provisions in the SPS and TBT Agreements. They also agreed to continue negotiations on fisheries subsidies with the aim of achieving comprehensive disciplines by MC15. Ministers also agreed that further work would continue in Geneva on a broader Yaoundé package, including a declaration on WTO reform and Work Plan and decisions on LDC issues.

The multilateral system has also yielded recent progress in areas such as trade facilitation and fisheries subsidies The WTO Trade Facilitation Agreement was the first multilateral trade agreement concluded under the WTO umbrella, entering into force in 2017 with the objective of making cross-border trade more efficient, less costly and more predictable for businesses of all sizes. As a result of more efficient border processes, trade costs are estimated to have declined by up to 5 per cent over the last decade. The implementation of ambitious reforms could deliver up to 12 percentage points more in trade cost reductions. While research shows that implementation of the Trade Facilitation Agreement led to an increase in trade of over $230 billion, further implementations will require significant technical assistance and capacity-building support for developing and LDC members.[20] The entry into force of the WTO Agreement on Fisheries Subsidies (see box IV.3.1) is also a significant achievement for sustainable trade. The Agreement has a strong development component through the establishment of the WTO Fish Fund that will provide developing economies and LDCs with the technical assistance and capacity-building they need to implement the new obligations and manage their own fisheries more sustainably.

Box IV.3.1

The WTO Agreement on Fisheries Subsidies

The WTO Agreement on Fisheries Subsidies entered into force in September 2025, after more than two-thirds of WTO Members had deposited their instruments of acceptance. It represents a significant milestone as the first WTO agreement to focus on the environment, specifically addressing Sustainable Development Goal Target 14.6 on the prohibition of harmful fisheries subsidies and its negotiations date back to 2001. The Agreement establishes binding rules for curbing harmful subsidies related to illegal, unreported and unregulated fishing, overfished stocks and fishing activities in the unregulated high seas. The WTO Fish Fund will assist developing and LDC members with implementation. The Sevilla Commitment encouraged WTO members to bring the Agreement into force as soon as possible. WTO members are still negotiating additional provisions to fisheries subsidies relating to overcapacity and overfishing.

Source: FSDO.

Actions 43 a-i: Strengthen the multilateral trading system

The Sevilla Commitment also recognizes the challenges faced by net food-importing developing countries (NFIDCs) in increasing their resilience in responding to acute food instability. Following the WTO 12th Ministerial Conference, a Work Programme on food security for LDCs and NFIDCs was launched in November 2022 at WTO. The United Nations Food and Agriculture Organization (FAO) also proposed a food import financing facility to

alleviate food insecurity arising from export shortfalls and alleviate food insecurity arising from export shortfalls or sharp increases in food prices or both, and the International Monetary Fund (IMF) started a new Food Shock Window to provide additional access to emergency financing for countries facing urgent balance-of-payment needs related to the global food crisis from 2022 to 2024 (see box IV.3.2).

Box IV.3.2

Proposal for a Food Import Financing Facility

Countries must be provided with fiscal space to protect their populations from the impact of events causing soaring food price inflation in a timely and flexible manner. The Food Import Financing Facility proposed by FAO could substantially help with this, with minimum distortions and important conditionalities on agrifood system investments.

The FAO Food Price Index reached an all-time high in March 2022, following the outbreak of war in Ukraine and concerns about the availability of exportable food supplies from the Black Sea region. The increase in food prices, however, started earlier, partly driven by rising demand following recovery from COVID-19-induced economic contractions. Other contributing factors were logistical challenges, higher transportation costs and disruptions in supply chains as a result of concerns stemming from the war. In 2022, elevated fertilizer and energy prices also added to the cost of producing food.

As a result, countries' food import bills were severely affected by higher food and agricultural input prices. In 2021, the food import bills of lower-middle-income countries, low-income countries and International Development Association (IDA) countries were, respectively, 34 per cent, 24 per cent and 43 per cent higher than in 2019. In terms of net trade positions, in the same period, net food imports by low-income and IDA countries increased by 31 per cent and 79 per cent respectively.[21]

Considering the strain that high food import costs can have on the balance of payments of NFIDCs and the associated risks for food security, FAO proposed a Food Import Financing Facility in June 2022. The initiative envisioned a subsidized credit line for food (food-specific balance-of-payments support), targeting exclusively net food-importing low- and lower-middle-income countries. Beneficiary countries were expected to commit to investing in sustainable agricultural productivity. The maximum credit volume was set at $25 billion.[22]

Inspired by the FAO Food Import Financing Facility proposal, the IMF Executive Board on 30 September 2022 approved a new, temporary (12 months) Food Shock Window under its emergency financing instruments (Rapid Credit Facility and Rapid Financing Instrument).[23] The Food Shock Window served as a new channel for emergency financing to member countries that had urgent balance-of-payments needs associated with acute food insecurity and that experienced a sharp increase in their import bills due to the rising costs of cereal and fertilizer imports, or a shock to their cereal exports. The Food Shock Window was later extended until end-March 2024.[24]

IMF disbursed $1.8 billion to six countries (Burkina Faso, Guinea, Haiti, Malawi, South Sudan and Ukraine) over approximately 18 months through the Food Shock Window, until it was discontinued. Ukraine was by far the largest beneficiary of the funding provided through the Food Shock Window, with more than $1.3 billion disbursed.[25]

Source: FAO.

3.2 Regional trade integration

Action 43j: Promote regional trade integration

The number of regional trade agreements (RTAs) continued to grow in 2025, reaching a total of 381 as of March 2026- though a further 67 agreements are estimated to be in force but have not been notified. This corresponds to an increase of about 80 per cent compared to 2010, though the abrupt rise in 2021 is largely explained by the new agreements signed by the United Kingdom to replace its pre-Brexit arrangement Among notable recent agreements, the European Union signed an agreement with Mercosur and EFTA also concluded an agreement with Mercosur, both aimed at expanding bilateral trade in goods, services and investment, and reducing tariff and non-tariff barriers, including for small and medium-sized enterprises.[26]

Box IV.3.3

Financing the implementation of the African Continental Free Trade Area: trade finance, SMEs and investment-ready infrastructure

AfCFTA is one of the most ambitious regional integration initiatives globally. With 54 signatories and 49 ratifications, it aims to create a unified African market of 1.4 billion people with a combined GDP exceeding $3.4 trillion. Effective implementation of AfCFTA is critical to accelerating structural transformation, boosting intra-African trade, and advancing not only the 2030 Agenda for Sustainable Development but also Agenda 2063 Agenda as well. Realizing this potential requires more than tariff liberalization. Success also depends on strengthening productive capacities, expanding access to trade finance, operationalizing continental payment systems and mobilizing investment in physical and digital infrastructure. SMEs—which account for around 80 per cent of jobs and most manufacturing output in Africa—must be central to this effort. Trade-enabling infrastructure, including logistics corridors, payment systems and digital platforms, must also be adequately financed and aligned with continental frameworks.

Supporting SMEs, expanding access to trade finance and reducing trade costs through continental payment systems

Despite their central economic role, African SMEs face persistent barriers to intra-African trade, including regulatory fragmentation, limited knowledge of cross-border procedures and a large trade finance gap estimated at over $90 billion annually. These constraints disproportionately affect women-owned and youth-owned enterprises. The International Trade Centre (ITC) and Afreximbank have developed the flagship programme "How to Export with the AfCFTA", to provide practical training on the legal, operational and financial aspects of trading under the Agreement. Over 15,000 entrepreneurs, trade-support institutions and public officials have participated. A key component focuses on access to finance, introducing SMEs to instruments such as letters of credit, guarantees, factoring, credit insurance and pre-export finance, while improving financial management and bankability.

Efficient cross-border payments are essential for regional economic integration. Historically, African firms have faced high costs and delays because payments are routed through correspondent banks outside the continent. The Pan-African Payment and Settlement System (PAPSS), developed by Afreximbank with the AfCFTA Secretariat, addresses this challenge by enabling instant cross-border payments in local currencies. PAPSS is expected to save Africa around $5 billion annually by reducing transaction costs and liquidity constraints. ITC supports the adoption of PAPSS through awareness-raising and training for SMEs and institutions, technical support to integrate PAPSS into national trade and digitalization strategies, and linkages with AfCFTA-aligned digital trade platforms and e-commerce systems.

Following the adoption of AfCFTA, technical assistance from United Nations Trade and Development (UNCTAD) on low-carbon and green export strategies supports the integration of measures into national policy frameworks to leverage intra-African trade for sustainable production, low-carbon economic diversification, enhanced regional cooperation and strengthened climate resilience.[27]

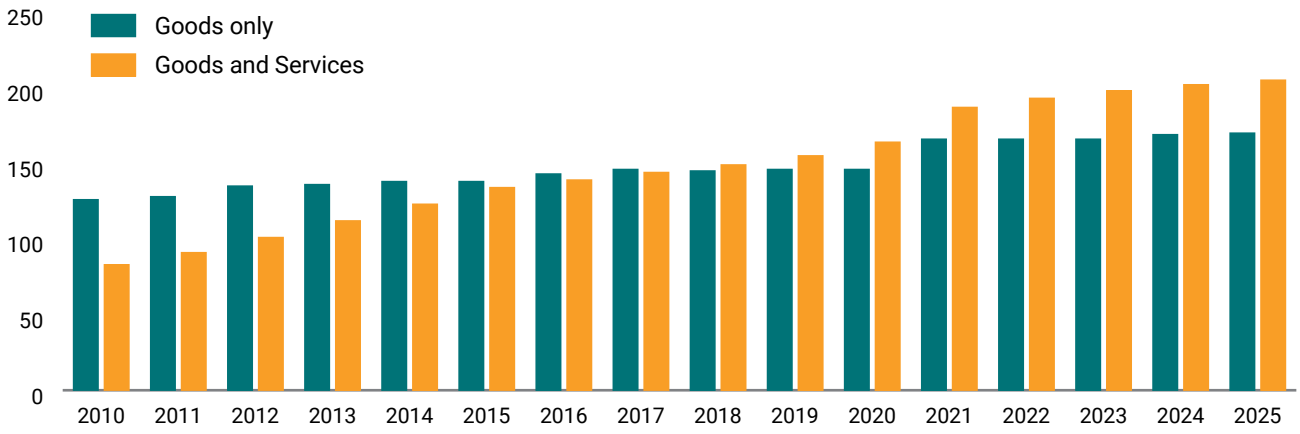
Financing infrastructure and implementing the Investment Protocol

Infrastructure gaps remain a major constraint to AfCFTA implementation. Africa requires $130 billion to $170 billion annually in infrastructure investment, with a significant financing shortfall. The AfCFTA Adjustment Fund – a $10 billion mechanism with base, general and credit windows – supports countries and businesses to adjust to the Agreement's phased elimination of tariffs while financing trade-enabling and industrial infrastructure.

Complementing this, the AfCFTA Investment Protocol provides a coherent framework to attract and retain sustainable investment. ITC supports its implementation through capacity-building for public institutions, awareness-raising among policymakers and investors, gap assessments between national frameworks and Protocol obligations, and support for domestic alignment with continental and international standards. These efforts strengthen investment readiness and help to mobilize capital for both physical and digital infrastructure.

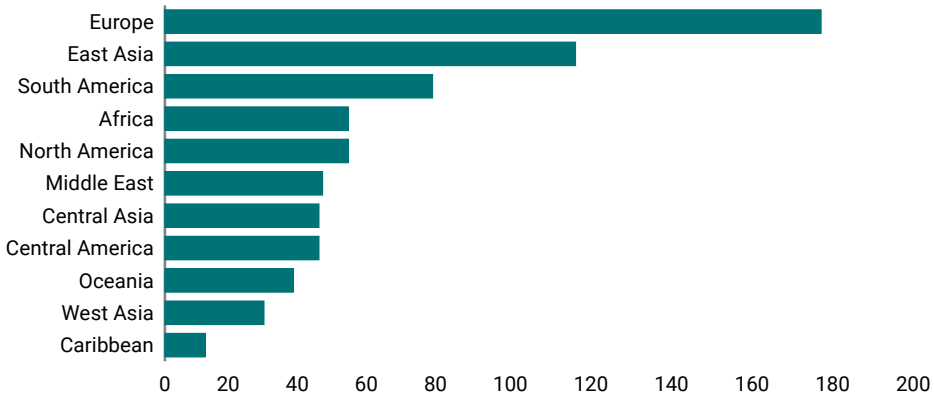
Source: ITC.

Figure IV.3.9
Trade Agreements by coverage, 2010–2025
(Number of RTAs in force per year)



Source: UNCTAD calculations based on WTO RTAIS data.
Note: Figures as of November 2025.

Figure IV.3.10
Number of RTAs in force by region, 2026



Source: WTO RTAIS data.
Note: Figures as of March 2026. The composition of regions may be found in the RTA database User Guide. RTAs involving countries/territories in two (or more) regions are counted more than once.

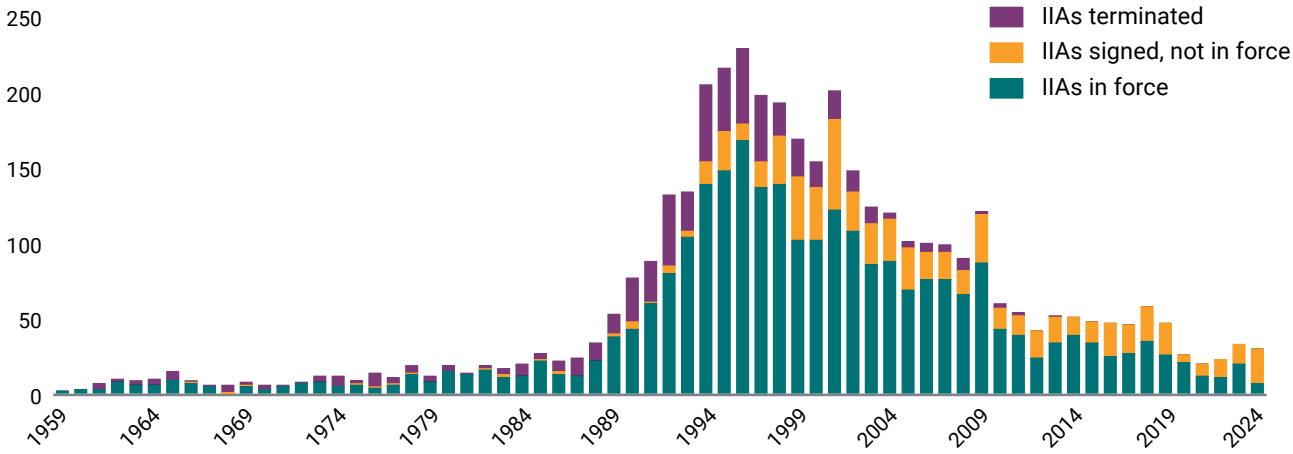
The number of agreements varies strongly across regions (figure IV.3.10). In Africa, most trade in Africa occurs outside the framework of bilateral or multilateral trade agreements, with the major exception of the Southern African countries that trade under the Southern African Development Community.[28] The operationalization of the agreement establishing AfCFTA, currently ratified by 49 countries, will be instrumental in accelerating the free movement of goods across the continent and increasing regional economic integration (see box IV.3.3). Growing interregional trade integration among developing countries offers a complementary avenue for inclusive growth and sustainable development. The Global System of Trade Preferences among Developing Countries, covering 42 developing countries across all continents, provides an important platform to diversify trade partners and foster economic resilience.[29]

3.3 Investment agreements and policy space

Action 43l: Support efforts to reform the mechanisms for investor-State dispute settlements

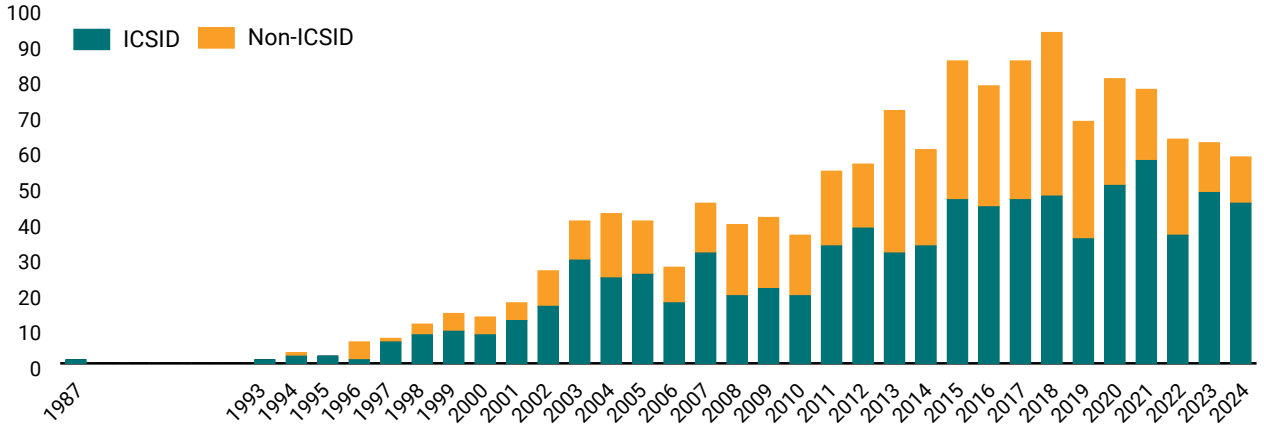
New investment agreements increasingly prioritize proactive facilitation and cooperation, reflecting a shift away from heavy reliance on investor–State dispute settlement. However, these newer agreements coexist with an older stock of unreformed treaties that limit policy space to regulate key policy areas such as public health, climate change and digitalization. In 2024, countries concluded at least 30 new agreements and terminated four, bringing the total number of international investment agreements (IIAs) to 3,323, of which 2,625 are currently in force.[30] By the end of 2024, 592 IIAs had been terminated. Following the surge in terminations in 2020–2022 related to the coordinated termination of

Figure IV.3.11
Number and status of agreements by year of signature



Source: UNCTAD, IIA Navigator database.
Note: Figures as of March 2025.

Figure IV.3.12
Investor-State dispute settlement cases, by year
(Annual number of known treaty-based cases)



Source: UNCTAD, ISDS Navigator database.
Note: Figures as of 1 April 2025. Information compiled from public sources, including specialized reporting services. UNCTAD statistics do not cover cases that are based exclusively on investment contracts (State contracts) or national investment laws, or cases in which a party has signaled its intention to submit a claim to ISDS but has not commenced the arbitration. Annual and cumulative case numbers are continually adjusted as a result of verification processes and may not exactly match numbers reported in previous years.

bilateral investment treaties between European Union Member States, the pace of terminations has slowed down. Studies show that the divergence between old and new IIAs continues to widen.[31] Newer IIAs increasingly refine investment protection standards to safeguard the State's right to regulate, for example replacing the fair and equitable treatment standard with a closed list of obligations or omitting fair and equitable treatment. Overall, current trends leave the IIA universe dominated by treaties signed in the 1990s and 2000s (figure IV.3.11), thereby raising the risk of investor–State disputes. In this regard, the Sevilla Commitment encourages countries to update and reform outdated investment agreements. The vast majority of new investor-State dispute settlement cases continued to be brought under IIAs signed before 2010 (85 per cent).[32] Prospective claimants may still be able to access investor-State dispute settlement under older treaties even as newer, reformed agreements enter into force (figure IV.3.12).

3.4 Measures which restrict or distort trade

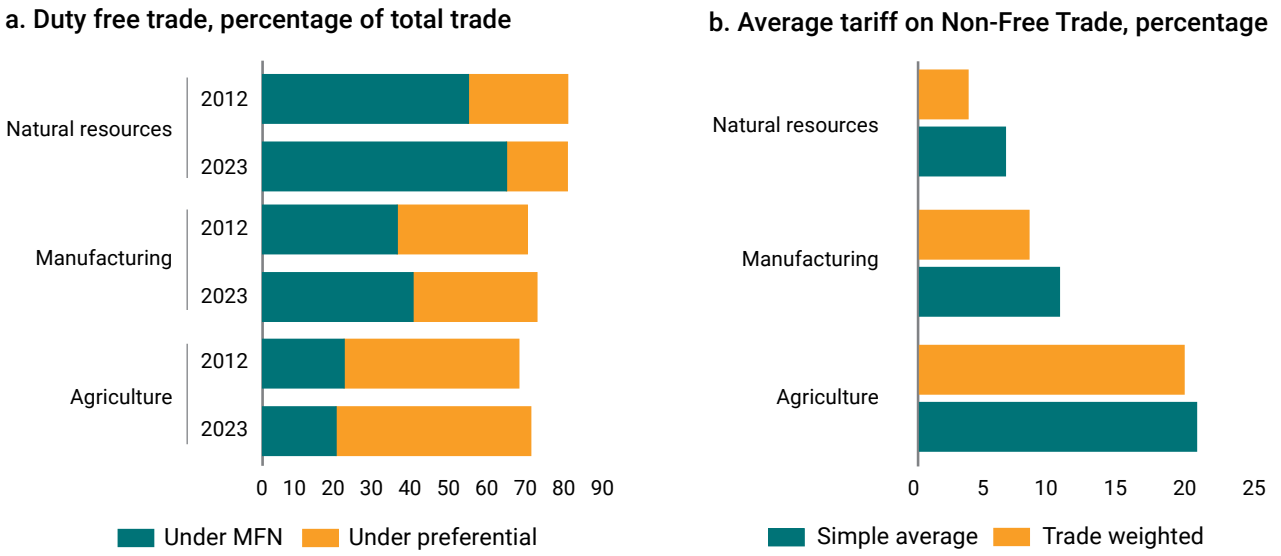
Actions 43n-q: Measures which restrict or distort trade

International trade continues to be shaped by a complex mix of tariff and non-tariff measures, with recent years marked by evolving policy priorities and the increasing use of trade-restricting measures. The global trade landscape in 2024–2025 reflected both persistent trends and new dynamics driven by geopolitical, environmental and technological factors. Tariffs remain a central instrument of trade policy. Studies suggest that developing countries still face relatively higher duties, limiting their market access and raising costs for businesses and consumers in importing markets (figure IV.3.13).[33] While roughly two thirds of global trade is tariff-free—due to zero MFN tariffs or preferential schemes—the remaining third faces significant duties, particularly in agriculture and processed goods. Manufacturing trade also faces barriers in key industries. Tariff escalation—whereby processed goods face higher tariffs compared to the raw or unprocessed products—discourages value addition in developing economies. Developed countries typically apply low average tariffs but may maintain tariff peaks exceeding 100 per cent in some cases. Also, tariffs tend to remain higher on environmental alternatives such as non-plastic substitutes. Recent tariff hikes, along with compliance costs associated with voluntary and mandatory requirements to report and verify the environmental impacts of goods, risk deepening global trade inequality, which may disproportionately affect some vulnerable economies.

Actions 43n-q: Measures which restrict or distort trade

Non-tariff measures increasingly shape trade flows, often serving non-trade public policy objectives related to health, consumer protection, environmental protection or security. Growing demand for safer, healthier and environmentally friendly products has led to stricter regulatory oversight. Technical barriers to trade are the most prevalent non-tariff measures, affecting over two thirds of global trade (figure IV.3.14). Other non-tariff measures include quotas, licenses and price controls. Compliance costs—measured as ad valorem equivalents—are highest for agricultural products due to stringent quality and safety requirements. A recent UNCTAD study highlighted that, despite the high tariff preference margins granted to LDCs under non-reciprocal trade preference schemes, the widespread use of non-tariff measures, particularly in agricultural and animal products, continues to hinder LDCs' ability to access these markets and diversify their exports.[34] Developed countries apply more non-tariff measures than developing countries, creating complex barriers to market access. Compliance costs also vary by region: Latin American countries face the highest costs, while Western Europe experiences the lowest. Deep integration schemes, including mutual recognition of standards and conformity assessments, could help to reduce these costs. At the multilateral level, the Standards and Trade Development Facility (STDF) plays an important role in helping developing countries build the capacity needed to comply with sanitary and phytosanitary (SPS) measures and meet international food safety, animal and plant health standards, thereby improving their access to export markets.

Figure IV.3.13
Free trade and remaining tariffs, by broad category, 2023
(Percentage)



Source: UNCTAD secretariat calculations based on COMTRADE data and UNCTAD TRAINS data.

Actions 43n-q: Measures which restrict or distort trade

Recent evidence indicates a sharp rise in trade-restrictive measures over the past year, with major implications for global supply chains and trade flows. Data from the WTO Trade Monitoring Database (TMDB) signalled that between mid-October 2024 and mid-October 2025, governments introduced 272 new trade-restrictive measures covering goods worth $2.64 billion, which represents 11.1 per cent of world imports and is 1.5 times the value of the previous 12-month period.[35] Import restrictions dominated new measures, targeting sectors such as mineral fuels, machinery, vehicles and electrical equipment. The use of trade remedies—anti-dumping, countervailing duties, and safeguards—has surged. In 2024, WTO recorded 450 trade remedy actions (338 initiations, 112 terminations), with anti-dumping accounting for nearly 79 per cent of initiations. Corporate subsidies were concentrated in semiconductors, green energy and electric vehicles. Export restrictions on high-tech and dual-use goods have intensified, reshaping supply chain risks. Climate-related and energy-transition support measures have also proliferated, reflecting the growing link between trade and sustainability. In the Sevilla Commitment, countries have agreed to make efforts to discourage protectionism and market-distorting practices.

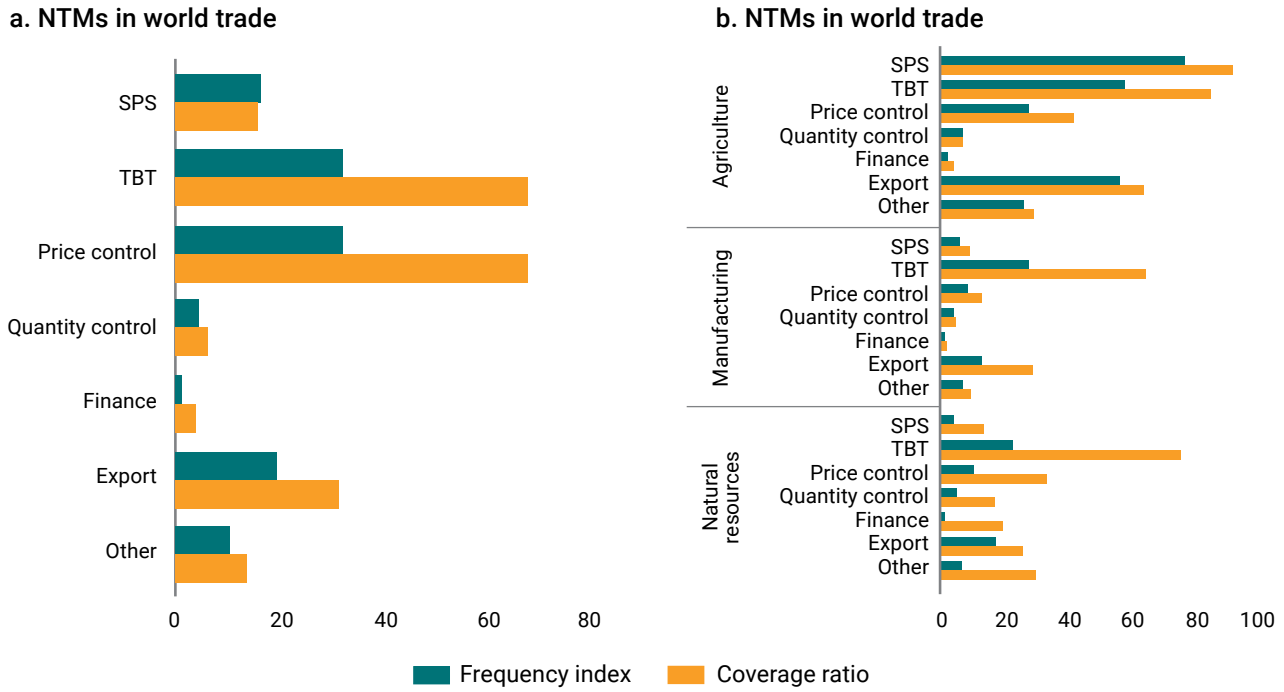
Data suggests that despite rising protectionism, liberalization efforts also persist. WTO reported 331 new trade-facilitating measures in 2025. These measures include tariff reductions, simplified customs procedures and removal of import quotas—often within RTAs in Asia, Latin America and Africa. The Global Trade Alert also noted a shift towards targeted liberalization, focusing on specific sectors rather than broad tariff cuts. This selective approach reflects governments' efforts to balance openness with strategic priorities.

Another emerging trend is the rise of measures taken for environmental purposes, including unilateral ones that can alter trade flows and direct them from countries with less institutional capacity and higher carbon intensity. The objectives of such measures are both to reduce greenhouses gas emissions and encourage cleaner production processes by avoiding carbon leakage and building a level playing field between producers. An example of such a measure is the European Union Carbon Border Adjustment Mechanism (CBAM), which entered into force in 2026 and is applied on a series of carbon-intensive products; the United Kingdom is planning to implement a similar measure in 2027. Since the European Union

Figure IV.3.14

Non-tariff measures, by type and broad category, 2023

(Percentage)



Source: UNCTAD calculations based on UNCTAD TRAINS data.

announced its CBAM as part of the European Green Deal in 2021, other countries such as Australia, Canada, Japan, Türkiye and Thailand are all exploring the idea of applying such mechanisms.[36] Other examples include the European Union's Deforestation Regulation which restricts European Union market access to commodities linked to deforestation.[37]Such measures could disproportionately affect developing countries, especially LDCs, by increasing compliance costs to access markets, reducing their export competitiveness and ultimately impacting their sustainable development.[38] Developing countries require financial and technical assistance to build their monitor, reporting and verification infrastructure and skills, as well as collecting the data needed to maintain market access. The Sevilla Commitment recognizes such risks and stresses the urgent need for discussions on these measures in the relevant multilateral fora. At COP30, Brazil announced the launch of the Integrated Forum on Climate Change and Trade, a new platform for policy dialogue to address the climate-trade nexus, including unilateral trade measures taken for environmental purposes. The final text, the Global Mutirão decision, also requests United Nations Framework Convention on Climate Change subsidiary bodies to hold dialogues, including ITC, UNCTAD and WTO, "to consider opportunities, challenges and barriers in relation to enhancing international cooperation related to the role of trade".

The Sevilla Commitment also reiterated that Member States are strongly urged to refrain from promulgating and applying any unilateral economic, financial or trade measures not in accordance with international law and the Charter of the United Nations. The 2025 Report of the Secretary-General entitled "Unilateral economic measures as a means of political and economic coercion against developing countries" noted an increase in the number of such measures from 2023 to 2025 and indicated diverging views on this issue.[39]

4. Strengthening trade capacities and integration into regional and global value chains

4.1 Trade-related infrastructure and trade facilitation implementation

Actions 44a-b: Strengthen trade capacities of developing countries

Additional support for trade-related infrastructure and trade facilitation and connectivity is critical to strengthening trade capacities and fostering developing countries' integration into regional and global value chains. This includes investing in corridor infrastructure and services, underpinned both hard infrastructure—such as roads, railways and ports—and soft infrastructure, including the digitalization of border processes, which can have a particularly significant impact on trade costs and transit times. Nevertheless, while Aid for Trade annual disbursements almost doubled between 2006 and 2023, levels have stagnated in recent years and even registered a decline in value and as a share of total ODA between 2022 and 2023.[40] Moreover, for these corridors to fully unlock their potential, sustainability and resilience principles must be integral to their design, operation, maintenance and management, including the capacity to absorb and adapt to disruptions from climate-induced shocks and extreme weather events, geopolitical tensions, conflicts or cyber threats. Challenges also remain in maritime transport, the main connector of global merchandise trade, where progress towards decarbonization is advancing at a slow pace (box IV.3.4).

Beyond infrastructure, multilateral policy instruments are also important to facilitate transport and transit. These include the WTO Trade Facilitation Agreement, the United Nations TIR (Transports Internationaux Routiers or International Road Transport) Convention and the World Customs Organization's Revised Kyoto Convention. Other practical tools have also been implemented at regional levels (e.g. the COMESA Regional Customs Transit Guarantee scheme). The WTO Trade Facilitation Agreement in particular provides a multilateral framework for simplifying and modernizing border procedures, which is especially important for landlocked and transit-dependent developing countries. The digitalization of border processes—including electronic documentation, single window systems and paperless customs procedures—represents an additional and increasingly critical intervention to reduce trade costs and transit times, particularly for developing countries with high procedural burdens.

Actions 44a-b: Strengthen trade capacities of developing countries

Climate change adaptation, resilience-building and disaster risk reduction for critical transport infrastructure is key to strengthening trade capacities and integration. With climate-driven hazards expected to increase, significant acceleration of investment in climate change adaptation and resilience-building for ports and other critical transport infrastructure is needed to avert, minimize and mitigate damages and costs and safeguard supply chains as well as human health and safety. However, in 2022, only $32.4 billion (28 per cent) of the total climate finance provided and mobilized for developing economies was for adaptation, and only a fraction of this amount will have targeted climate change adaptation for ports and other critical transport infrastructure.[41] The UNCTAD programme on climate change adaptation for maritime transport provides capacity-building to support related policy and decision-making and provides a range of tools to assist stakeholders in identifying and addressing climate-related risks.[42] There remains an important need to strengthen efforts to increase

adaptation finance and prioritize grant finance for developing countries, in particular those most vulnerable to the adverse impacts of climate change.

Box IV.3.4

Maritime transport and the decarbonizing challenge

Maritime transport remains the main connector of global supply chains, economies and markets, while delivering more than 80 per cent of global trade volume. The sector's operating landscape has been highly volatile and uncertain over recent years, amid recurrent disruptions and ongoing structural transformations. Global transport and logistics, including maritime transport, are facing growing digitalization, pressing environmental and climate action imperatives, heightened geopolitical tensions, shifting trade policy frameworks, and an urgent need to mainstream sustainability principles and resilience targets in relevant policies, plans and decisions.

Maritime transport is expected to decarbonize, become digitally enabled and smart, and build resilience. Decarbonization efforts under regulatory pressure are progressing, though less than 10 per cent of the global shipping fleet can run on alternative fuels, indicating a persistent gap between ambition and reality.

Accelerating energy transition and implementing a fit-for-purpose regulatory framework while empowering the workforce through more inclusive recruitment strategies, training and upskilling are all crucial. Together, these developments emphasize the need to close the current financing gap. Upscaling sustainable financing to promote efficient, sustainable and resilient transport and logistics, including ports and their hinterland connections supported by enhanced digital connectivity, is crucial. Robust international cooperation and increased sustainable financing are a precondition for a successful transformation in transport and logistics. Given the significant costs associated with decarbonization of the global fleet, onshore production and distribution of fuels, along with the necessary port infrastructure, private sector initiatives to provide green and sustainable funds, green and sustainability-linked loans and blended finance have an important role to play in generating the required financing and investment.[43]

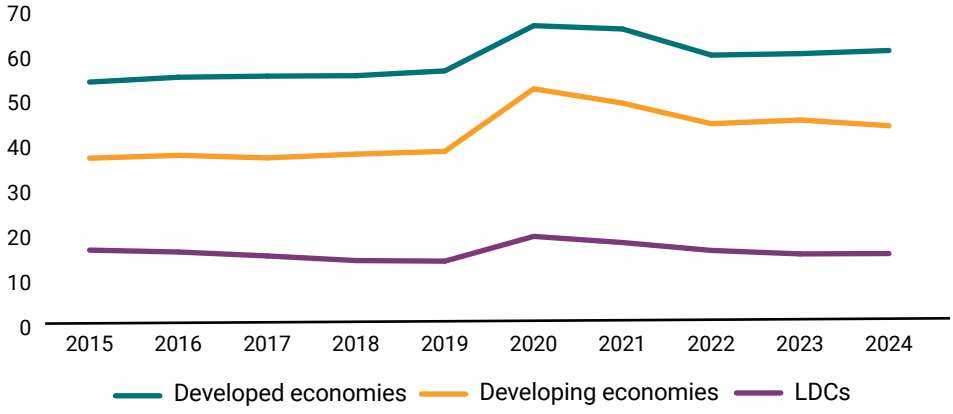
Source: UNCTAD.

4.2 Digital trade

Action 44c: Support digital trade and e-commerce

Digital transformation is having a profound effect on international trade. Yet, the rise in trade in digitally deliverable services is marked by strong asymmetries across countries. Between 2014 and 2024, global exports of digitally deliverable services grew by 6.8 per cent annually, faster than total services exports. The value of global digitally deliverable services exports reached its highest level at $4.9 trillion in 2024, representing 56 per cent of global services exports.[44] In 2024, developed economies and developing economies in Asia accounted for 97 per cent of global exports of DDS. In the same year, the share of LDCs in exports of global digitally deliverable services was 0.16 per cent, well below their 1 per cent share of exports of goods. In 2024, digitally deliverable services represented 61 per cent of services exports in developed economies but only 16 per cent of those in LDCs, underscoring a huge digital divide (figure IV.3.15).[45] Addressing the digital divide calls for improving digital infrastructure and productive capacities as well as trade policies, regulations and competition measures to ensure affordable and quality access to modern information and communication technology services and the broader digital ecosystem.[46] Developing countries require financial and technical assistance to address the infrastructure, skills and institutional challenges in setting up the data ecosystem necessary to support digital services trade and policies. Overall, digital services can reshape how value is created, promote productivity and, through their intersectoral linkages, promote competitiveness across sectors.

Figure IV.3.15
Digitally deliverable services as share of services exports, by development grouping, 2015–2024
(Percentage)



Source: UNCTAD calculations based on UNCTADStat.

Action 44c: Support digital trade and e-commerce

The restrictiveness of trade in digital services remains high. The global digital services trade restrictiveness index was 0.182 in 2024, up from 0.168 in 2014.[47] The index measures a set of possible barriers that may prohibit or reduce firms' ability to provide services using electronic networks, including payment systems, digital infrastructures and intellectual property rights. Greater international cooperation—for example in the context of digital trade chapters in trade agreements such as the AfCFTA Digital Trade Protocol, or through initiatives such as the proposed WTO Agreement on Electronic Commerce, which is open for participation—can support increases in digital services trade. The Sevilla Commitment insists on the necessity of strengthening multilateral and regional collaboration on digital trade regulations and cross-border e-commerce systems.

Actions 44c-d: Support digital trade and e-commerce

For digital trade to support developing countries' integration into regional and global value chains, digital readiness gaps must be overcome. To take advantage of digital trade, developing countries need to have not only better digital infrastructure, logistics and skills, but also modernized legal frameworks, including more interoperable data flow frameworks and e-payment solutions and common digital trade rules. At the WTO, the Work Programme on Electronic Commerce provides a multilateral forum for governments to discuss the trade-related dimensions of the digital economy, while the recently concluded WTO E-Commerce Agreement (ECA), which is co-sponsored by over 70 Members, establishes modern digital trade rules to facilitate electronic transactions and promote digital trust and openness, with flexibilities for developing countries. The WTO also supports developing countries and LDCs in harnessing digital trade through several joint projects with other international organizations, including the WB-WTO Digital Trade for Africa and IADB-WB-WTO Digital Trade for Latin America initiatives, and the ITC–WTO Women Exporters in the Digital Economy (WEIDE) Fund. Continued support to ongoing bilateral, plurilateral and multilateral discussions is key to enable a regulatory environment that supports LDC participation in digital trade. Since 2017, UNCTAD has completed eTrade readiness assessments for 40 economies (including 27 LDCs), supported through an eTrade Implementation Support Mechanism.[48] Such assistance is increasingly important for responding to the call in the Global Digital Compact for more inclusive digital economies.

4.3 Trade finance

Actions 44e-f: Strengthen trade finance

The global trade finance gap remains large and persistent at $2.5 trillion, reflecting both rising demand from increasingly trade-integrated economies

and an inadequate supply of financial products, particularly in developing regions.[49] Bank-intermediated trade finance covers only a small share of total merchandise trade in the developing regions studied, far below the global benchmark of at least 60 per cent. In West Africa, banks support only 25 per cent of trade, with 21 per cent of applications rejected, equivalent to an estimated $14 billion in unmet annual demand in 2021. Rejections were driven largely by insufficient collateral, credit-risk concerns and correspondent banking constraints.[50] Given these constraints, closing trade finance gaps could generate significant gains. Studies suggest potential increases of 8 per cent in the trade in goods in West Africa, 5–9 per cent in Central America and Mexico,[51] and more than 5–9 per cent in imports and exports in Cambodia and Viet Nam.[52] Collectively, the studies underscore the need for coordinated interventions to strengthen trade finance ecosystems, increasing the capacity of multilateral development banks to provide guarantees, including longer tenors. Furthermore, the digitalization of global trade from paper-based to digital processing has been shown to be a priority in closing the trade finance gap.[53]

4.4 MSMEs

Actions 44f-g: Support MSME's trade integration

Enabling the active participation of MSMEs in trade and value chains is critical to boosting the economic growth and trading capacities of developing countries. There are several international capacity-building initiatives, including joint work at the World Customs Organization, WTO and the International Chamber of Commerce (ICC), providing practical guidance for customs administrations and policymakers, complementing Trade Facilitation Agreement implementation, and helping MSMEs to access trusted-trader benefits that reduce costs and delays at the border.[54] Reforms that can accelerate MSME integration include digitalized applications and business engagement to lower compliance burdens for smaller firms. The ICC–ITC–MSME Group Small Business Champions initiative invites smaller firms, business support organizations and policymakers together to co-design solutions, deliver targeted training and create new tools based on different annual themes. The MSME Group also maintains the Trade4MSMEs website, a resource with guides for small businesses and policymakers on trade processes and MSME trade support with links to over 600 related studies and trainings, updated with the cooperation of 25 international organizations and development banks who are part of the Trade4MSMEs Network.

5. Boosting trade in LDCs

Actions 45a-f: Boost trade in the least developed countries

Recognizing that LDCs remain largely marginalized in global trade and dependent on natural resources and primary commodity exports, the Sevilla Commitment includes a range of actions to boost trade in these countries. Indeed, LDCs' share of world exports of goods and services remains at less than 1 per cent (figure IV.3.16). For many of these countries, export structures remain highly concentrated and dominated by primary commodities such as minerals, agricultural raw materials and low value added natural resource products, leaving them exposed to commodity price volatility and external shocks. Limited diversification constrained productive capacity and high trade costs continue to hinder their ability to move into higher value added segments of global value chains. This underscores the importance of targeted support to build resilience and stimulate structural transformation.

5.1 Market Access

Action 45a: Strengthening preferential market access for LDCs

Duty-free and quota-free market access remains a cornerstone of international support for the trade integration of LDCs. The WTO Hong Kong Ministerial Decision in 2005 called upon developed countries, and "developing countries declaring themselves in a position to do so", to provide duty-free and quota-free

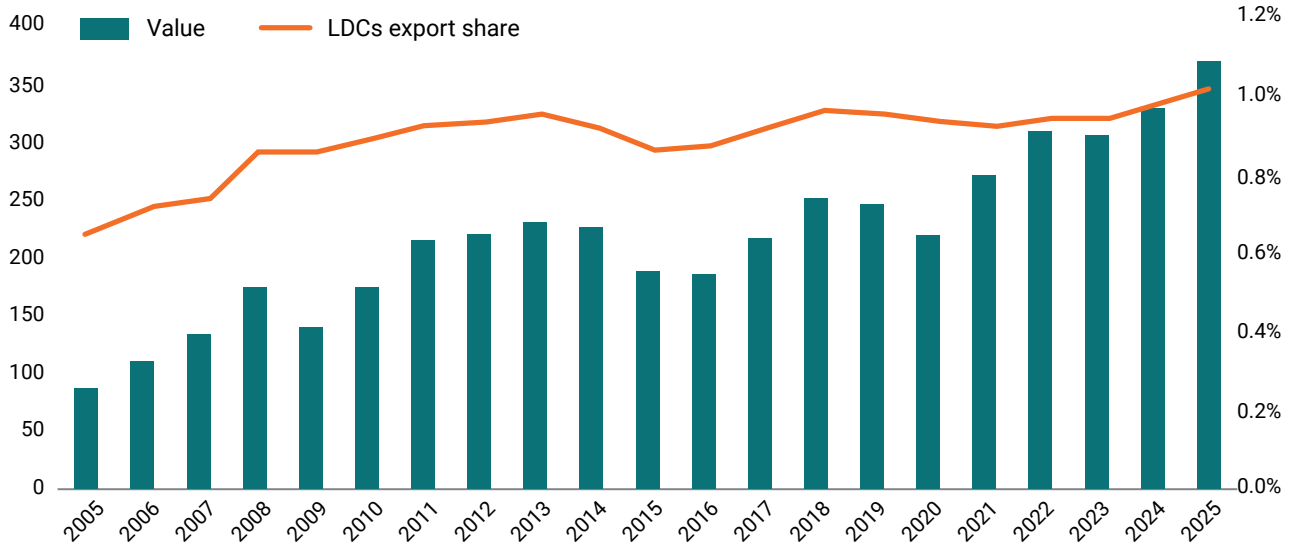
market access for LDCs for "at least 97 per cent of tariff lines."[55] The Sevilla Commitment calls on WTO members to ensure a full implementation of duty-free and quota-free market access and to apply simple rules of origins, consistent with WTO decisions. As of today, 24 economies offer Generalized System of Preferences schemes, including special preferences for LDCs, otherLDC-specific preferential tariffs, often in the form of duty-free treatment.[56]

Preferential market access significantly reduces the tariff burden faced by LDC exporters. While LDCs face trade-weighted applied tariffs of between 1.7 per cent and 1.9 per cent in developing and developed markets respectively, if their exports were subject to MFN tariffs they would face much higher MFN rates, averaging around 8 per cent in the developed markets in the absence of preferences. The resulting preference margins are therefore critical to LDC market access, particularly in tariff-sensitive sectors such as apparel, footwear, leather goods and fisheries products.[57] Between 2019 and 2025, LDCs' exports of goods and services grew on average by 7.9 per cent per year, yet LDCs' share of world exports of goods and commercial services remains close to 1 per cent, underscoring both integration efforts and persistent marginalization. While these high tariff preference margins granted to LDCs help to lift their exports, non-tariff measures can lead to complete obstruction of exports if LDCs fail to meet the stringent regulatory standards required by the importer. LDCs also experience high geographic export concentration, relying on a narrow set of trade partners, which increases their vulnerabilities to external economic shocks (see figure IV.3.17)

Action 45a: Strengthening preferential market access for LDCs

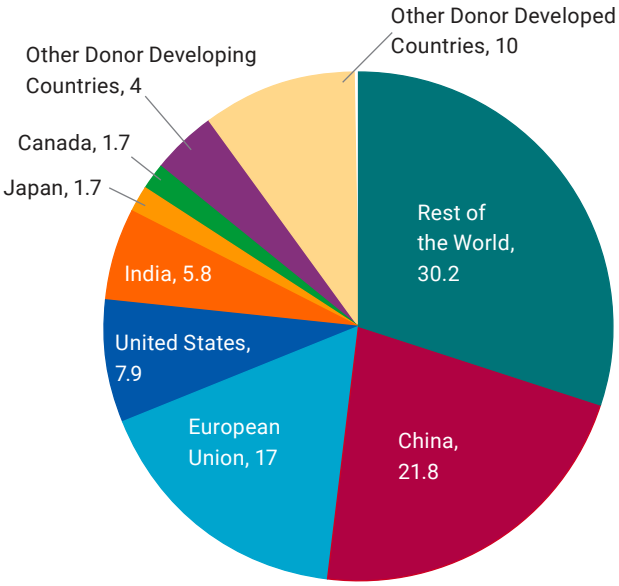
While product coverage under duty-free and quota-free initiatives is generally high, utilization of preferences remains uneven. LDC schemes registered a higher average utilization rate of 60 per cent, almost double the rate of the standard Generalized System of Preferences programmes for non-LDCs.[58] Recent discussions in the WTO Sub-Committee on Least-Developed Countries underline that such utilization rates depend critically on the simplicity and transparency of rules of origin, the costs of compliance and the availability of administrative capacity to claim preferences at the border. The Sevilla Commitment's emphasis on simple and development-friendly rules of origin, together with trade facilitation and targeted technical assistance, is therefore central to converting formal preferences into real export opportunities,

Figure IV.3.16
LDCs Share in Global Trade, goods and services, 2005–2025
(Billions of US dollars, percentage)



Source: UNCTAD calculations based on UNCTADStat.

Figure IV.3.17
Distribution of LDC Exports by Markets, 2024
(Percentage)



Source: UNCTAD calculations based on UNCTADStat.

particularly for SMEs. Preferential tariffs have had a generally positive effect on export diversification in LDCs, although outcomes vary across countries and product groups. While several manufacture-exporting LDCs nearly doubled the number of exported products between 2004 and 2022, some others remained highly concentrated. Agricultural and animal products showed the lowest probability of export diversification despite high preference margins.

Action 45b: Ensure a smooth transition for LDC graduates

Market access challenges are likely to intensify for LDCs approaching graduation. Fourteen LDCs are currently in the graduation process, after which they will progressively lose access to LDC-specific preferences in major markets. Model-based estimates suggest that for highly preference-dependent exporters, especially in apparel and footwear, the impact could be substantial. At the WTO 13th Ministerial Conference in 2024, Ministers agreed that graduating LDCs should, for a period of three years after graduation, continue to benefit from LDC-specific provisions in the WTO technical assistance and training plan, as well as from certain LDC-specific special and differential treatment provisions. The asymmetric trade effect across countries arises mainly from the varied extent of export dependency on the 25 non-reciprocal trade preferences-granting markets, as well as the importance of preferential tariffs for their main export products. For some other countries, the availability of alternative preferential trade arrangements after the graduation may serve to mitigate the impact of preference loss for the graduated LDCs.[59] These measures are consistent with the broader commitment expressed in Sevilla to support smooth and sustainable graduation pathways for LDCs, including through continued technical assistance and capacity-building support.

5.2 Export diversification and productive capacities

Action 45c-e: support LDCs to industrialize, diversify exports, develop service exports

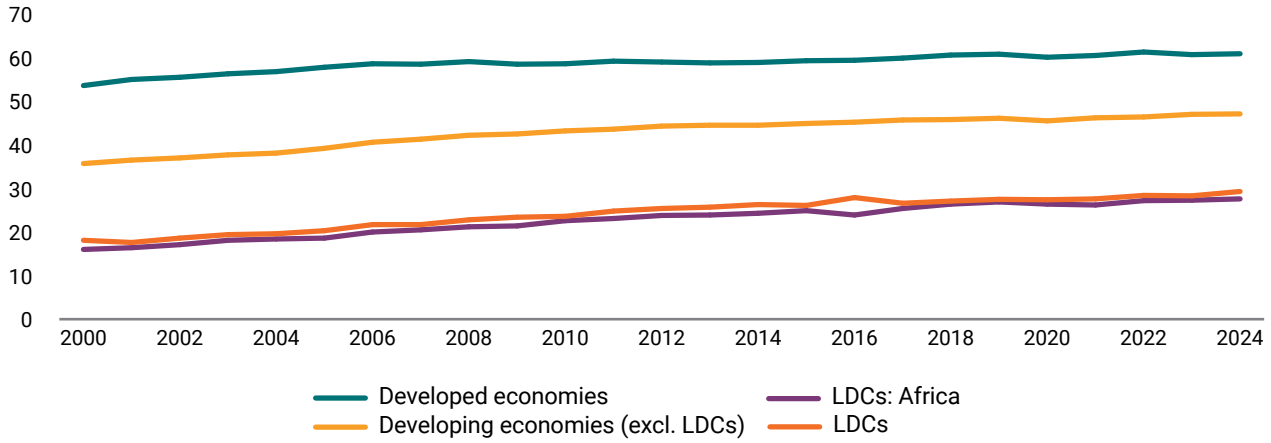
While primary products still accounted for more than half of the total merchandise exports of LDCs, these countries' exports of manufactures increased in value and their share of world manufactured exports rose modestly

in 2024. This suggests that, while preferences and other policy measures have helped some LDCs move into labour-intensive manufactures, broader improvements in productive capacities and the business environment are needed to achieve more widespread and sustained export diversification across the LDC group. The Sevilla Commitment includes actions to support LDCs to industrialize and diversify exports, including in services. Data from the UNCTAD Productive Capacities Index (PCI) shows wide gaps in indices of product concentration and diversification in countries across different development status. Between 2000 and 2024, the disparities across groups remained large and persistent (figure IV.3.18), with gaps in productive capacities mirrored in trade outcomes.[60] WTO data also shows that their exports remain highly concentrated in a few primary products and low-skill manufactured products destined for a small number of main markets.

Action 45c-e: support LDCs to industrialize, diversify exports, develop service exports

The Sevilla commitment acknowledges the need for structural transformation and promotes strategic diversification frameworks aimed at building a more diverse and higher value added production base. Such frameworks consider existing national productive capacities, enabling countries to take initial steps towards reducing their dependence on exports of raw materials. This approach allows for a more pragmatic structural transformation process as the costs of moving into the production of goods that are closely related to existing exports—but more complex and with higher value added—are generally lower and can be supported through targeted financing. In this context, data-driven tools, such as the UNCTAD rapid assessment of diversification and value addition—currently applied mainly in critical mineral-dependent countries—can help to inform policy design and implementation.[61]

Figure IV.3.18
Productivity Capacity Index, by country grouping
(Overall index)



Source: UNCTADStat.

5.3 Aid for Trade

Action 45f: Scaling up aid for trade

Since the start of the Aid for Trade Initiative in 2006, $730 billion has been disbursed to support developing economies in strengthening infrastructure, boosting productive sectors and building their capacity to trade. Between 2006 and 2023, Aid for Trade annual disbursements increased from $22 billion to $50 billion. Nonetheless, in 2023, the most recent year for which data is available, Aid for Trade declined by 6 per cent in real terms. Over this period, Africa and Asia accounted for 73 per cent of the disbursements. Aid for Trade disbursements to LDCs amounted to around $203 billion over this period but have stagnated at an average of around $14 billion annually.[62] Overall allocations remained heavily

concentrated in economic infrastructure (e.g. for transport, storage, and energy generation and supply), which accounted for 52 per cent of total disbursements, followed by productive capacity (45 per cent). Assistance for trade policy and regulations represented only 3 per cent of Aid for Trade flows.[63] In preparation for the 20th Anniversary Global Review of Aid for Trade, scheduled for 29–30 October 2026, WTO Members have begun stocktaking and exploring ways to maximise the use of declining AfT resources and ensure that support remains responsive to the evolving needs of developing economies, including LDCs. Proposed pathways to mobilize additional resources through Aid for Trade encompass strengthened institutional support, enhanced productive capacities and catalytic instruments, including co-financing arrangements and blended finance mechanisms.

6. Increasing local value addition and beneficiation of critical minerals and commodities for economic diversification in developing countries

6.1 Local value addition for commodities and critical minerals

Actions 46 a,b,d: Increasing value addition, diversification and competitiveness

The global economy's accelerating shift towards clean energy and digital technologies has expanded the strategic importance of critical minerals. It has brought renewed attention to the importance of policies that enhance value added at the local level, to avoid exacerbating commodity dependence. Commodity dependence remains widespread and persistent: In 2021–2023, 95 developing economies were classified as commodity dependent[64] and most countries have remained structurally locked into their existing dependence patterns.[65] Dependence is especially prevalent among the world's most vulnerable groups, with 60 per cent of SIDS and about 80 per cent of LDCs and LLDCs commodity dependent (figure IV.3.19). Of the 32 countries with the lowest Human Development Index scores, 29 are commodity dependent, reinforcing the strong correlation between primary commodity reliance and limited structural transformation.[66]

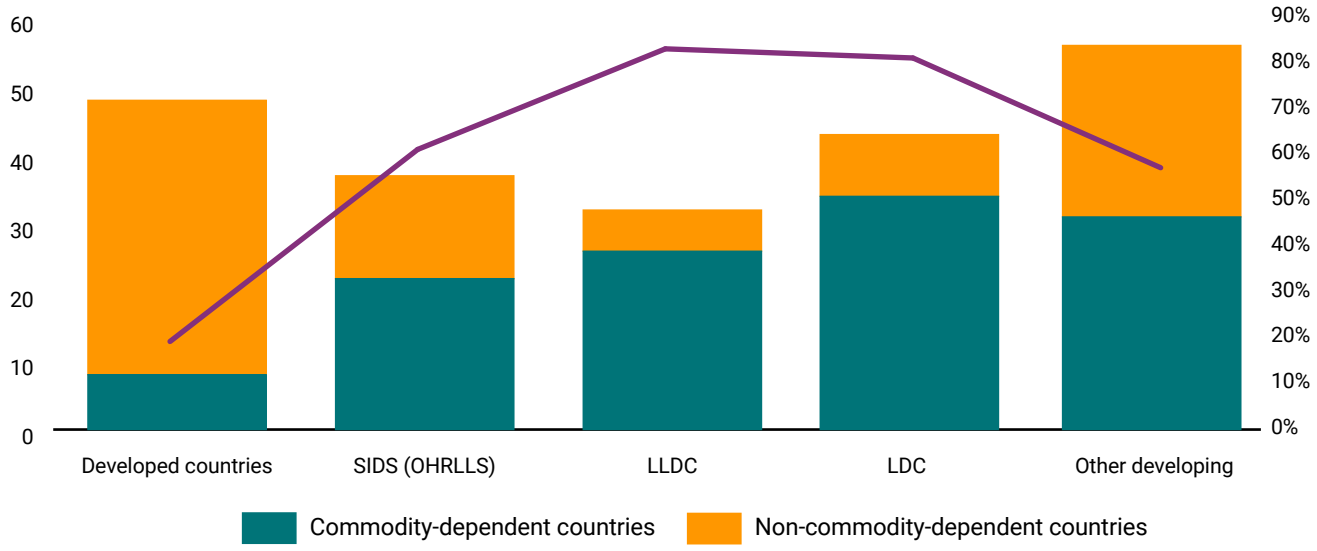
Actions 46 a,b,d: Increasing value addition, diversification and competitiveness

Commodity dependence has been difficult to escape. Commodity-dependent developing countries face a variety of challenges that explain the persistence of their high concentration on primary commodity exports. These challenges include Dutch disease effects,[67] limited technological spillovers, weak intersectoral linkages, market access issues for agricultural and agro-industrial products, and other trade measures like escalating tariffs as products increase in value added—all of which inhibit industrial development. For LLDCs, these patterns are further reinforced by elevated unit logistics costs, which are on average 63 per cent higher than those of transit developing countries, tilting incentives towards primary commodity exports.[68] The result is an economic configuration characterized by narrow productive bases and low complexity. Global price volatility (figure IV.3.20) combined with a high export concentration on commodities leads to fluctuating government revenues and is often accompanied by procyclical fiscal policies and constraining long-term investment in infrastructure, skills and innovation. The Sevilla Commitment recognizes the

Figure IV.3.19

Commodity dependence by development group, 2021–2023

(Number of countries in each group, percent share by development level)



Source: UNCTAD, State of Commodity Dependence 2025.

opportunities for enhanced competitiveness and greater support from the international community to help commodity-dependent countries diversify, add value to their natural resources and build productive capacities.

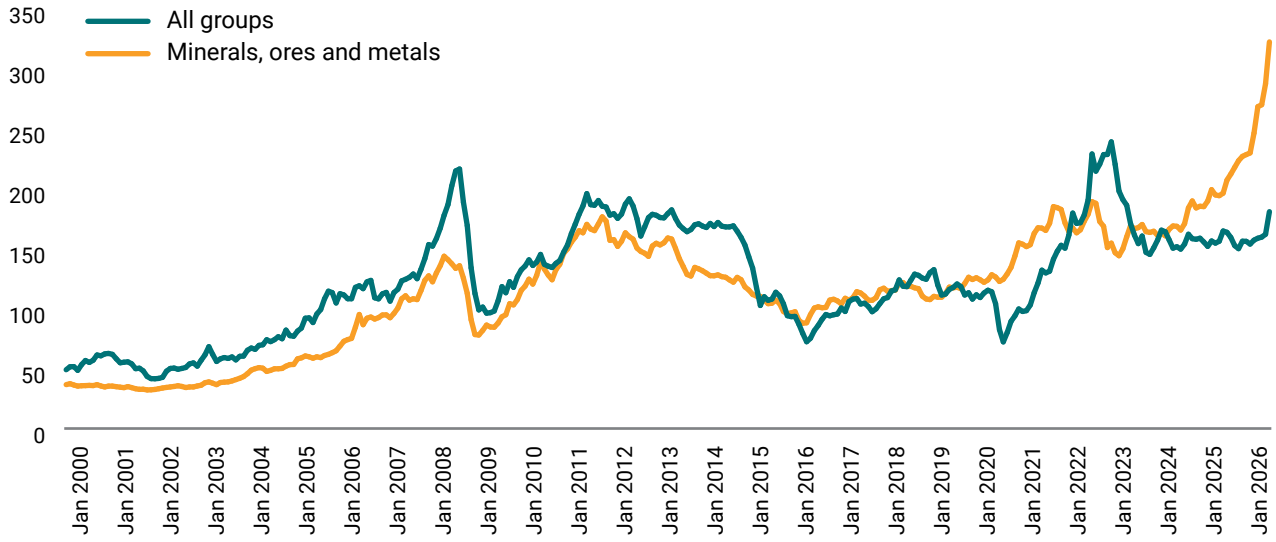
Actions 46 a,b,d: Increasing value addition, diversification and competitiveness

Against this backdrop, value addition emerges as both a development imperative and a strategic opportunity. The uses of critical minerals, including lithium, nickel, cobalt, graphite, copper, rare-earth elements and platinum group metals, span the entire clean energy ecosystem. Lithium, cobalt, nickel and graphite are essential for high-performance batteries; copper is indispensable for electricity networks; rare-earth elements such as neodymium and dysprosium enable high-efficiency permanent magnets used in electric motors and wind turbines; and platinum group metals power hydrogen fuel cells. Countries holding these minerals, therefore, possess assets central to the global energy transition. Yet most mineral-rich developing countries remain positioned at the bottom of value chains, exporting raw ores with little local transformation. Estimates show that in a net-zero scenario, demand for lithium and cobalt could surge by 454 per cent and 115 per cent, respectively, between 2022 and 2030.[69] Africa holds about 19 per cent of the global reserves needed for electric vehicles, suggesting that the potential gains from upgrading are substantial (see box IV.3.5).[70]

Actions 46 a,b,d: Increasing value addition, diversification and competitiveness

Country examples provide important insights into the positive potential of the domestic processing of minerals. By processing cobalt domestically, the Democratic Republic of the Congo, for instance, increased the unit price from $5.8 per kg at extraction to $16.2 per kg after processing, raising export earnings from processed cobalt to $6 billion compared with just $167 million for unprocessed ore in 2022.[71] This demonstrates that even partial moves up the value chain can significantly enhance export revenues and economic resilience. Indonesia's experience with raw nickel ore provides another illustration. Following export restrictions and targeted industrial policies implemented from 2020, FDI rose to $25 billion in 2022 and $21.7 billion in 2023, driven largely by investment in high-pressure acid-leaching processing capacity. Value addition in the nickel sector increased from $1.1 billion to $20.8 billion in 2021 alone.[72] These transformations, supported by strategic partnerships, including with Chinese firms and investments in industrial parks, demonstrate that deliberate policy strategies can reshape countries' participation in mineral value chains. However, Indonesia's broader experience also shows that export restrictions do not

Figure IV.3.20
Commodity Prices, Select Groupings
(Price index, 2015=100)



Source: UNCTAD calculations.

guarantee downstream industrialization and sustainable processing. Attempts to replicate the nickel model with other minerals have not yielded similar results. In the case of bauxite, an export ban imposed in 2023 aimed to stimulate domestic alumina processing but resulted in investment inflows lower than anticipated. Similarly, with regard to tin, existing smelter overcapacity, governance challenges and environmental constraints have limited further upgrading to higher value added downstream products. Indonesia's experience therefore demonstrates both the potential and the limits of downstreaming strategies, underscoring that such policies must be carefully sequenced, mineral-specific and embedded in a broader industrial ecosystem.

However, achieving widespread value addition requires overcoming persistent investment gaps. UNCTAD has identified 110 new, critical mineral mining projects worth $39 billion worldwide, including $22 billion in developing countries.[73] Yet, achieving 2030 net-zero targets may require 80 new copper mines, 70 new lithium and nickel mines each, and 30 new cobalt mines, representing an investment gap of $180 billion to $270 billion between 2022 and 2030.[74] Without a substantial scale-up in global investment, mineral-rich countries risk remaining trapped in extractive roles, unable to capture higher-value opportunities.

Financing to support upstream and midstream development remains insufficient. While investment in mining grew by 10 per cent globally in 2023 and exploration spending rose by 15 per cent, growth has slowed compared to prior years.[75] Price volatility, especially the sharp decline in lithium, cobalt and nickel prices in 2024, can deter long-term investment, as seen when nickel price declines strained operations in Australia and New Caledonia.[76]

Beyond minerals, agricultural commodities are the fastest-growing segment of global commodity exports. They are relevant in particular for countries in Africa, South America and Oceania.[77] In agriculture, value addition typically involves agroprocessing activities such as sorting, cleaning, drying, preserving and packaging, as well as related services like branding and logistics. Many developing countries have increased the value of their raw exports through traceability, branding, quality differentiation and complementary services. Such differentiation can generate a price premium where these attributes are recognized and valued by consumers. Agricultural practices and certification

Box IV.3.5

The Made by Africa Initiative

Under its Made By Africa initiative, ITC collaborates with the African Union Commission and the European Commission to contribute to value addition on the African continent, increase investment and develop regional value chains.

The initiative is a critical component of the continent's journey towards increased economic resilience, competitiveness, integration and the operationalization of AfCFTA. By focusing on value addition at the regional level, the initiative aims to reduce Africa's reliance on unprocessed goods while enhancing its resilience against supply chain shocks.

A comprehensive diagnostic, which resulted in the 2022 report *Made by Africa*, identified 94 value chains with a high potential for sustainable development at continental scale and highlighted bottlenecks preventing businesses from fully realizing this potential. Building on this work, the initiative currently dives deeper into three specific value chains: formulated complementary foods, vaccines and antibiotics as well as batteries for the automotive sector.

The battery sector has tremendous potential for regional development in Africa. This is due notably to Africa's abundance of critical energy transition minerals, such as copper, graphite phosphate and manganese, which are crucial among others for the production of electric vehicles and battery energy- storage solutions. For electric vehicles, two battery chemistries are in focus:

The sub-value chain of **lithium-ion batteries** (focusing on lithium iron phosphate and lithium manganese iron phosphate, of which the estimated share of inputs available in Africa can answer to over 60 per cent of the estimated export target; and

The sub-value chain of **sodium-ion batteries**, for which an estimated 97–100 per cent of needed inputs could be supplied by Africa. This innovative, lower-cost alternative to lithium-ion could be used in two-to-three wheelers, but it is also tested for use in light cars.

Developing these sub-value chains will require substantial, holistic investment, especially to process raw materials into direct inputs for electric vehicles and energy-storage batteries. South Africa, Zambia and Namibia were selected as pilots—based on input availability, transformative capacity, political will and private sector potential—to develop a regional operational roadmap and actionable cross-country recommendations. This roadmap, which will be available in 2026, draws on granular data diagnostics, stakeholder interviews and consultations, and an in-depth review of market access, regulation, investment conditions, skills gaps and ongoing initiatives.

In the battery precursors sub-sector, the operational roadmap will address skills development and the creation of centres of excellence in mineral beneficiation, foster collaborations between special economic zones and international battery cell manufacturers, and establish a regional green mineral intelligence platform. It will also emphasize sustainability by defining a regional ESG (environmental, social, governance) reference model aligned with international standards

Source: ITC.

schemes can also enable exporting countries to capture additional value in various international markets. Certified organic and Fairtrade products command price premiums: For example, for cocoa, the Fairtrade premium is set at $240 per metric tonne, while the organic differential is set at $300 per metric tonne.[78] [79] Moving towards agroprocessing industries and related services offers commodity-dependent countries a stagepractical first step towards structural transformation, contributing to the establishment of a more robust industrial base and positioning countries in more innovative markets.

Action 46c: Enhancing traceability, transparency and accountability

6.2 Mineral value chains

Critical mineral value chains extend across multiple stages, from exploration and extraction to refining, component manufacturing and recycling, and each

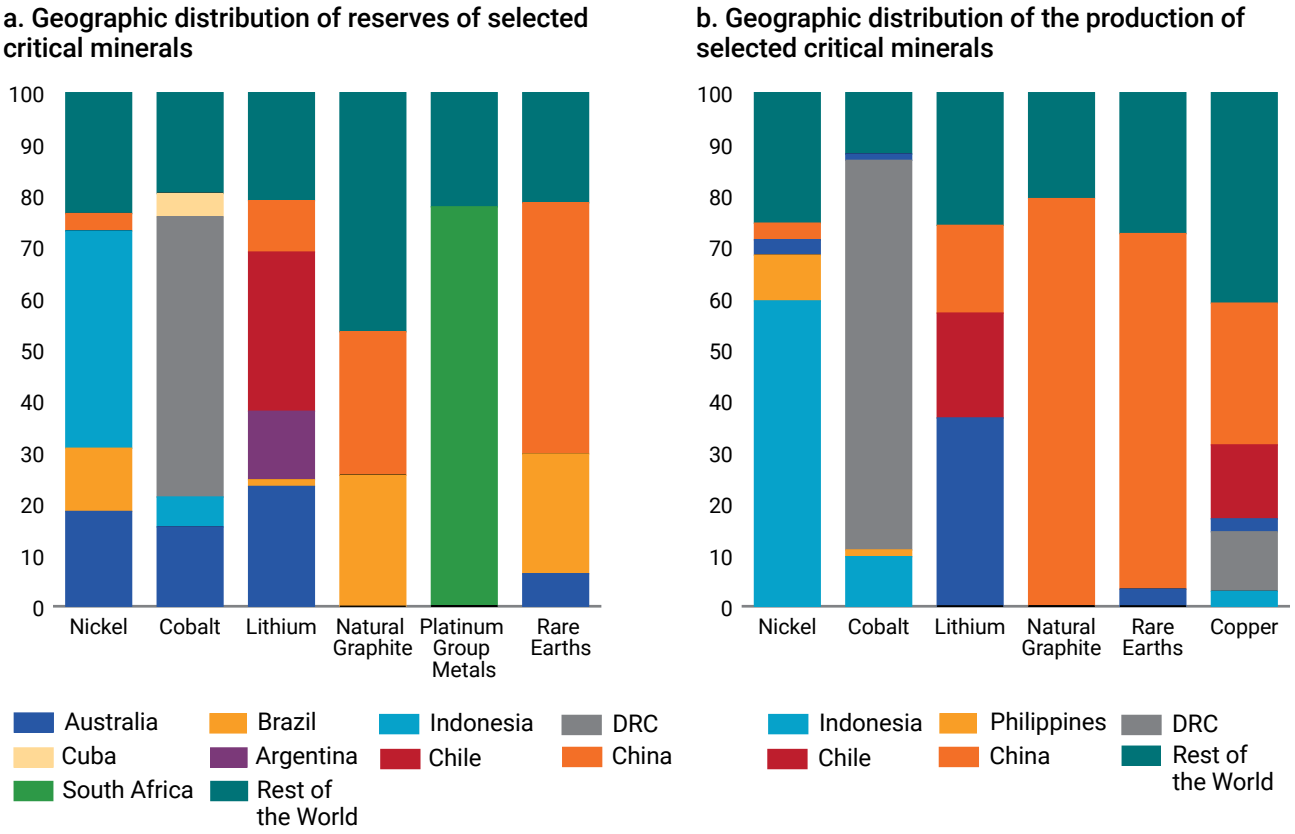
stage requires distinct capabilities, infrastructure and governance frameworks. Despite their centrality to energy transition technologies, the value chains of critical energy transition minerals (CETMs) continue to reflect long-standing asymmetries between resource-rich developing countries and technologically advanced economies.

Currently, reserves and production remain highly concentrated. In 2024, Indonesia, Australia and Brazil held 72.4 per cent of global nickel reserves; the Democratic Republic of the Congo held 56.1 per cent of global cobalt reserves, together with Australia, Indonesia and Cuba reaching 82.7 per cent; Chile, Australia and Argentina controlled 67.6 per cent of lithium; China and Brazil held 55.5 per cent of natural graphite; South Africa held 77.5 per cent of platinum group metals; and China and Brazil together accounted for 71.5 per cent of rare-earth elements (figure IV.3.21 Panel A). Production patterns also show high concentrations: Indonesia and the Philippines produced 65.3 per cent of nickel; the Democratic Republic of the Congo supplied nearly 76.3 per cent of cobalt; Australia and Chile produced 57.7 per cent of lithium; China dominated the processing of rare-earth elements and graphite (68.2 per cent and 77.9 per cent respectively); and China, Chile and the Democratic Republic of the Congo accounted for 45.9 per cent of copper mine production (figure IV.21 Panel B).[80]

Action 46c: Enhancing traceability, transparency and accountability

Such structural asymmetries heighten supply chain risks and compliance efforts to ensure traceability, transparency and accountability across value chains. With only a handful of countries controlling extraction, processing and refining, disruptions at any stage can reverberate across global manufacturing. Trade in CETMs is similarly concentrated: Over 90 per cent of cobalt exports

Figure IV.3.21
Critical energy transition minerals
(Percentage)



Source: U.S. Geological Survey, Mineral Commodity Summaries, 2025.

originated from the Democratic Republic of the Congo in 2023, and the lithium trade is dominated by Australia and Chile on the export side and by China on the import side.[81] Mining is also consolidated among a few large firms, with the top five companies controlling 61 per cent of lithium and 56 per cent of cobalt production.[82] While consolidation may facilitate oversight when governance is strong, it also increases systemic exposure if transparency and accountability mechanisms are weak or unevenly applied. Participation in refining and downstream manufacturing remains limited for most producing countries. For example, the midstream stage, refining, chemical conversion and production of cathode and battery precursor materials, represents the highest-value segment of the chain but is dominated by a handful of countries. No African or Latin American country is a major participant in global cathode or battery material manufacturing.[83] This structural positioning not only constrains developing countries' ability to capture value and participate in technologically intensive segments of the green economy but also limits producing countries' access to information, certification systems and data flows that are typically embedded in downstream segments, thereby weakening their leverage in shaping sustainability.

Action 46c: Enhancing traceability, transparency and accountability

The spatial fragmentation of CETM supply chains further reinforces asymmetries and makes end-to-end traceability more complex. For example, in the case of lithium (figure IV.3.22), world production is mostly sourced from Australia and Chile, from ore and brine extraction respectively, the aggregate corresponding to 81.5 per cent of total export value. Lithium ore and brine are processed into lithium oxide and hydroxide mostly in China (68.5 per cent), and these are then input into the production of battery materials in the Republic of Korea (22.5 per cent), the United States (13 per cent) and Japan (11.2 per cent). These materials are then incorporated into battery cells and packs in China (56.8 per cent), Poland (9 per cent), and Hungary (7.5 per cent). Finally, battery packs are assembled into electric vehicles in Germany (24.4 per cent), China (17.2 per cent) and Republic of Korea (8 per cent), and the vehicles are exported to major markets in Europe and North America.[84] This multistep process relies on efficient global logistics but also creates exposure to trade disruptions and geopolitical tensions. At each stage, materials cross multiple jurisdictions, regulatory regimes and reporting systems. This multistep, multi-country configuration heightens exposure to trade disruptions and geopolitical tensions, but it also underscores the urgent need for interoperable traceability systems, harmonized disclosure requirements and coordinated accountability mechanisms that can track materials from mine to market. Strengthening transparency across these nodes is essential not only for supply security, but also for ensuring environmental integrity, responsible sourcing and equitable participation in CETM value chains.

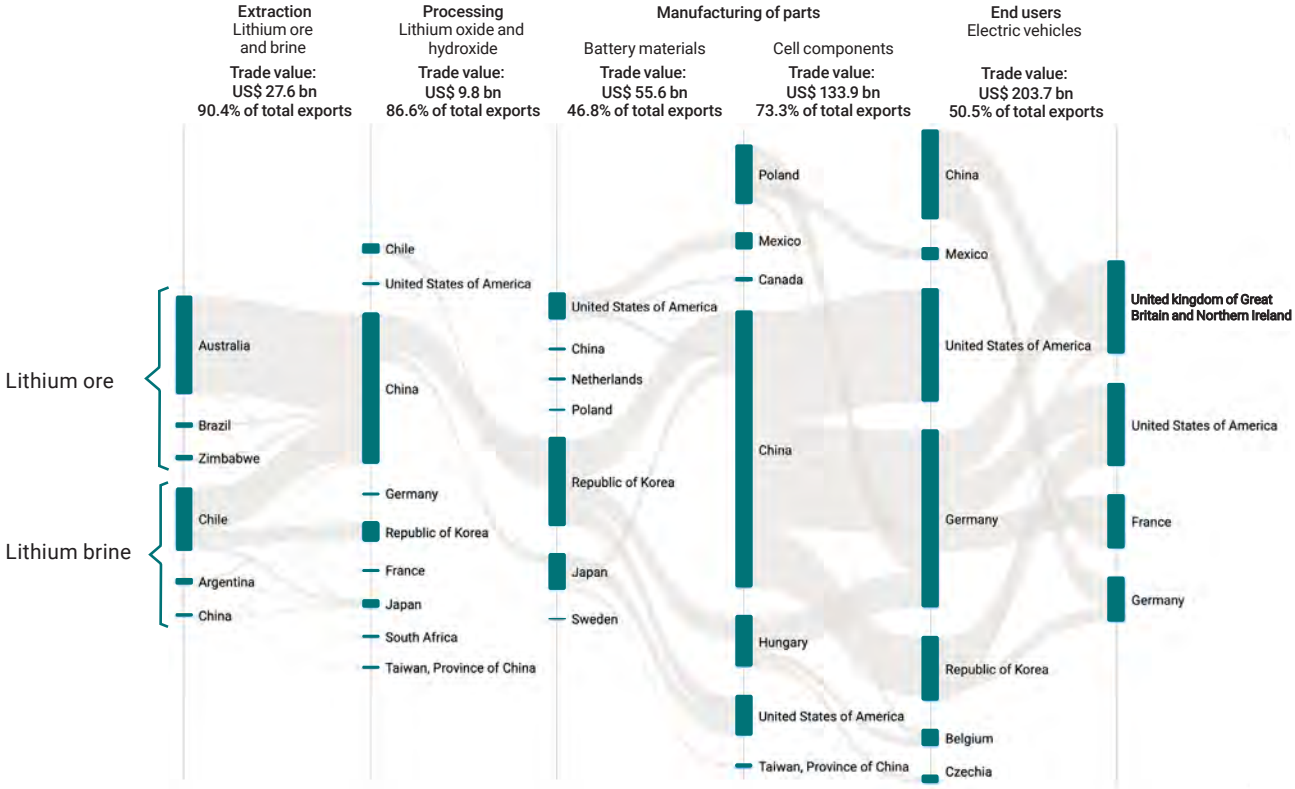
Action 46c: Enhancing traceability, transparency and accountability

In addition, a robust enabling environment, including geological data, licensing frameworks, energy and water infrastructure and access to technology, is essential for developing countries hoping to integrate into higher-value segments of CETM chains. These foundational elements are also critical for strengthening traceability systems, improving reporting accuracy, and ensuring that production, processing and trade data is reliable and verifiable. Without coordinated industrial policy and substantial investment, many countries risk remaining locked into low-value segments even as global demand surges, with limited visibility over downstream transactions and limited capacity to monitor value distribution along the chain. The Sevilla Commitment further encourages enhanced traceability, transparency and accountability along the mineral value chain, allowing countries to reap greater benefits from processing their own minerals.[85] Operationalizing this commitment requires investment in digital tracking systems, harmonized disclosure standards, capacity-building for regulatory authorities, and international cooperation to ensure that information flows across borders as seamlessly as the minerals themselves. Transparency in the ESG standards of mineral value chains is currently limited.[86] Additional industry-wide frameworks to disclose such performance could contribute to reducing social and environmental risks in the sector.[87]

Figure IV.3.22

Lithium value chain. Share of lithium bilateral trade flows using selected HS codes, 2023

(Percentage)



Source: UNCTAD, calculations based on United Nations Comtrade database.
Note: Extraction includes HS-6-digit codes 253090 and 283691; processing, 282520, 282690 and 282739; manufacturing of parts, 284169, 284290, 382499, 850760 and 850790; and end users, 870240, 870360, 870370 and 870380.

6.3 Commodity contracts and markets

Actions 46 e,f: Increasing economic stability, predict-ability, and predictability

Market dynamics for critical minerals have shifted significantly since 2022 and commodity markets have also become more volatile due to trade policy uncertainty. After peaking in 2022, lithium, cobalt and nickel prices fell in 2024, by 28 per cent, 47 per cent and 9 per cent below 2021 levels, respectively, due to oversupply, increased production and slower battery market growth.[88] China's expansion of battery production, accounting for more than 70 per cent of global lithium-ion output, contributed to inventory build-ups that reduced demand for newly mined materials.[89] This price decline has mixed implications: It reduces costs for renewable energy deployment, as battery prices fell 14 per cent in 2023, but it may discourage new mining investment and hinder the supply security needed for the clean energy transition.[90] At the same time, the announcements of new tariffs, such as the 50 per cent tariff on copper imports to the United States,[91] triggered immediate price surges as traders stockpiled inventories before the tariff's implementation in August 2025. Similar speculative behaviour was observed for nickel and tin, reflecting concerns about retaliatory measures and supply disruptions. An accident at the world's largest copper mine in September 2025 further contributed to upward price pressures.[92] Meanwhile, the Democratic Republic of the Congo, the world's largest cobalt producer, imposed a ban on cobalt exports in February 2025, abruptly ending a downward price trend that had persisted since mid-2022 and driving a strong market rally, with cobalt prices rising by roughly 61 per cent.[93]

Export restrictions have become increasingly prominent tools for shaping CETM markets and domestic industrialization strategies. Export restrictions

on industrial raw materials increased more than fivefold between 2009 and 2023, with an acceleration in 2023 that saw a more than doubling of the growth rate compared to 2022).[94] Indonesia reinstated nickel ore export bans in 2020 and extended restrictions to bauxite in 2023;[95] China imposed export controls on gallium and germanium in 2023;[96] and Namibia introduced restrictions on unprocessed cobalt, graphite, lithium, manganese and rare-earth elements in June 2023.[97] While such measures can promote domestic value addition, they may provoke disputes under WTO rules or deter investment if introduced unpredictably.[98]

A parallel development is the emergence of new bilateral frameworks linking trade, industrial policy and security interests around critical minerals. The United States is establishing a network of bilateral critical minerals frameworks that can become building blocks for a broader plurilateral trade initiative aimed at stabilizing prices in the market. By February 2026, the United States had concluded 11 bilateral critical minerals frameworks or MOUs with Argentina, the Cook Islands, Ecuador, Guinea, Morocco, Paraguay, Peru, the Philippines, the United Arab Emirates, the United Kingdom and Uzbekistan.[99] In October 2025, the United States concluded new agreements with Malaysia, Thailand and Japan aimed at securing supplies of CETMs, aligning regulatory standards and supporting downstream industrial development. These agreements incorporate provisions on export-control cooperation, investment screening, market access, digital governance and the establishment of "high-standard marketplaces" restricted to producers meeting specific environmental, labour and governance criteria. They also include commitments on emergency coordination, joint stockpiling, recycling and geological mapping. These bilateral instruments mark a shift towards state-linked commodity governance outside multilateral channels, with implications for developing countries that risk being excluded from preferential supply chains if they are unable to meet high compliance costs or ESG standards. For countries with limited institutional capacity, participation in such frameworks may require substantial support for regulatory upgrading, technology transfer and domestic capability development. The rapid evolution of CETM markets presents both opportunities and risks for developing countries. On the one hand, rising demand for minerals central to the energy transition offers prospects for industrial upgrading, investment attraction and diversification. On the other hand, price volatility, concentrated market structures, inadequate financing and complex geopolitical dynamics may further entrench commodity dependence if not managed strategically.

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Chapter IV.4

International financial architecture and systemic issues

1. Key messages and recommendations

The continued evolution of the international financial architecture is essential as economic, financial, technological and geopolitical conditions change. The Sevilla Commitment recognizes that the international financial architecture—the existing set of international financial frameworks, rules, institutions and markets that safeguard the stability and function of the global monetary and financial systems—fundamentally shapes sustainable development outcomes. Its importance is only increasing in a global environment characterized by more frequent disasters and shocks; an economic outlook marked by low growth, high debt and trade tensions; and depleted policy buffers, including in major economies, which could constrain policy responses to future crises. Transformative forces—digitalization, geoeconomic fragmentation, demographic changes and climate transition—are reshaping the global landscape, and the international architecture could help countries to manage them carefully. Amid heightened geopolitical tensions, the rules and institutions of the international financial architecture can help to maximize the benefits of cross-border activity and new technologies while helping to prevent the negative effects of instability and volatility on people and economic activity. Realizing these benefits and reducing the costs necessitates agility in institutions and policies to match the realities the world is facing.

Increased complexity and political disagreement among Member States have heightened the risks of fragmentation of international systems and institutions. Fragmentation—a policy-driven reversal of global economic integration—can impact all parts of the financial architecture: global governance arrangements; the global financial safety net (GFSN); the international monetary and payments system, and financial regulation. Global challenges, such as climate change and managing technological transformation, often require coordinated global action. Meanwhile, individual countries need scope to adopt policies best adapted to their own social, economic and financial structures and histories. This creates a tension between the consistency of implementation of international rules and standards and the need for policy space in countries to guide their own sustainable development. However, the increased geopolitical tensions may lead to an outcome that allows neither, with the world dividing into multiple economic and financial blocks with inconsistent rules among the blocks, and limited policy space for countries within each block.

Key messages and recommendations

Improved governance of the international financial architecture can be a cornerstone of international cooperation efforts, as effective, equitable, inclusive, credible, accountable and legitimate institutions can help to guide agreement on rules and policies that will deliver more stable and sustainable financing for development. All international institutions set super-majority thresholds for structural reform, resulting in difficulty in achieving agreement among Member States for changes to formal representation. As indicated in the Sevilla Commitment, progress can be made not only on formal representation but also on improved voice through complementary measures. At the same time, given various multilateral efforts and the expanding set of international institutions, it is essential to enhance global coordination. The ongoing reform of the United Nations system aims to increase efficiencies, avoid duplication and leverage synergies across the system and with other multilateral organizations. The September 2025 Biennial Summit for a Sustainable, Inclusive and Resilient Economy gave direct voice to a wide range of countries represented at the highest level, featuring direct dialogue among the presidencies of the Group of Twenty (G20), Group of Seven (G7), least developed countries (LDCs), small island developing States (SIDS) and other groupings, with a clear message that the world's commitment to multilateralism cannot be taken for granted. It concluded that the Sevilla Commitment provides a unifying agenda of practical steps to advance financing for development. Participants also discussed the roles of different organizations across various policy areas, highlighting the need to build on complementary mandates and avoid duplication.

The effectiveness of GFSN underpins the ability of countries to navigate difficult global economic and financial challenges. Although the financial safety net is sizeable in the aggregate, access is not evenly distributed, and its layers are not substitutable across countries. Overall, GFSN has remained heavily reliant on non-pooled resources, with uneven country access to different layers, meaning that it may not be able to effectively respond in all cases to a sharp reversal in capital flows to developing countries. The multilayered nature of GFSN is a strength, as it could efficiently provide insurance against shocks. Efforts to further improve GFSN should focus on all layers to enhance the coverage and responsiveness to the growing frequency and intensity of crises. A lower-cost and more reliable safety net could free up some resources for countries to invest in sustainable development.

The effective functioning of the international monetary system relies on sound and effective multilateral cooperation. Near-term challenges to the United States dollar's dominance appear limited. However, over a longer horizon, heightened geopolitical tensions and technology shifts have the potential to transform the monetary system. The monetary and payments landscape could be susceptible to fragmentation given the network effects generated by adoption of specific payments technologies and the risks of currency blocs rising. Yet, with inclusive cooperation and global coordination, there is a path towards a transformed monetary system that realizes the benefits of digitalization and tokenization of money while managing risks. This could include adoption of central bank digital currencies (CBDCs) as well-regulated public digital assets. The stability of a potentially more multipolar configuration for the monetary system, with possible shifts in the relative importance of international currencies, would depend on the design of appropriate institutional frameworks. For global liquidity provision, special drawing right (SDR) allocations have contributed to crisis response twice since the 2008 world financial and economic crisis, but a larger role for SDRs in the monetary system would require architecture reforms.

The implementation of financial regulatory reforms will be a key determinant of financial system coherence, as efforts to prevent regulatory arbitrage may create fragmentation. Regulatory convergence does not require full uniformity. Excessive fragmentation, on the other hand, carries significant costs. Differences in political priorities may drive large-scale divergences in the type and depth of regulation, particularly related to cryptoassets and stablecoins, environmental

sustainability, climate and nature-related risks, artificial intelligence (AI) adoption, and non-bank financial intermediation. Regulatory cooperation will continue to be critical so that regulatory frameworks, prudential policies and supervisory practices evolve to maintain financial stability and reflect changes in risk characteristics, including by appropriately incorporating lessons from experience. Efforts should continue to ensure that the credit and operational risks of innovative financial instruments, including guarantees for sustainable development-related investment, are appropriately reflected.

Credit ratings play a role in providing information on investments, particularly in fixed-income markets, but short-termism and overreliance on ratings both in regulatory frameworks and investment practices can have systemic effects that should be addressed with more and better information, data and analysis. Transparency of rating methodologies and regulation of the ratings agencies and their processes have evolved significantly since the 2008 world financial and economic crisis. Efforts are also being made to diversify the credit rating market, for example with the creation of the African Credit Rating Agency (AfCRA). While credit ratings, including sovereign ratings, seem to reflect accurate information on short-term default risk, further efforts can be made to contribute to the information ecosystem around long-term and sustainable investment, including by better integrating resilience considerations. Issuers and long-term investors would benefit from long-term, scenario-based analysis of economic growth, repayment capacity and debt sustainability trajectories that react less to short-term market movements and sentiments. Ultimately, developing countries should feel empowered to take control of their own narratives on credit worthiness and improve their presentation of macroeconomic and public finance data, statistics and information.

2. Global governance

Action 53a: Strengthen global economic governance

In a time of geopolitical fragmentation and competition, consensual reforms to global economic governance have become more difficult to achieve. The Sevilla Commitment underscores the need to broaden and enhance the voice and representation of developing countries in norm-setting, global economic governance and decision-making while recognizing the independent governance of organizations. In addition, it noted that international financial institutions could consider a range of options to enhance the voice and representation of developing countries. While changes in the global economy have continued, members of international economic and financial institutions have experienced challenges in agreeing to formal reforms.

Action 53b: Reform IMF quota and votes

At the International Monetary Fund (IMF), the equiproportional increase in quotas agreed in December 2023 under the 16th General Review of Quotas has not yet been implemented while Member States continue to discuss the principles to guide future quota and governance reforms. IMF quotas are a key determinant of voting power in IMF decisions. The December 2023 agreement for an equiproportional increase in quotas has not yet been formally adopted by the requisite majority, that is, IMF members holding 85 per cent of voting rights. The International Monetary and Financial Committee (IMFC), a body of finance ministers and central bank governors providing strategic direction to the work and policies of IMF, had previously called for work to develop, by June 2025, possible approaches as a guide for further quota realignment, including through a new quota formula. However, progress on this front was delayed, and IMFC agreed in April 2025 to work first on principles that will guide future quota discussions before working on the formula. The Sevilla Commitment encourages the IMF Board of Governors to explore further quota share realignment to enhance developing countries' voice and better reflect members' relative positions in the world economy, while protecting the shares of the poorest members. In October 2025, IMFC recognized that realignment in quota shares should aim at better reflecting members' relative positions in the world economy, while protecting the

quota shares of the poorest members. The chairs' summary of the IMFC meeting stated that they were "advancing the work on developing principles to guide future discussions on IMF quota and governance by the 2026 Spring Meetings."[1] The IMFC statement makes no reference to the Sevilla Commitment invitation that they consider increasing basic votes.

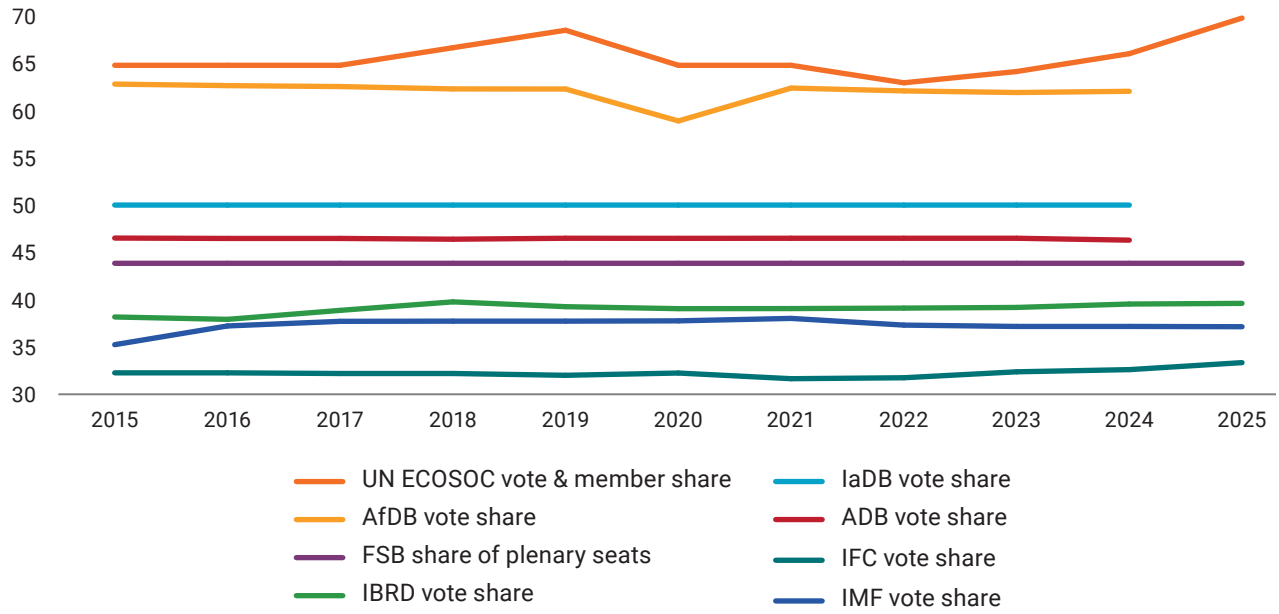
Action 53c: Reform World Bank shareholding

The 2025 shareholding review at the World Bank Group is led by the Board of Executive Directors and it will report back to the Board of Governors on this process during the 2026 Spring Meetings. The Sevilla Commitment encourages a comprehensive and successful review in 2025 to achieve an equitable balance of voting power and promptly implement the review outcomes. The October 2025 progress report to the World Bank Group Board of Governors indicates that the Lima Shareholding Principles continue to provide the framework for the review and that throughout the process thus far, many Executive Directors have recognized that the World Bank Group is an example of effective multilateralism. The progress report notes that the review should protect and strengthen the World Bank's legitimacy through its commitment to multilateralism in a changing world; it also acknowledges that there are divergent views on whether to realign shareholding and voting and on when to conclude the review.[2] As part of the review it was also agreed to discuss wider voice measures, beyond voting power, to be assessed against the criteria of impact, feasibility, effectiveness of the World Bank Group and budget neutrality. The Development Committee acknowledged the progress report in October 2025.

Actions 53d-g: Strengthen global economic governance

Overall, there have been only marginal changes in the voting rights of international economic and financial institutions in the last decade, though some parallel reforms have been agreed. Figure IV.4.1 shows that voting power in international institutions has not changed significantly since 2015. While institutions have considered a range of complementary reforms such as board size increases, no institutions have changed the size of their executive boards since the IMF Executive Board increase to 25 seats in October 2024. The Sevilla Commitment calls for addressing geographical underrepresentation and gender imbalance in

Figure IV.4.1
Voting share of developing countries in international institutions, 2015–2025
(Percentage)



Source: UN DESA.
Note: There is no established convention for the designation of "developed" and "developing" countries or areas in the United Nation system. The data is presented according to the historical classification of "developed regions" and "developing regions" used until December 2021 in the United Nations M49 statistical standard.

the boards and management of these institutions as well as encourages enhanced geographical representation in IMF senior management positions and enhanced diversity of staff. A review of the reporting efforts of eight international economic and financial institutions found that three produce separate board diversity reports (Asian Development Bank, Inter-American Development Bank, IMF).3 At some institutions, women's representation on executive boards has increased over time, though none have yet achieved parity in executive director roles. Other institutions cover diversity issues related to staff in their institutional annual reports or related disclosures. In regard to geographic representation of IMF senior management, to date IMF Managing Directors have been Europeans, reflecting a consensus of the Executive Board. By convention, the First Deputy Managing Director is nominated by the largest shareholder. Since 2011, there have been two Deputy Managing Directors from Asia, and another Deputy Managing Director from elsewhere in the world. IMF has had strong representation of women in senior management, including two women as Managing Director, women as First Deputy Managing Director, and previous appointments of women Deputy Managing Directors from Africa and Latin America and the Caribbean. The Sevilla Commitment also contained a commitment to open, transparent, gender-balanced and merit-based selection of international financial institution heads. In the past year, the African Development Bank Board of Governors selected a new President through an open competitive election with five candidates (four male and one female).

3. The global financial safety net[4]

Action 54b: Strengthen global financial safety net

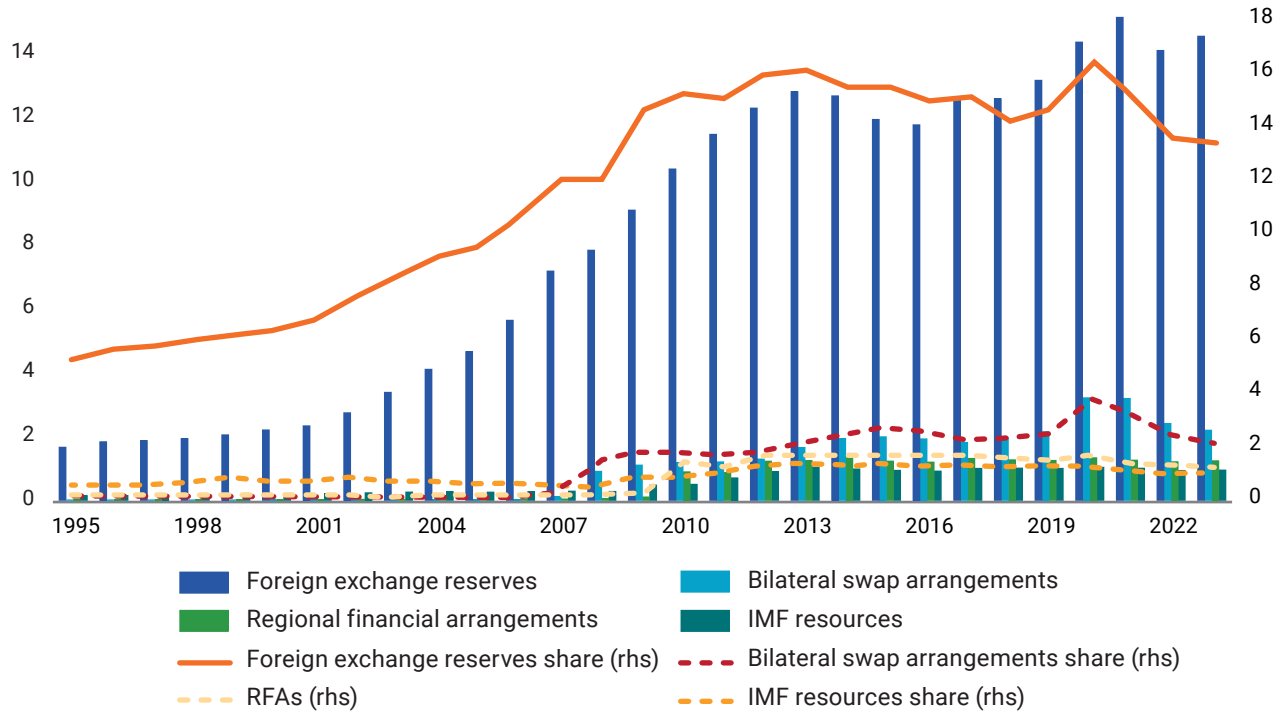
The different layers of GFSN have grown substantially. GFSN is a multilayered set of institutions and mechanisms—including international foreign exchange reserves, bilateral swap arrangements (BSAs), regional financing arrangements (RFAs) and IMF assistance—designed to provide countries with insurance against shocks. Alongside domestic monetary, fiscal and structural policies, GFSN complements countries' policy responses in cushioning the impact of shocks, thus helping to safeguard global economic and financial stability. Each GFSN layer has distinct design features, costs and benefits, making it suitable for different types of shocks. While the layers can complement one another and occasionally coordinate, they are not substitutes and generally operate as separate instruments. Since the 2008 world financial and economic crisis, GFSN layers have grown substantially. International reserves have nearly doubled to about $14 trillion—driven by large emerging economies and some advanced economies. Other layers have also grown, propelled by expanded BSAs, including from China, IMF and RFAs, which have significantly increased their lending capacity in response to shocks (see figure IV.4.2).

Overall, GFSN has performed well during systemic crises. GFSN helped to cushion the impact of both the 2008 world financial and economic crisis and the COVID-19 pandemic, preventing broader disruptions. However, GFSN did not have to bear the full brunt of these crises, as unprecedented stimulus and other policy responses by major economies generated positive spillovers that eased pressures on the global international financial system. Layers of GFSN have also supported countries through idiosyncratic shocks over the past decades.

In a more shock-prone world, depleted policy buffers and low growth have created a challenging outlook for many countries and GFSN. The global economic landscape has undergone—and continues to undergo—major changes, driven by the rising influence of emerging markets, the reconfiguration of trade and capital flows, rapid technological advances, and structural shifts tied to digitalization, geoeconomic fragmentation and the climate transition. The world economy has become more integrated, especially in trade and financial flows,

with sharply increased cross-border assets and liabilities, boosting efficiency and growth but also heightening vulnerability to external shocks. Many emerging market and developing economies have improved macroeconomic management, strengthening their resilience. Yet, some emerging markets and advanced economies face growing fiscal demands, from an aging population to increasing national security needs, while many low-income countries (LICs) are contending with high debt service burdens and declining aid flows. If reduced policy space in major economies weakens their ability to mount large and rapid crisis responses, shocks could propagate faster and more intensely and amplify demand for GFSN financing. Furthermore, in countries with elevated debt vulnerabilities, future shocks may leave little room for borrowing, increasing the need for timely, credible and sustained policy adjustment that is calibrated to protect investment and preserve social cohesion. Structural reforms that unlock private sector-led growth will be essential to mitigating the adverse effects of adjustment.

Figure IV.4.2
Global financial safety net, 1995–2023
(Trillions of US dollars, percentage of world gross product)



Source: IMF staff calculations.

3.1 GFSN layers and features

3.1.1 Foreign exchange reserves

Action 54b: Strengthen global financial safety net

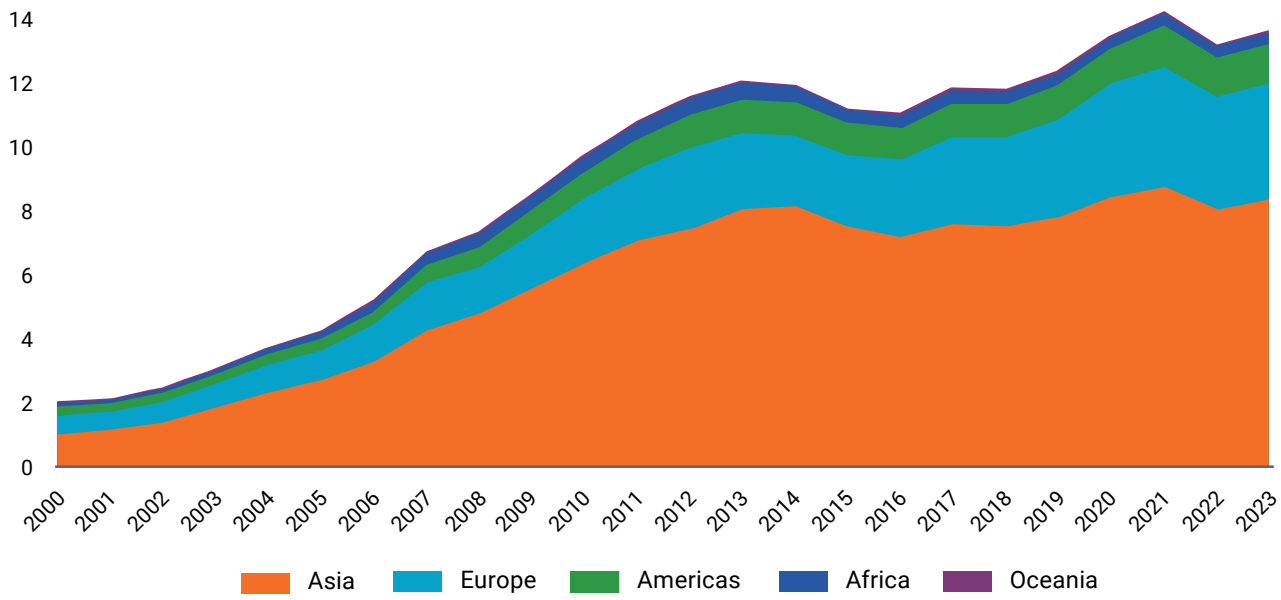
International reserves are the most reliable form of self-insurance, offering immediate and unconditional liquidity under the direct control of national authorities. They constitute the largest layer of the financial safety net, amounting to roughly three times the combined capacity of all other layers. Reserves also play a critical signalling role in crisis prevention as they can demonstrate an ability to meet short-term obligations.

Reserve accumulation has moderated over the past decade after tripling between 2005 and 2012. Advanced economies and China each accounted for a third of the increase in reserves in the early part of the century. Middle-income countries now account for 45 per cent of global reserves, which is considerably higher

than their share in the world economy. As a result, reserve adequacy tends to be higher for large developing countries. In contrast, LDCs hold less than 1 per cent of global reserves. About 40 per cent of LICs (24 countries) have reserves covering less than three months of imports. Asia accounts for 61.5 per cent of world foreign exchange reserves ($8.6 trillion), against 2.5 per cent for Africa ($353 billion) (see figure IV.4.3).

Holding reserves entails costs which may be considerable for developing countries with large SDG investment needs. Reserve assets yield relatively low returns that often fall short of borrowing costs or the foregone returns from alternative investments. This reflects the insurance value of safe, liquid assets. Moreover, when excessive, reserve accumulation is inefficient from a global perspective. It has exacerbated the global shortage of safe assets and contributed to global macroeconomic imbalances during periods of rapid build-up of reserves.

Figure IV.4.3
Foreign exchange reserves, by region, 2000–2023
(Trillions of US dollars)



Source: IMF staff and UN DESA calculations.

3.1.2 Bilateral swap arrangements

Action 54b: Strengthen global financial safety net

BSAs are contingent agreements between central banks to exchange currencies. The network of BSAs expanded significantly after the 2008 world financial and economic crisis. BSAs vary significantly in predictability, transparency and terms and generally fall into two categories. The first includes arrangements among systemically important developed countries, designed to ease pressures in funding markets. The second category comprises arrangements established for other purposes, such as directly financing balance-of-payments needs or to support bilateral trade and investment.

BSAs aimed at easing market pressures in systemically important advanced economies that issue reserve currencies have become important in containing crises. Their primary goal is to ensure that major funding markets continue to operate, by making liquidity in the funding currency available to central banks which then auction them in open operations. Consequently, they are not designed to provide balance-of-payments support and are generally extended

to countries that play an important role in global financial markets. Such BSAs generally offer predictable access and clear terms, featuring limited restrictions on usage and duration. Once established, they can provide rapid support for market functioning. The largest network of permanent BSAs is maintained by the United States Federal Reserve System (the Fed), with swap lines established with the European Central Bank, the Bank of England, the Bank of Japan, the Swiss National Bank, and the Bank of Canada.

In recent years, countries such as China and India have expanded their BSA networks. These arrangements typically have a different purpose in that they are a source of financing for countries facing balance-of-payments gaps and liquidity shortages. Similar swap arrangements are additionally used to backstop trade and investment objectives, including settlement in local currencies. However, as shown in figure IV.4.4, these are not available to the poorest countries.

3.1.3 Regional financial arrangements

Action 54l: Regional financial arrangements

RFAs pool financial resources among countries to provide crisis financing, thus offering a cost-effective complement to individual country reserves. The network of such arrangements has expanded significantly over the past few decades, most notably in Europe and Asia. RFAs differ widely by mandate and scope, with some going beyond providing financing to include surveillance and technical assistance at the regional level. While arrangements like the Chiang Mai Initiative Multilateralization and the European Stability Mechanism primarily focus on providing financial support during crises, others, like the Arab Monetary Fund and the Eurasian Fund for Stabilization and Development, also extend development financing to promote long-term regional cooperation and integration. RFAs are highly heterogeneous, with substantial variations in size, resource availability and effectiveness. As of June 2025, RFAs collectively had a lending capacity of about $1.3 trillion.

3.1.4 The International Monetary Fund

Actions 54c-h: Maintain strong IMF

The unique capacity of IMF for global risk-sharing and crisis prevention places it at the centre of GFSN. Its near-universal membership, inclusive governance and mandate for macroeconomic surveillance set it apart from other GFSN layers. Through regular assessments of its 191 member economies, IMF works to prevent crises by identifying emerging vulnerabilities and providing policy advice. IMF provides financial support to countries undertaking macroeconomic adjustment to shocks, backed by policy reforms designed to strengthen economic fundamentals. It also helps to build resilience by providing capacity development that strengthens institutions and policy frameworks.

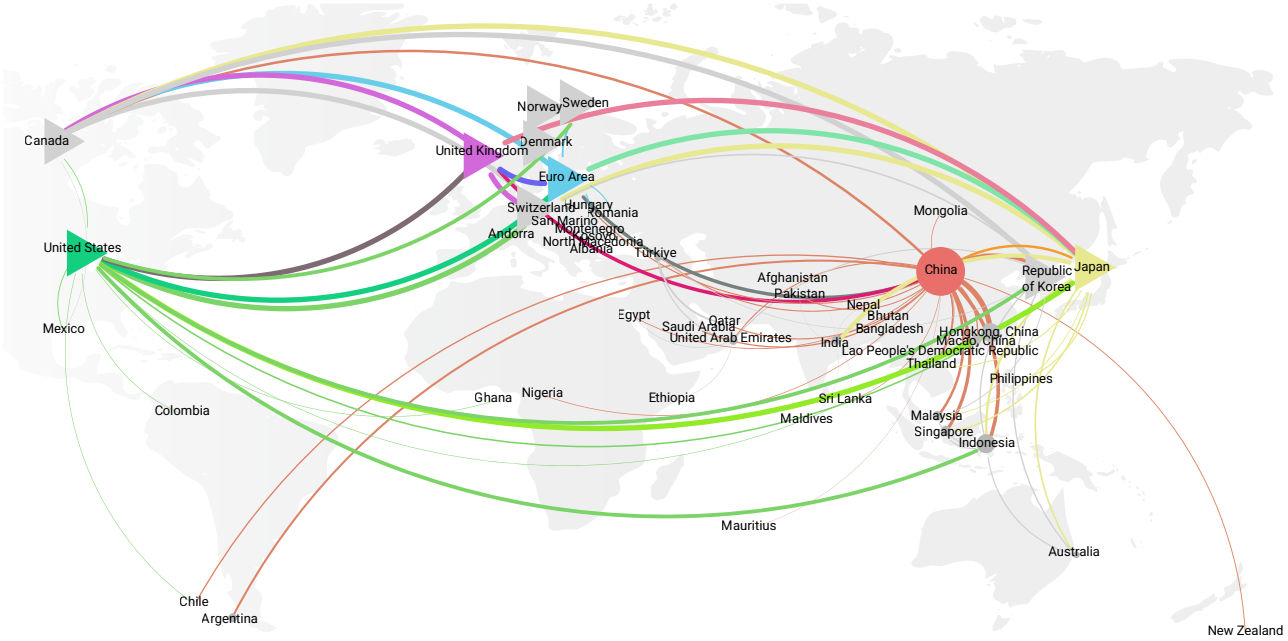
IMF has consistently adapted its lending toolkit to meet the evolving needs of its members. After the 2008 world financial and economic crisis, it introduced the Flexible Credit Line (FCL) to provide rapid liquidity to countries with very strong fundamentals facing external shocks, complemented by the Precautionary Lending Line in 2011 to assist countries with sound fundamentals that had moderate vulnerabilities preventing them from qualifying for the stricter FCL. The Short Term Liquidity Line was introduced in 2020. In response to successive shocks in recent years, IMF has scaled up its lending significantly, approving the financing of over $445 billion to 97 countries since the start of the pandemic and tripling the outstanding credit to poor countries under the Poverty Reduction and Growth Trust (PRGT) (see figure IV.4.5). In 2024, the IMF Executive Board approved a comprehensive package of reforms that boosted its capacity to support LICs, setting the long-term annual PRGT lending capacity at 2.7 billion SDRs ($3.6 billion), more than twice the pre-COVID-19 average. It also increased the overall annual and cumulative access limits to PRGT and its general resources account (GRA), reduced borrowing costs under GRA, and approved reforms to preserve interest-free loans for its poorest members.

Figure IV.4.4

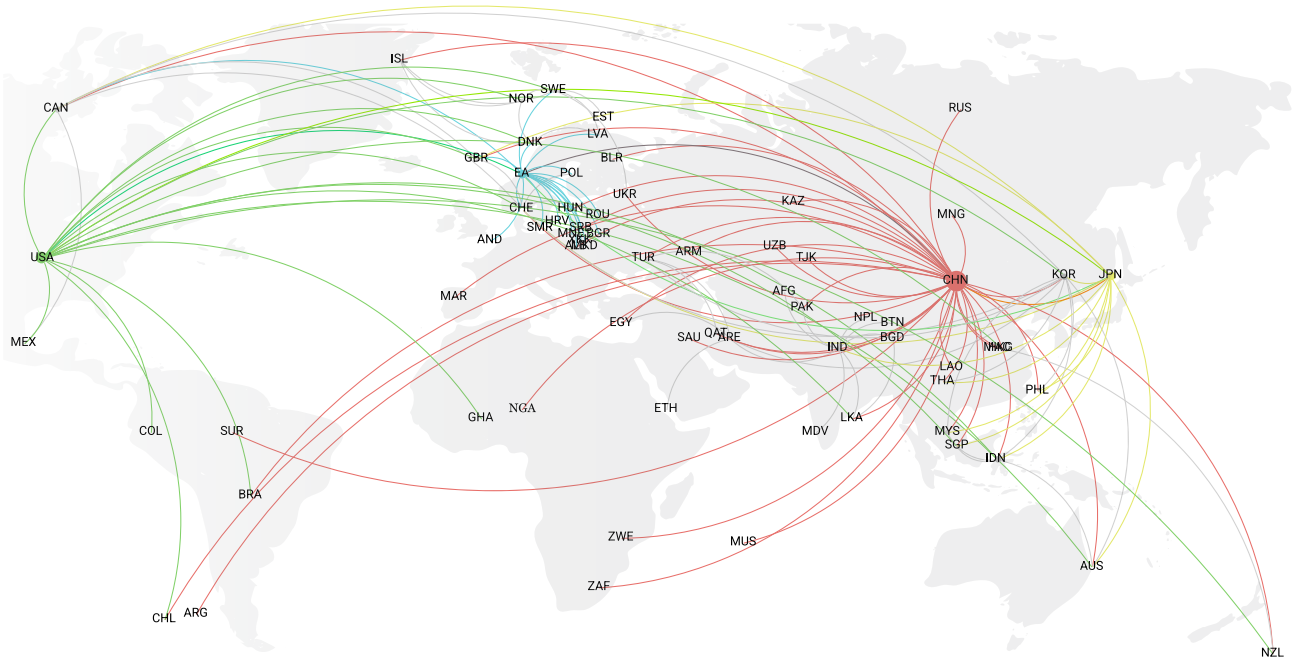
Network of bilateral swap arrangements

(Scaled by volume)

a. Current liquidity lines, 2025



b. Historical liquidity lines, 1994–2025



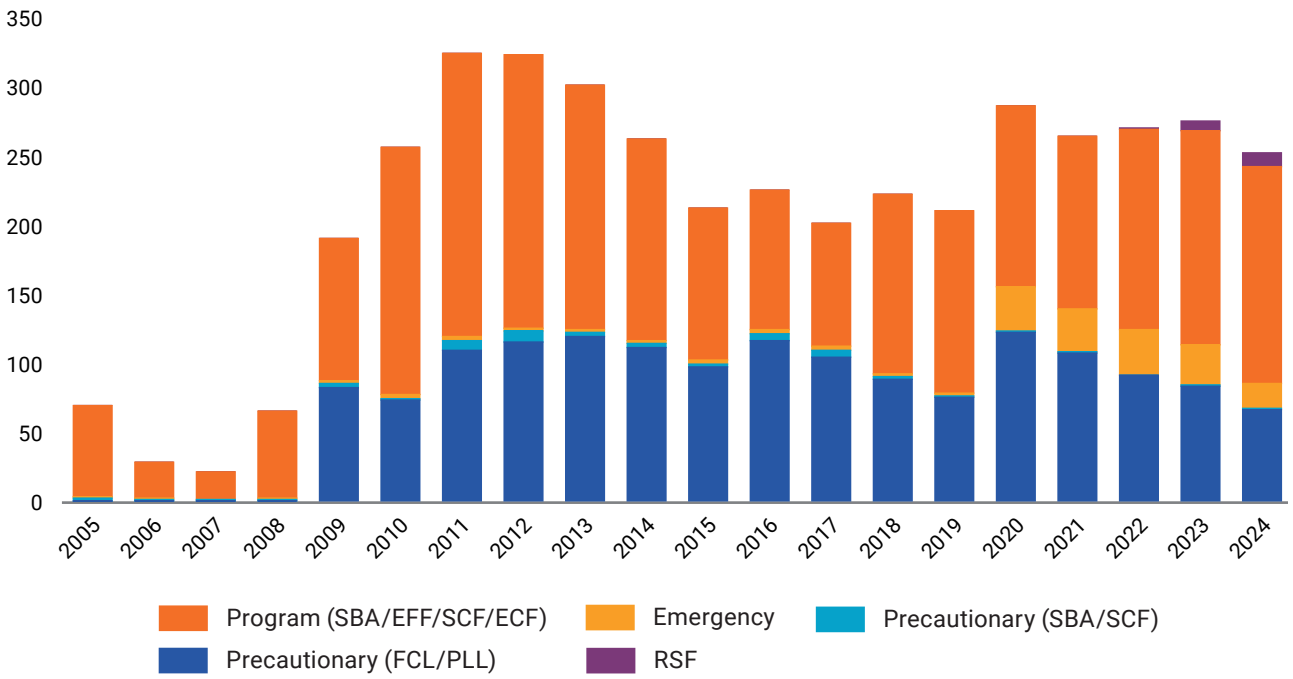
Source: IMF staff calculations, UN DESA.
Note: Panel A shows active central bank liquidity arrangements as at end-2025, comprising swap lines and repo facilities – both permanent and non-permanent. Central banks participating in unlimited arrangements are shown as triangles of uniform size. Other nodes are circular and scaled to reflect the total volume of liquidity arrangements. Individual swap lines are scaled based on the agreed deal amount at inception. Unlimited swap lines are scaled at the maximum deal size. Panel B shows all central bank liquidity arrangements that have ever been in place, including swap lines and repo facilities, regardless of whether they are currently active or expired. Node size reflects the number of liquidity arrangements.

Actions 54f-g: PRGT and RST reviews

Implementation of the financial package to subsidize lending to the poorest countries is progressing. The high demand for PRGT lending and higher interest rates in the wake of the pandemic put a strain on the financial sustainability of the Trust. The 2024 PRGT reforms included the establishment of a new framework for the distribution of internal resources to PRGT, which requires achieving assurances by members equivalent to at least 90 per cent of the maximum cumulative distribution amount.[5] The Sevilla Commitment welcomes these reforms and urges members to submit the necessary assurances. As of February 2026, 25 countries have pledged a total of 43.5 per cent of the 6.9 billion SDRs maximum cumulative distribution amount.[6] Broader support is critical to enable IMF to continue providing balance-of-payments support to LICs. The Sevilla Commitment also looks forward to the comprehensive review of the Resilience and Sustainability Trust (RST), expected in fiscal year 2028 which starts in April 2027.

IMF has occasionally approved SDR allocations to boost the supply of global reserves. Such allocations make SDRs—an international reserve asset created by IMF—unconditionally available to countries, thereby boosting their reserves. To date, about $943 billion has been allocated, with the last two allocations implemented during the financial crisis in 2009 and the COVID-19 pandemic in 2021, both of which supported the supply of global reserves and provided liquidity to help countries cope with these crises. Emerging market and developing economies received about one third of the 2021 allocation, providing a meaningful boost to their reserves. Some countries with strong reserve positions have voluntarily channelled their SDRs to the IMF PRGT and RST, helping the Fund support vulnerable low- and middle-income countries.

Figure IV.4.5
Total IMF lending commitments, 2005–2024
(Billions of US dollars)



Source: IMF staff calculations.

3.2 Strengthening global financial safety net layers

Actions 54b, 56m: GFSN strengthening; GFSN size

GFSN has been instrumental in helping countries to absorb shocks. That said, in systemic episodes like the 2008 world financial and economic crisis and COVID-19, unprecedented and rapid policy actions by major economies bore much of the burden, stabilizing markets and easing pressure on GFSN. Looking ahead, strengthening the system requires addressing four key weaknesses: (i) uneven access, with only a few countries enjoying quasi-unlimited protection, while most developing countries—especially the poorest countries—remain reliant on reserves and IMF; (ii) limited predictability, as few layers beyond reserves offer automatic or pre-qualified access, prompting excess reserve accumulation; (iii) insufficient crisis prevention, since incentives for sound policies and early warning mechanisms remain weak outside IMF; and (iv) fragmentation, as coordination across GFSN layers is largely informal, undermining coherence and the capacity to respond effectively to systemic shocks.

Box IV.4.1

The global financial safety net during the pandemic

The COVID-19 pandemic caused widespread disruption to the global economy and financial system, including historically elevated uncertainty and market volatility, a sudden reversal of capital flows from developing countries, and a sharp contraction in global output. Resulting supply chain disruptions, surging energy and food prices, and strong post-pandemic demand fuelled by supportive policies led to a surge of inflation, prompting a globally synchronized cycle of monetary policy tightening in 2022/23.

Unprecedented policy responses helped to cushion the economic and financial impact of the pandemic, softening the demands on GFSN. Major central banks cut interest rates and deployed a range of unconventional policy measures, including large-scale lending and asset purchases. At the same time, governments enacted significant fiscal stimulus, with the resulting borrowing pushing global public debt close to 100 per cent of GDP by 2021. These interventions injected substantial liquidity into the global financial system, easing funding pressures and reducing the need for many countries to tap GFSN in the early stages of the shock.

As the crisis evolved, the financial safety net played a crucial role, providing liquidity to countries in need and helping to mitigate spillovers. In total, countries drew hundreds of billions of dollars from the different layers of GFSN. But the pattern of usage varied significantly across countries and over time, reflecting both uneven access to layers and the evolving nature of the shocks.

- **BSAs:** In the early stages of the pandemic, amid heightened uncertainty and financial market volatility, countries faced urgent liquidity needs. The small number of countries with access to swaps from the United States Federal Reserve drew large amounts, with usage peaking at over $400 billion in the spring of 2020. These swaps helped to cover short-term market funding needs and signalled a globally coordinated policy response. Use of other swap lines – such as those of the European Central Bank, China and India —also increased. BSA usage was relatively short-lived, reflecting the success of early policy measures in calming markets even as the broader economic shock persisted. For example, the outstanding balance of Federal Reserve BSAs declined by half by the summer of 2020 and was almost entirely unwound by October of that year.

- **International Reserves:** Some countries relied on their reserve buffers to cushion the shock, but the scale of drawdowns in 2020/21 was relatively limited despite sizeable buffers. Some did not see the need to draw down their reserves, possibly due to a combination of substantial policy support in major economies —with positive spillovers to the rest of the world – and the expanded availability of other GFSN layers. Others may have also been hesitant, given the risk that large drawdowns exacerbate market volatility. This dynamic shifted, however, after inflation surged and major central banks initiated rapid monetary tightening through rate hikes and balance sheet reductions. In 2022, global reserves experienced their largest year-on-year decline in over two decades, driven by capital outflows from many middle-income countries and currency interventions.

- **RFAs**: Despite their expansion in prior years, RFAs saw limited usage during the pandemic. The amounts drawn were small compared to other GFSN layers.
- **IMF lending**: The Fund provided early and quick financial support as demand for its financing reached a record level. Initially, emergency financing played a dominant role. Over time, most new lending came from programme arrangements, which entail policy conditionality to address balance-of-payments problems and take longer to deploy. More extensive vulnerabilities in LICs translated into an unprecedented increase in demand for concessional financing from PRGT. In total, from 2020 to 2023, 83 countries availed themselves of emergency lending from IMF, and 96 countries entered programme arrangements, of which 35 featured concessional lending. Financing commitments, including under precautionary arrangements, totalled about $386 billion from 2020 to 2024, with total disbursements reaching $160 billion.

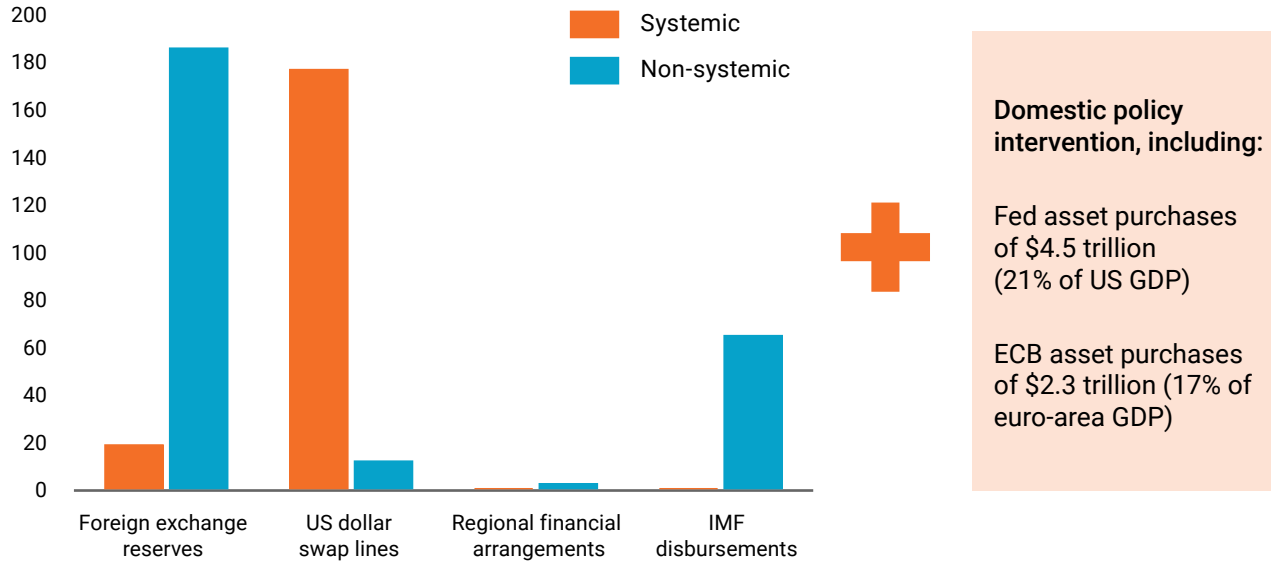
Source: IMF staff calculations; Board of Governors of the Federal Reserve System via FRED; Federal Reserve Bank of New York; and European Central Bank.

Note: Combined usage of each GFSN layer in 2020 and 2021 by country group (systemic countries vs non-systemic countries). FX reserves usage is calculated as the aggregate year-on-year change in reserves for countries in which reserves declined (i.e. stripping out those countries in which reserves increased). Swap line usage (measured here for Fed swap lines only) refers to the sum of maximum single drawdowns by each central bank in 2020 and 2021. RFA and IMF usage reflects gross disbursements.

Figure IV.4.6

Global financial safety net usage and complementary policy actions

(Billions of US dollars)



Source: IMF staff calculations; Board of Governors of the Federal Reserve System via FRED; Federal Reserve Bank of New York; and European Central Bank.
Note: Combined usage of each global financial safety net layer layer in 2020 and 2021 by country group (systemically important countries vs non-systemically important countries). Foreign exchange reserves usage is calculated as the aggregate year-on-year change in reserves for countries in which reserves declined (i.e., stripping out those countries in which reserves increased). Swap line usage (measured here for Federal Reserve swap lines only) refers to the sum of maximum single drawdowns by each central bank in 2020 and 2021. Regional financial arranagement and IMF usage reflects gross disbursements.

A stronger GFSN is vital for global financial stability. Advancing GFSN reforms will require joint efforts, including IMF, central banks (including major BSA providers) and RFAs.[7] There is scope for strengthening the financial safety net across four broad dimensions. First, access can be improved by rebuilding reserves where needed, enhancing the transparency and effectiveness of BSAs, and expanding RFA coverage—steps that would reduce excessive self-insurance. Second, predictability and speed of support can be enhanced through crisis-management protocols, clearer access frameworks, and continued strengthening of the IMF precautionary toolkit, although more automatic access risks weakening policy discipline. Third, crisis prevention can be bolstered through better IMF surveillance, improved risk monitoring and stronger policy incentives within BSAs and RFAs, though tougher ex ante conditions may deter usage. Fourth, coordination across GFSN layers can be deepened—including stronger IMF-RFA collaboration—to increase the effectiveness of responses even as legal and political constraints may limit more formal arrangements.

4. International monetary system

4.1 Asymmetries and fragmentation

The United States dollar remains the dominant currency in the international monetary system. The international role of a currency is traditionally associated with the three functions of money: as a medium of exchange, a unit of account, and a store of value.[8] The role as primary reserve currency is self-reinforcing: the use of a currency as a medium of exchange also increases its use with regard to the other international currency functions, in particular as a store of value through use as a reserve asset.[9] There are also network effects for users of currencies beyond country authorities, which creates inertia that slows diversification of the international monetary system. Following World War II, the design of IMF initially placed the dollar at the centre of the international monetary system—with many currencies pegged to the United States dollar and the dollar itself convertible to gold. Despite moving from the initial gold standard to the current arrangements of mostly flexible exchange rates, the dollar has remained at the centre of the system.

The dollar is the most used currency for foreign reserves and payments and on the foreign exchange market. The United States dollar is dominant in different international financial uses and continues to be used as a global vehicle currency for trade invoicing, while the use of other international currencies is more restricted geographically (see figure IV.4.7). Only countries in or close to Europe, as well as some parts of Africa, invoice a larger share of their exports in euros than their share of exports to the euro area. This underlines the relevance of the euro as a regional rather than a global vehicle currency.[10] The rise in the yuan's global share includes payments that bypass the Chinese mainland, with most yuan payments in past years involving Hong Kong SAR (China).[11] However, the share of cross-border incoming payments to China that are denominated in yuan hit 53 per cent in the first half of 2025, reflecting a rapid recent change in the role of the yuan.[12] The dollar's dominance as a vehicle currency is particularly noticeable on the foreign exchange market, where even trade between major currencies, such as the euro and the pound sterling, is predominantly carried out indirectly through the dollar. In 2025, only 11 per cent of transactions were carried out without involving the dollar on the foreign exchange market.[13]

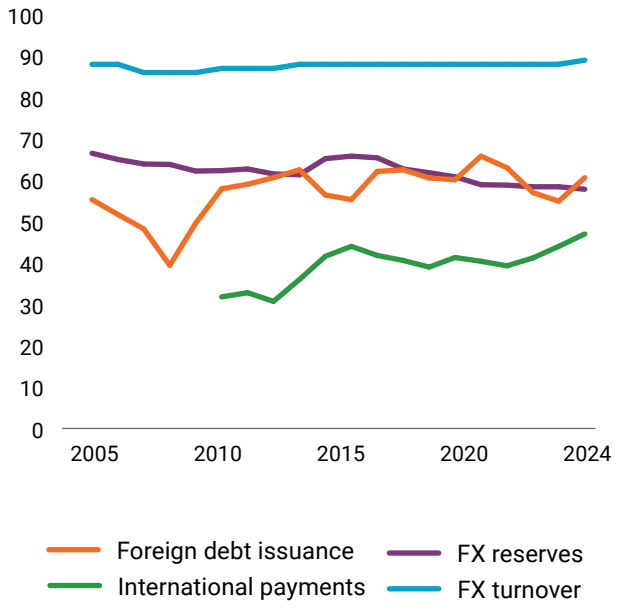
Developing countries face particular challenges from the existing international monetary system. The accumulation of safe, low-yielding reserve assets entails significant opportunity costs. In addition, sterilizing foreign exchange

Figure IV.4.7

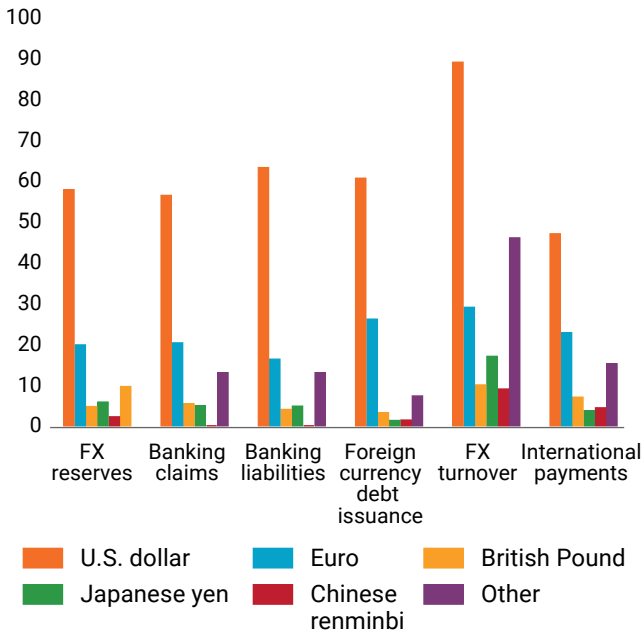
Role of the different currencies in the international monetary system

(Percentage)

a. Share of US dollar in the international usage, 2005–2024

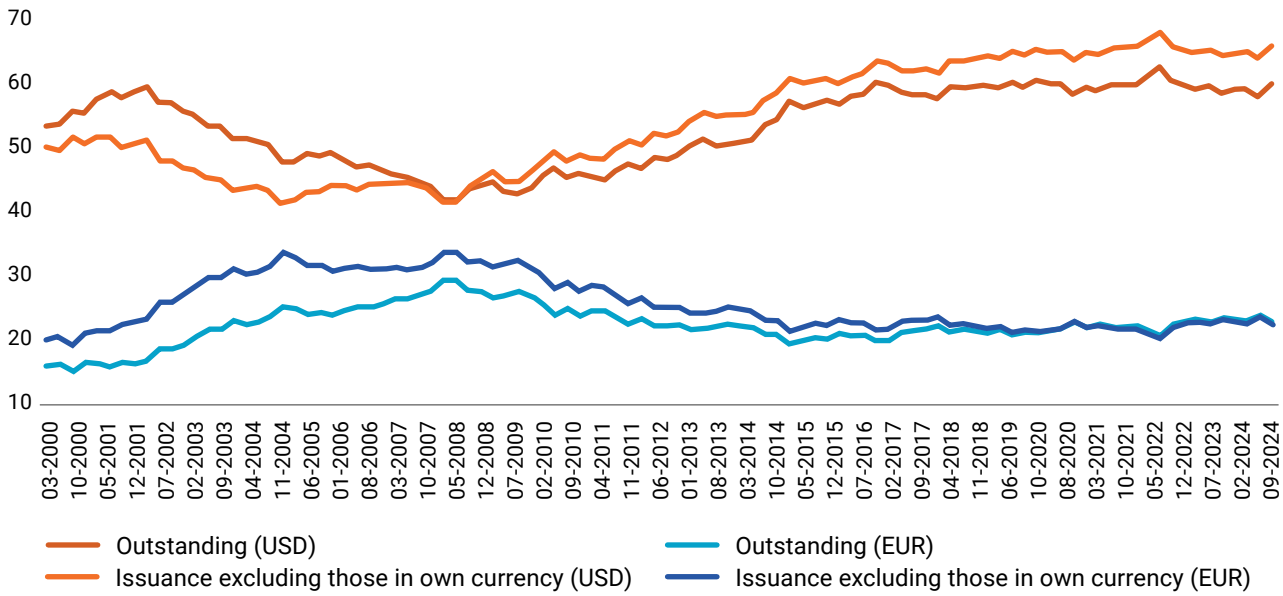


b. Currencies share in the international monetary system, 2024



Source: BIS and Bertaut, von Beschwitz, and Curcuru, "The International Role of the U.S. Dollar", FEDS Notes (2025).
Note: Data for FX Turnover is 2025, others are 2024. Since transactions in foreign exchange markets always involve two currencies, foreign exchange turnover shares add up to 200 percent.

c. Stock (outstanding) and flows (issuance) of international debt securities for the US dollar and the euro



Source: Pradhan et al., "Dollarisation waves: new evidence from a comprehensive international bond database", BIS papers, 2026.
Note: International debt securities are defined as being governed by the laws of a country different from the issuer's domicile; listed on an exchange in a foreign country; and/or registered in a country different from the issuer's domicile.

accumulation to limit inflation can create fiscal costs due to interest rate differentials and reduce seigniorage revenues. Developing countries are also exposed to heightened risks from international borrowing in foreign currencies, often referred to as "original sin". In addition, the United States Federal Reserve is mandated to conduct monetary policy to respond to domestic inflationary and employment pressures. As a result, global liquidity provision depends on policy decisions taken primarily in response to domestic conditions, generating spillovers that often impact developing countries through volatile capital flows and tighter external financing conditions.

While near-term challenges to the United States dollar's dominance appear limited, heightened geopolitical tensions and the shifting payment landscape have the potential to boost the international usage of other currencies, which could fragment the international monetary system.[14] Many central banks have been diversifying their reserve holdings, including with higher shares of gold, a result of both greater purchases of gold and the increasing market price of gold.[15] Geopolitical challenges and tensions could result in increased competition over the currencies and systems used for invoicing and payments. New technologies could also be transformative and potentially disruptive to the functioning of the monetary system. In the long run, there are many scenarios for how the monetary system could evolve. The system could possibly become more multipolar with several currencies used for international transactions alongside the United States dollar.[16] Such a system may reduce the spillovers from the monetary policy decisions in systemically important economies but may exacerbate volatility in exchange rates. The optimal functioning of a more multipolar system would also rely on improved policy cooperation, an efficient multilateral framework and effective global liquidity provision.[17] Multipolarity of the international monetary system therefore does not necessarily imply fragmentation.

4.2 Special drawing rights

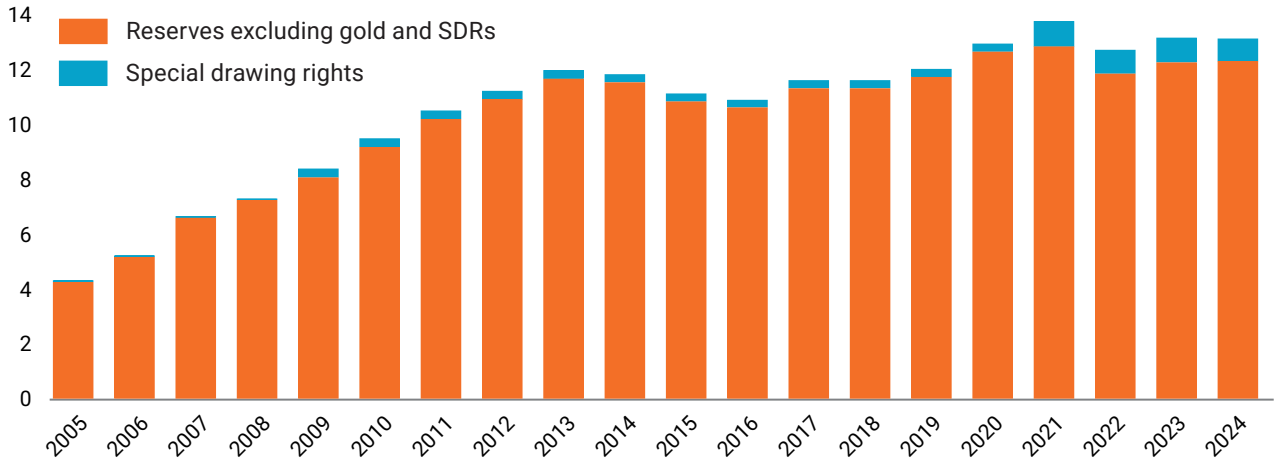
Action 54k: SDR role

SDRs represent around 6 per cent of gross international reserves and play a limited role in the international monetary system. The Sevilla Commitment encourages the Fund to continue to review the role of SDRs and their place in the international monetary system. It also encourages IMF to continue to seek to meet the long-term global need, as and when it arises, to supplement existing reserve assets through allocations of SDRs. In 2021, the IMF Executive Board approved a general allocation of SDRs. Out of a total of four general SDR allocations, two were made post-2008, including the largest-ever allocation in 2021, equivalent to about $650 billion, yet the total of about 660.7 billion SDRs (equivalent to about US$943 billion) remains a small share of gross international reserves (see figure IV.4.8).

Action 54i: SDR rechanneling

SDR channelling has made more resources available to developing countries through IMF facilities, though channelling through multilateral development banks (MDBs) has not been achieved. As SDR allocations are determined by Member States' IMF quotas, developing countries receive only around one third of allocated SDRs, meaning that the majority of SDRs are allocated to countries that typically already have sufficient reserves. Since 2020, the channelling of SDRs has provided substantial support to countries in need through IMF Trusts, with the Sevilla Commitment calling for promptly delivering on the already made SDR rechannelling pledges and encouraging additional countries to join the rechannelling efforts. As of July 2025, total pledges reported by G20 amounted to $113.8 billion from 35 countries, surpassing the $100 billion goal of G20 for voluntary SDR rechannelling and equivalent contributions (on a declaratory basis, as reported to G20).[18] According to IMF, SDR channelling through PRGT and RST has mobilized resources from respectively 30 and 23 contributing countries, amounting to around $60 billion and $49 billion. As of end-December 2025, PRGT lending commitments stood at approximately $39 billion and have supported 57 beneficiary countries. RST lending commitments stood at approximately $29

Figure IV.4.8
SDRs and total reserves, 2005–2024
(Trillions of US dollars)



Source: IMF, UN DESA calculations.

billion, for 26 countries. The channelling of SDRs to MDBs, using SDRs to acquire hybrid capital that can be leveraged, is recommended in the Sevilla Commitment and has the potential to further expand lending capabilities. A joint African Development Bank and Inter-American Development Bank proposal remains under active consideration. While several large countries have expressed interest, legal challenges prevent some countries' central banks from participating.

Action 54j-k: SDR playbook; SDR role

Strengthening the role of SDRs in the safety net and the international monetary system could be advanced through future decisions at the IMF Executive Board and the IMF Board of Governors. The Sevilla Commitment invites the IMF Executive Board to consider designing an SDR playbook that provides operational guidance and strengthens the role of SDRs during crises and shocks. IMF does not have fixed quantitative triggers for an allocation but instead, the demand for reserves is projected by IMF staff, and then an assessment is made about the extent to which this demand could, and should, be met through an SDR allocation. The Articles of Agreement provide for periodic consideration and decisions on SDR allocations or cancellations, with the Twelfth Basic Period expected to conclude at end-December 2026.[19] The IMF Managing Director must make a proposal to the Board of Governors no later than six months before the end of each basic period regarding a general allocation or cancellation in the next basic period. In addition, the next five-yearly review of the basket of currencies making up the SDR and their weights is expected to be concluded before end-July 2027. There have been proposals over the years for SDRs to play a broader role in the smooth functioning and stability of the international monetary system, as well as to serve as an instrument for climate or development finance.[20]However, these would require revisions to the IMF Articles of Agreement.[21]

4.3 Payments infrastructure and cryptoassets

The current international monetary system has witnessed a massive long-term increase in international cross-border transactions, facilitated by the use of the United States dollar as a vehicle currency. The current international payments system has allowed international transaction volumes to increase at a faster pace than GDP growth.[22] The value of cross-border retail payments is difficult to measure precisely but is estimated at $39.9 trillion in 2024.[23] When

wholesale transactions are included, the estimated total value of cross-border payments ranges from around $200 trillion to $2 quadrillion in 2024,[24] [25] with the enormous uncertainty due to the challenges of accurately estimating the value of wholesale payments.

4.3.1 Cross-border payments

Action 57a: Improve payments infrastructure

Cross-border payments face frictions that make some payments slow, expensive and opaque. The Sevilla Commitment recognizes that digital currencies and interoperable settlement systems have potential benefits and macroeconomic risks. It calls for building on the Group of 20 Roadmap for Enhancing Cross-border Payments and including more developing countries in discussions on improving payments infrastructure. The majority of cross-border payment flows are processed by a network of correspondent banks a chain of intermediaries that processes transactions between banks in different countries and regions. Inefficiencies in cross-border payments are reflected in the high average cost of international retail payments,[26] with 18.3 per cent of corridors having costs higher than the 3 per cent target contained in the G20 roadmap.[27] Developing countries are less likely to have the infrastructure and payment arrangements that reduce settlement risks in the daily foreign exchange market, which saw $9.6 trillion of daily transactions in global over- the-counter markets in foreign exchange and interest rate derivatives in 2025.[28] Such inefficiencies and risks impose costs especially on retail and remittance market segments for poorer countries and segments of the population. Developments in the international payments landscape thus impact remittance affordability, small- and medium-sized enterprise trade participation, and foreign exchange risk management (see chapters IV.2, IV.3).

Some current initiatives in international payments may reflect strategic considerations related to independence and geoeconomic influence. Geopolitical tensions could challenge traditional channels and lead to the splintering of the global payments system into segregated blocs. The Society for Worldwide Interbank Financial Telecommunication (SWIFT), an international messaging network for interbank relations, hosts the majority of messages that implement cross-border payments, the plurality of which are dollar denominated. The System for Transfer of Financial Messages (SPFS) was created in 2014 as an alternative to SWIFT. SPFS saw a 400 per cent increase in annual transactions between 2022 and 2023.[29] Another alternative, the Cross-Border Interbank Payment System (CIPS) was launched in 2015 with a focus on yuan-denominated payments. Such "payment blocs' would reduce the network benefits of modern digital payment technologies.[30] The payments landscape may soon see further fragmentation from the rapid spread of private digital assets, such as cryptoassets and stablecoins, as proponents of these assets foresee them operating as private forms of money.

4.3.2 Cryptoassets and stablecoins

Action 57a: Improve payments infrastructure

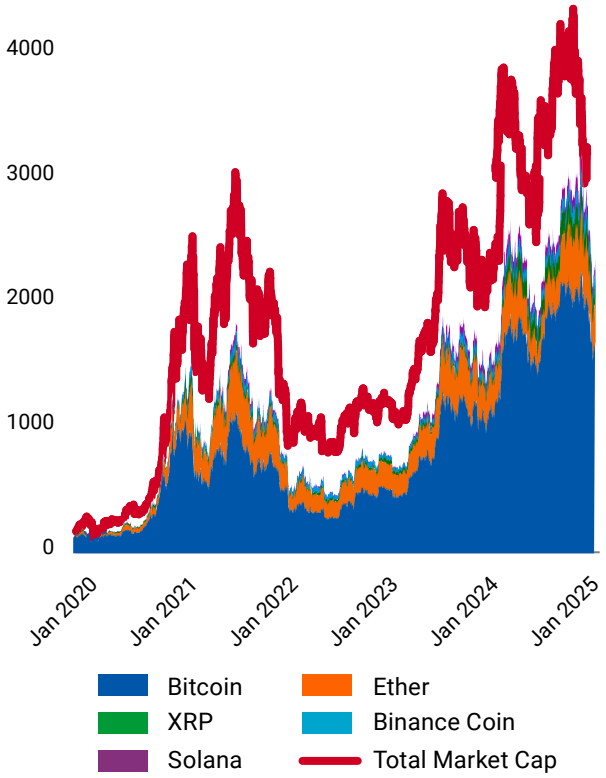
Advances in digital technology and changes in regulatory environments have enabled innovative financial instruments that are growing in volume and could serve as alternative means of payments. Many of these technologies use tokenization, first developed in cryptoassets. Tokenization involves "generating and recording a digital representation of traditional assets on a programmable platform".[31] Transactions of tokenized assets can be automated across multiple functions and parties in ways that are not possible with traditional financial transactions through the use of new types of financial market infrastructures, which may or may not use distributed ledger technology. Cryptoasset instruments strive to redefine money according to a decentralized notion of trust by repudiating intermediaries—such as central banks or commercial banks—in favour of peer-to-peer transactions. The market capitalization of cryptoassets rose to $4.2 trillion over the third quarter of 2025, with Bitcoin and Ether the

two largest assets (see figure IV.4.9).[32] Stablecoins—cryptoassets issued by private institutions that promise a stable nominal value in a given currency[33]—are a growing market, increasing from about $3 billion in 2019 to almost $300 billion at the end of September 2025 (see figure IV.4.10).[34] The most used are stablecoins pegged to the United States dollar, mainly USDT (Tether) and USDC (Circle) which, though currently predominantly used for settling cryptoasset transactions, also have greater potential to be used as a means of exchange (see box IV.4.2).

Digital assets, like other financial instruments, create risks that could spill over national borders. Because of the ability to conduct transactions, including cross-border transactions, anonymously, cryptoassets raise financial integrity concerns. They also present risks to macro-financial stability, operational efficiency and legal certainty. They have been subject to high price volatility. Stablecoins are designed to reduce price volatility, but depending on the design, they do not entirely eliminate it.[35] To avoid fragmentation within domestic payment landscapes, IMF and other international financial organizations have emphasized the importance for central banks to establish a strategy that allows them (at a minimum) to monitor the trends and core benefits of the digital assets that may be used for payments.[36] Other risks encompass a lack of accountability and transparency, which can imply greater losses, fraud and scams. If banks and other financial institutions hold and transact in digital assets or engage with and provide financial services to digital asset intermediaries, these risks can also spill over into the conventional financial ecosystem.

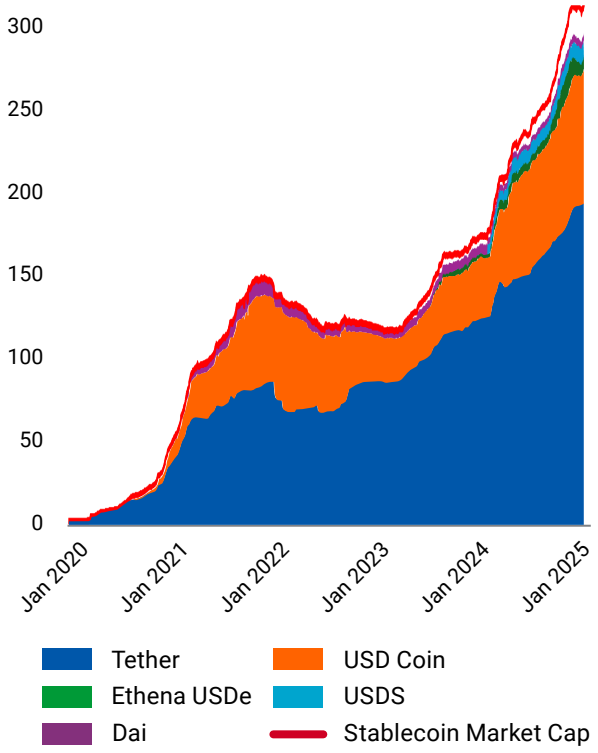
Many countries are moving ahead with stronger regulatory frameworks for cryptoassets and stablecoins. Given the macro-financial implications (see box

Figure IV.4.9
Cryptoasset market capitalization, 2020–2025
(Billions of US dollars)



Source: IMF.

Figure IV.4.10
Stablecoin market capitalization, 2020–2025
(Billions of US dollars)



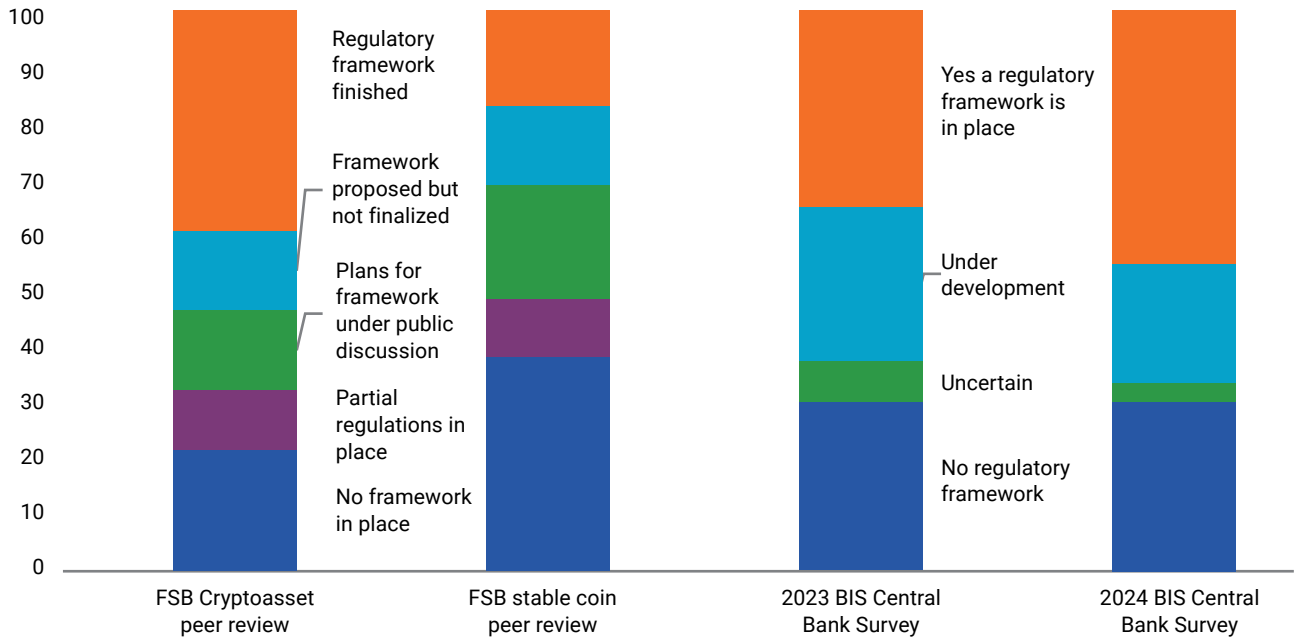
Source: IMF.

IV.4.2), many jurisdictions are progressing with the regulation of cryptoassets and stablecoins. At the end of 2024, two out of three jurisdictions worldwide were regulating or were about to regulate stablecoins and other cryptoassets.[37] Most jurisdictions have opted for or are developing regulations that are bespoke to cryptoassets or to stablecoins instead of relying on or changing existing general financial regulations. However, in many cases, the new regulations do not sufficiently address the risks of these instruments. In 2023, the Financial Stability Board (FSB) finalized a global regulatory framework for cryptoasset activities based on the principle of "same activity, same risk, same regulation",[38] and FSB and IMF jointly published a paper that describes how the policy and regulatory frameworks for cryptoassets fit together and interact with each other.[39] Recently, FSB found significant gaps and inconsistencies in implementation of cryptoasset and stablecoin recommendations in a peer review of 28 jurisdictions, including one regional block (see figure IV.4.11).[40] Regulatory coverage of higher-risk activities with cryptoassets is often lacking, while few of the stablecoin regulatory frameworks are fully aligned with the relevant recommendations, with critical gaps including insufficient requirements for robust risk management practices, capital buffers, and recovery and resolution planning. A wider survey showed that over 30 per cent of 93 respondent central banks had no regulatory framework in place.

Figure IV.4.11

Status of cryptoasset and stablecoin regulation

(Percentage of survey respondents)



Source: BIS, FSB.

Box IV.4.2

Potential macro-financial implications of the greater use of stablecoins

Potential as a medium for exchange

Stablecoins could be significantly disruptive of the current financial system as they exhibit certain attributes of money and can serve as a medium of exchange.[41] More than 99 per cent of existing stablecoins are denominated in United States dollars. The United States recently introduced a dedicated regulatory framework, the Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act, signed into law in July 2025, which could support the development of stablecoins for payment purposes.

Stablecoins are currently used mostly to pay for cryptoassets, but cross-border payments are increasing. The dominant use of stablecoins is for settling transactions related to cryptoasset trading. Approximately 80 per cent of stablecoin transactions are conducted by bots and automated systems for arbitrage and rebalancing. However, studies indicate that cross-border use of stablecoins for payments and remittances is increasing.[42] [43] Despite representing less than 10 per cent of the capitalization of all cryptoassets, cross-border flows of stablecoins are already higher than cryptoassets (see figure IV.4.12a). This is consistent with the observation that, relative to GDP, stablecoin cross-border flows are most significant in Latin America and the Caribbean, Africa and West Asia, where international payments and remittances have higher costs and longer delays[44] (see figure IV.4.12b). Stablecoins could also be used as a store of value in developing countries, especially those with fully liberalized capital accounts that are facing high inflation.[45]

Stablecoins still fall short of the traditional requirements for being considered as "money". Money should comprise three key attributes: singleness, elasticity and integrity.[46] The singleness of money means the ability to settle payments at par, that is, at full value. Money can be issued by different banks and is fully and automatically accepted by them all because it is settled at par against a common safe asset (central bank reserves) provided by the central bank and supported by comprehensive regulatory and resolution regimes and access to central bank liquidity. In the case of stablecoins, the payee will hold bilateral claims against each stablecoin issuer, whose stablecoins' trade value depends on the relative creditworthiness of their issuer. Elasticity refers to the flexible provision of money. In a two-tier banking system, the central bank can provide intraday settlement liquidity against high-quality collateral to meet the need for large-value payments in a timely way. Also, in the current two-tier banking system, banks can issue money without full bank reserve backing. The third test is the integrity of the monetary system against illicit activity. A monetary system that is open to widespread abuse from fraud, financial crime and other illicit activities will not command societal trust.

Possible macro-financial implications

Further expansion of stablecoin markets and usage could have systemic effects on financial systems, the economy and society.[47] The financial stability implications of broader use of stablecoins include:

Financial disintermediation: Stablecoins may offer an alternative to bank deposits. Disintermediation in retail deposits could increase costs for banks, reduce stable sources of funding, and thus impact their ability to lend to businesses and households (see chapter IV.2).

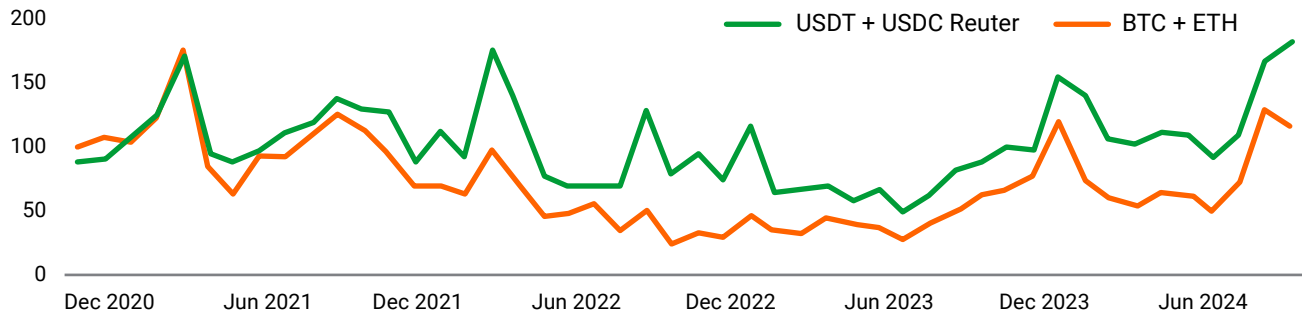
Impairment in market functioning of reserve assets: Stablecoins are typically legally required to be backed by high-quality liquid assets such as short-term government bills, notes or bonds. Stablecoin issuers currently hold about 2 per cent of outstanding United States Treasury bills (T-bills), far less than the share held by money market funds (see figure IV.4.13). However, this share could grow if the use of stablecoins becomes more widespread. The demand of stablecoin issuers for low-risk United States dollar-denominated financial assets could then put additional downward pressure on yields of the underlying reserve asset, beyond those warranted by the fundamentals of the issuer. Preliminary estimates indicate that a $3.5 billion increase in stablecoin issuance—matched with an equal increased demand for T-bills—would reduce T-bill yields by 2 basis points. The effect is concentrated on short-term maturities.[48] Runs on stablecoins, for example due to a loss of trust in the issuer, could prompt fire sales of the assets being held in reserve, with asset price volatility affecting bank capital reserves as well as bond and repo markets. This would impact monetary policy functioning and the ability of governments to raise funds.

The broader global macroeconomic implications include:

Currency substitution: Easy access to dollar-denominated stablecoins raises risks of digital dollarization and reduced monetary policy transmission, especially in developing countries. If a significant share of economic activity shifted to foreign currency-denominated stablecoins, the central bank's control over domestic liquidity and interest rates could weaken the transmission of monetary policy. In addition, the issuance of money by non-resident private actors can reduce seigniorage, affecting central bank income and dividend distribution.

Figure IV.4.12
Cross-border flows of digital assets
(Billions of US dollars)

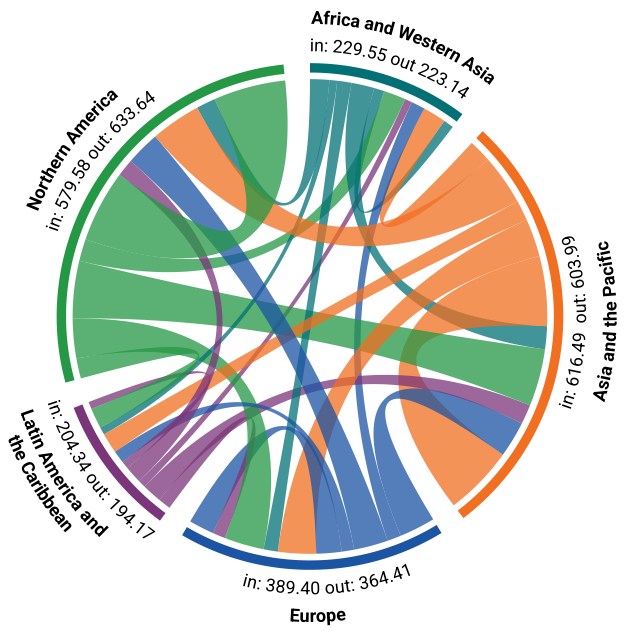
a. Popular stablecoins and cryptoassets, 2020–2024



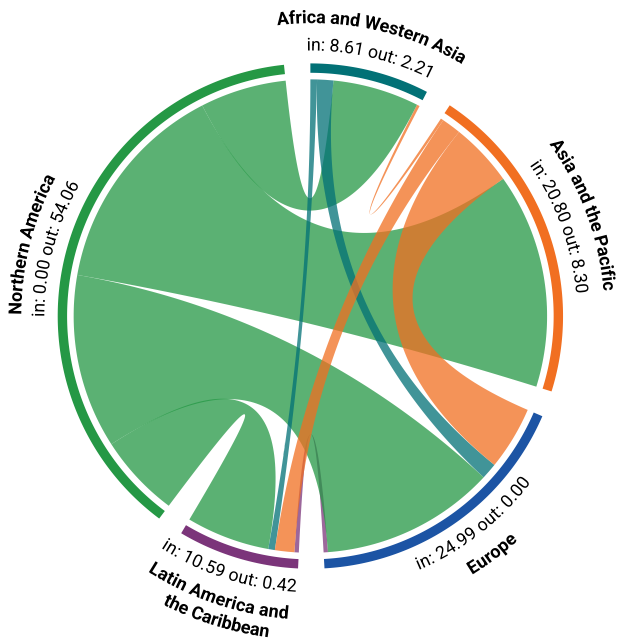
Source: IMF.
Note: Stablecoins are US dollar tether (USDT) and US dollar coin (USDC); cryptoassets are bitcoin (BTC) and etherium (ETH).

b. Regional stablecoin flows, 2024

Gross flows



Net flows

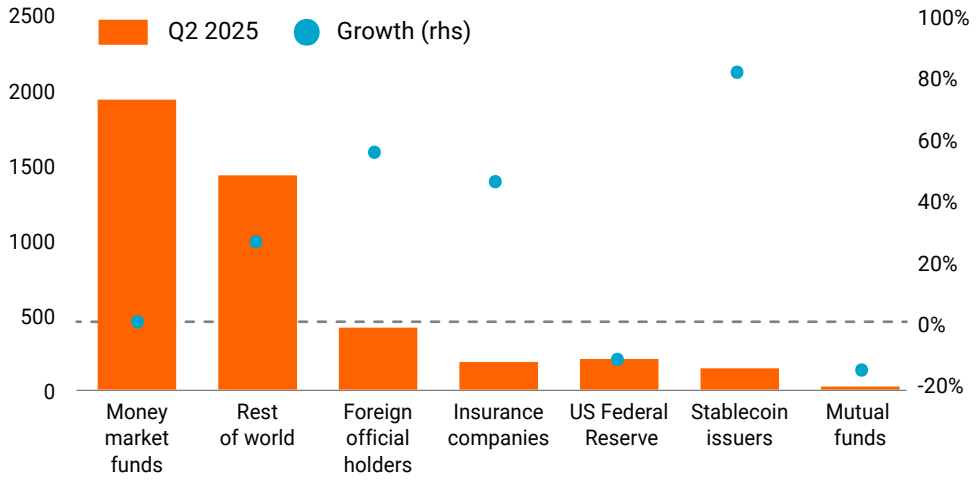


Source: Marco Reuter. "Decrypting Crypto: How to Estimate International Stablecoin Flows", IMF Working Papers (2025).
Note: Regions according to IMF regional groups.

Capital flow volatility: Stablecoins also pose risks to capital flow management, notably for developing countries, as they allow United States dollar liquidity to move outside regulated channels, potentially weakening the effectiveness of capital flow and foreign exchange measures. The potential ease and low cost of cross-border transfers may increase volatility in the case of shocks to the economy.

The case of stablecoins illustrates the ambivalent role that new technologies may play in shaping currency use in the international monetary system. Digital innovations such as CBDCs and fast payment systems could support a more diversified set of international currencies for cross-border payments. The rapid growth of dollar-denominated stablecoins could reinforce the global dominance of the dollar.

Figure IV.4.13
Holdings of US Treasury bills, by holder, 2025
(Billions of US dollars, percentage)



Source: IMF.

4.3.3 CBDCs and fast payment systems: interoperability and support to developing countries

Action 57a: Improve payments infrastructure

CBDCs are a digital form of central bank money assets that could offer many of the benefits of private digital asset innovations while retaining many of the advantages of existing monetary and payment systems. According to the Bank for International Settlements (BIS), CBDC is "a digital form of central bank money that is different from balances in traditional reserve or settlement accounts".[49] More than 90 per cent of central banks surveyed by BIS in 2024 are exploring CBDC options. Preserving the role of central bank money amid the decline of cash and the rise of tokenization of traditional assets is a key driver for many central banks. More than one in three jurisdictions had also accelerated work on CBDCs in light of developments in stablecoins and other cryptoassets (see figure IV.4.14). Central banks are generally at a more advanced stage of their exploration and development of wholesale CBDCs, which are exclusively used by financial institutions, than of retail CBDCs that would be used by individuals and businesses (see figures IV.4.15 and IV.4.16).[50] Three countries have launched a retail CBDC (The Bahamas, Jamaica and Nigeria); others are in advanced stages of exploration (China, the euro area).

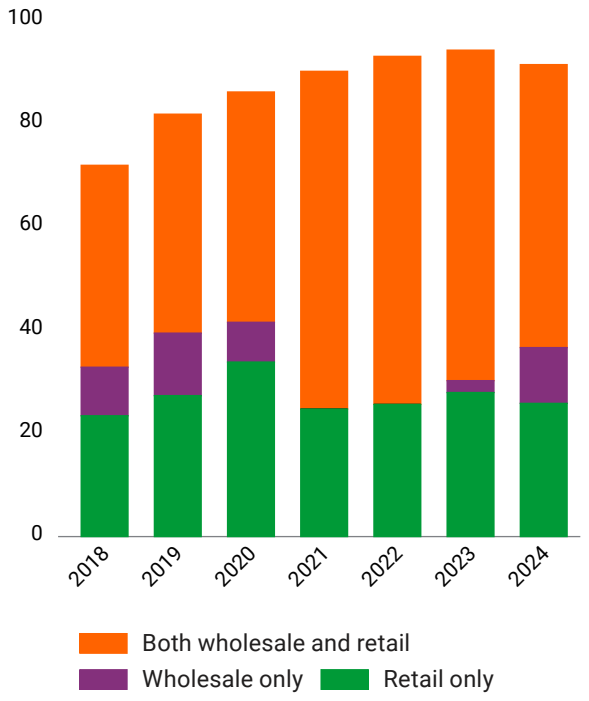
Action 57a-b: Improve payments infrastructure; Capacity- building on payments and CBDCs

Interoperability is key to ensuring that the adoption of domestic CBDCs facilitates cross-border payments rather than the emergence of multiple digital currency ecosystems. For wholesale cross-border payments, BIS is leading

Figure IV.4.14

Central bank involvement in CBDC work, 2018–2025

(Percentage of survey respondents)

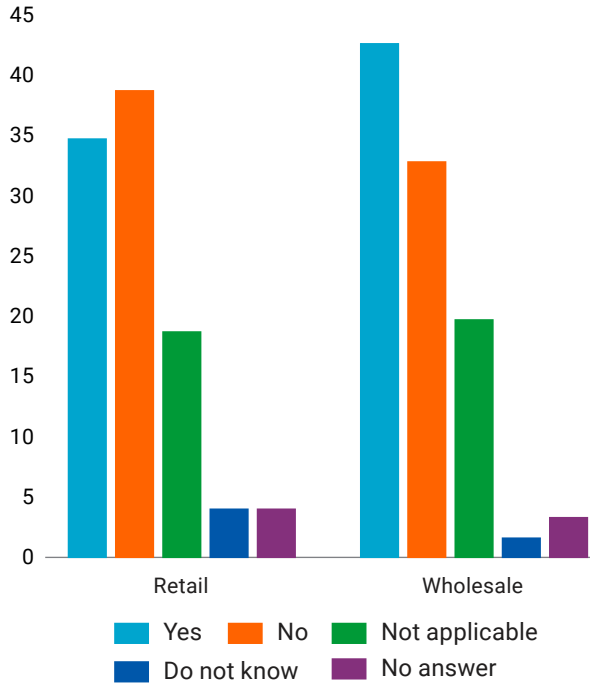


Source: BIS.

Figure IV.4.15

Answer to 'Has emergence of cryptoassets accelerated work on CBDC?', by CBDC type, 2024

(Percentage of survey respondents)



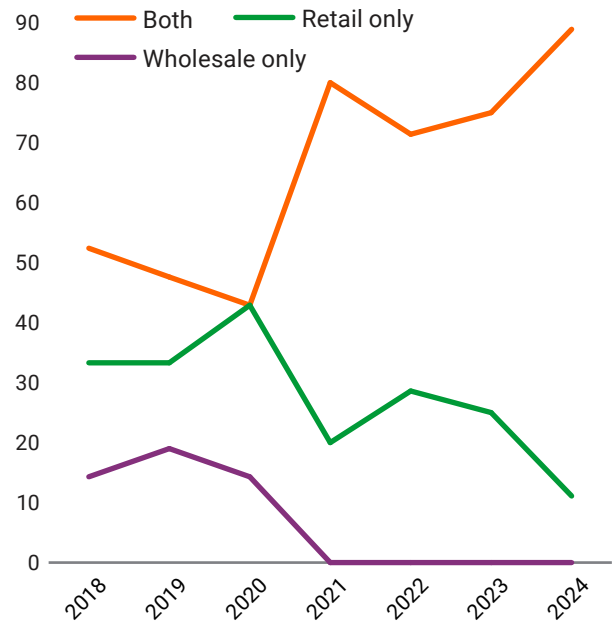
Source: BIS.

Figure IV.4.16

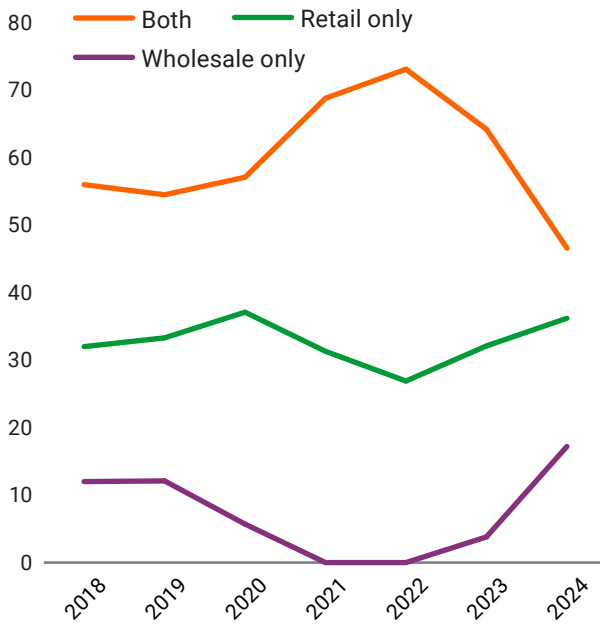
Focus of CBDC work, 2024

(Percentage of survey respondents)

a. Developed countries



b. Developing countries



Source: BIS.

Project Agorá, an initiative that involves seven central banks and a large group of private sector companies convened by the Institute of International Finance (IIF). The project aims to test the viability of a multi-currency unified ledger for wholesale cross-border payments that uses tokenization and smart contracts. CBDC systems can interoperate with existing retail payment systems, including fast or instant payment systems.

In the short and medium term, the G20 Roadmap for Enhancing Cross-border Payments promotes the interlinking of fast payment systems for the retail market, which could be a significant milestone in improving cross-border retail payments.[51] Fast payment systems are domestic payment infrastructures that allow the transmission of payment messages and the availability of final funds between individuals, businesses and governments in real time or near real time. Such systems are also seen as a "catalyst for digital finance".[52] To date, at least 123 countries around the world have implemented a fast payment system.[53] Several fast payment systems already have a cross-border interlinking arrangement, these links being predominantly intraregional, such as within the Asia-Pacific region or Europe. Around half of fast payment systems plan to have at least a first or additional link established by the end of 2025.[54]

5. Financial market regulation and supervision for sustainable development

5.1 Aligning banking prudential standards with new instruments and emerging risks

Action 56a: Financial regulation

Financial regulation and supervision are key determinants of financial system stability as well as potential agents of fragmentation. Global financial standards are designed and calibrated to set minimum standards while allowing for a degree of jurisdictional discretion in implementation. In response to the 2008 world financial and economic crisis, the Basel Committee on Banking Supervision (BCBS) updated international standards for the prudential regulation of the banking sector. The prudential regulatory environment for banks generally comprises three broad elements: agreed minimum international standards, including capital and liquidity requirements, that are implemented through national frameworks; additional specific domestic requirements motivated by national financial stability concerns; and ongoing international supervisory cooperation.[55] In the Sevilla Commitment, Member States appreciated the work of FSB and other relevant international organizations and standard-setting bodies to maintain the financial stability-focused, robust, effective, risk-based approach of international banking and financial standards.

Financial regulatory reforms after the 2008 financial crisis have enhanced financial stability, but implementation of the reforms remains a work in progress. The updated international frameworks—such as the Basel III regulations for banks—included standards for regulating capital, leverage and liquidity, and are increasingly being adopted by G20 countries but there remain implementation gaps (see figure IV.4.17). Their implementation has contributed to the largest internationally active banks[56] increasing their level CET1 capital[57] by 146 per cent from €1.4 trillion in 2011 to €3.3 trillion at the end of 2024.[58] Most of the banks that failed during the banking turmoil of March to May 2023 were not subject to the Basel III framework in full.[59] However, when examined through the lens of market size, some implementation gaps appear material: two G20 jurisdictions

have not yet implemented the last of the Basel III measures proposed in 2017. Other jurisdictions have notable implementation gaps (see figure IV.4.18).[60] Fragmentation and regulatory arbitrage can result from divergences in both timing of implementation and the completeness of implementation of international standards. Regulatory arbitrage can disrupt the level playing field between financial actors and lead to shifts of risk to less regulated parts of the market.[61] Against this backdrop, it is notable that "limiting regulatory burdens" is among the broad economic priorities of the G20 2026 presidency[62] and "modernizing financial regulation" has been placed on the agenda for G20 finance ministers.[63]

Action 56d: Climate risk in regulation

Regulatory cooperation is critical to enhance the resilience of the financial system to emerging global challenges such as risks posed by climate change, AI financing and the potential amplification of risks from digitalization. Emerging challenges, actors or technologies, without appropriate controls and oversight, could amplify risks and vulnerabilities in the financial sector, with potential implications for financial stability. Risks related to climate change are already on the agenda of many regulators and supervisors (see box IV.3) The integration of AI into financial systems presents potential benefits but also financial stability risks.[64] [65] The continued surge in investment in AI in systemically important markets is a key driver of the sharp rise in equity prices in 2025 and early 2026. Should returns on these investments fail to materialize, it could have important spillovers to the broader financial system.[66] This is because AI investment involves more debt financing compared to past episodes of high equity market valuation of technology firms, increasing leverage and financial risks, especially if broader financial conditions tighten.

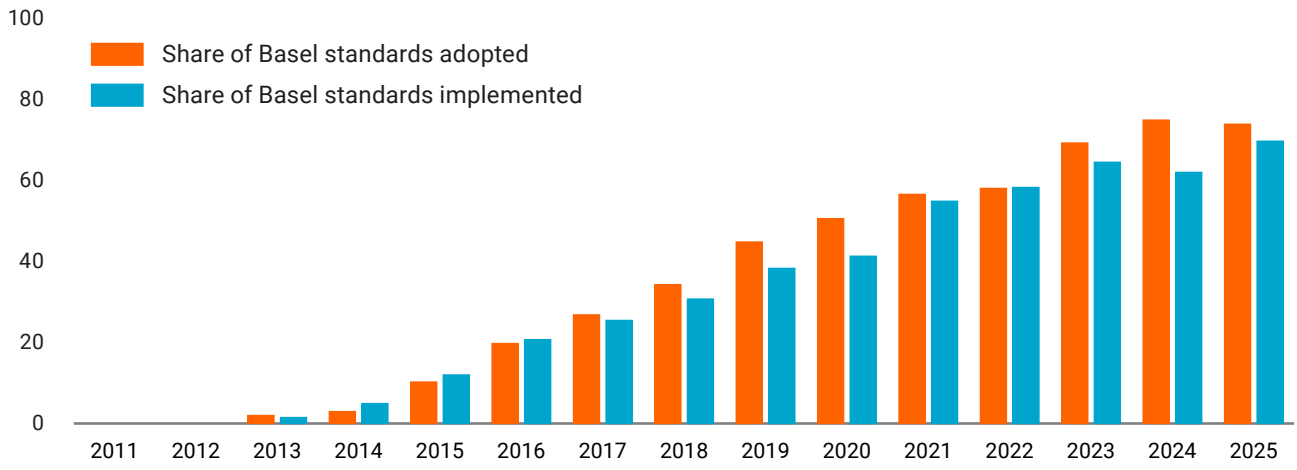
Actions 56a, 56c: Risk weightings

Regulatory cooperation will also remain critical to assess how regulatory frameworks and prudential policies need to evolve in step with market developments and changing risks. Market developments and relevant feedback can help to refine and recalibrate prudential standards for banks.[67] Some studies suggest that implementation of certain standardized approaches to capital adequacy, though intended to safeguard financial stability, may inadvertently discourage long-term investment in developing countries, particularly in sectors such as infrastructure and small- and medium-sized enterprises or through blended finance instruments.[68] BCBS did not find substantial evidence that Basel III requirements had an impact on lending and that banks complying with the Basel framework had lower costs for debt and equity.[69] Other literature suggests

Figure IV.4.17

G20 countries' adoption and implementation of post-2008 Basel standards, 2012–2025

(Percentage of standards adopted or implemented)

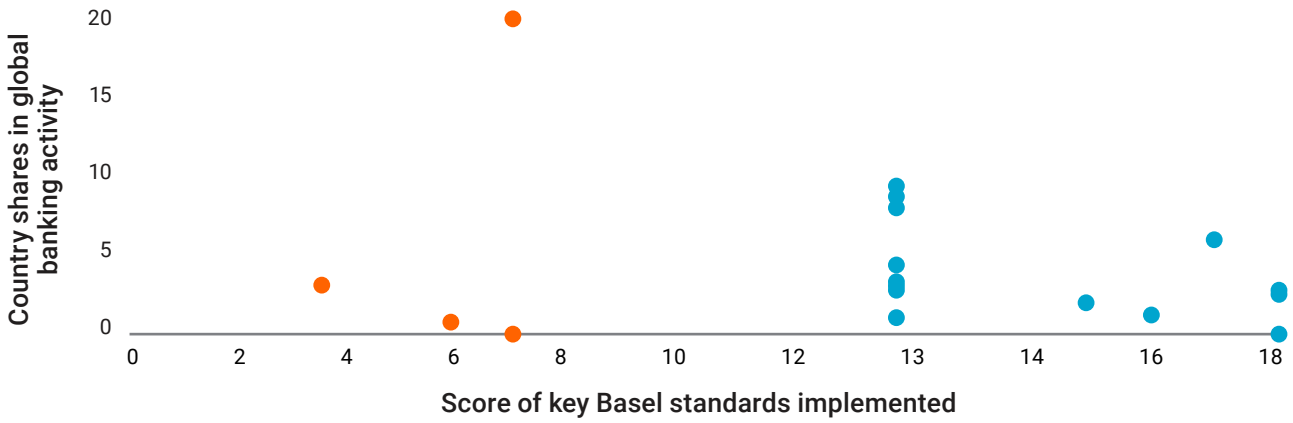


Source: BIS, UN DESA calculations.
Note: Expected implementation dates vary for different parts of the standard.

Figure IV.4.18

Implementation of post-2008 key Basel III standards, by G20 country, Q2 2025

(Percentage)



Source: BIS, UN DESA calculations.
Note: Country share in global banking are calculated using BCBS consolidated banking statistics, based on total assets by nationality of banks. The score is based on the BCBS adoption of key basel III standards dashboard. It reflects progress in implementing Basel standards, with higher weights assigned to more advanced stages of implementation (e.g. draft regulation, final regulation, in force / implanted by banks) across different standard categories. The categories covered include credit risk (SA and IRB), market risk, CVA, operational risk, and the output floor.

that higher capital reduces banks' cost of equity, and better capitalized banks maintain stronger lending capacity, especially during stress.[70] Reflecting on these issues, the Sevilla Commitment invited relevant international organizations and standard-setting bodies to assess how prudential risk weightings consider risk-mitigating instruments, including guarantees and blended finance mechanisms, and also invited further research and analysis on the potential impact of risk weightings on finance, such as for micro-, small- and medium-sized enterprises, infrastructure and trade finance. More granular risk measurement frameworks, including improved recognition of risk-mitigating structures and instruments, if warranted by empirical evidence, and greater transparency could allow lending decisions and pricing to better reflect underlying risk.

Research is ongoing on the impacts of regulations and capital charges on financing for developing countries. The Global Investors for Sustainable Development Alliance developed policy-relevant recommendations in the lead-up to FFD4.[71] In Sevilla, the Paris Pact for People and Planet (4P) launched a "4P Eminent Persons Group (EPG) on Barriers to Investment in EMDEs" as a Sevilla Platform for Action initiative to examine whether, and under what conditions, prudential frameworks may unintentionally constrain investment flows to emerging markets and developing economies. A high-level roundtable on these issues was convened by 4P during the 80th session of the United Nations General Assembly and the EPG members held a meeting in October 2025.

5.2 Non-bank financial intermediation

Action 56b: NBFI risk and resilience

Non-bank financial intermediaries (NBFIs) have grown in size and deepened their ties with banks since the 2008 world financial and economic crisis. In the Sevilla Commitment, Member States appreciated the work of FSB to review and monitor the risks from non-bank financial institutions. The monitoring by FSB shows that NBFIs increased their share of global credit and finance from 43 per cent during the 2008 crisis to 51 per cent by 2024 (see figure IV.4.19). In 2024, the NBFI sector growth rate of 9.4 per cent was double the rate of asset growth at banks. This is the second highest percentage share recorded—similar to pre-pandemic levels. Banks, which tend to face tighter prudential regulation,

Box IV.4.3

Climate-related financial risks

Central banks and supervisors are increasingly recognizing that climate change and nature degradation poses risks to financial stability that should be addressed in a globally consistent manner. A coalition of 146 central banks and supervisory authorities from 92 countries—the Network for Greening the Financial System (NGFS)—recognized, at the COP30 meeting in Belem, Brazil, in December 2025, the mounting evidence that delayed climate action leads to material economic and financial risks, with implications for their core mandates.[72] In 2022, NGFS also established a Task Force on Nature-related Risks to promote the consideration of nature alongside climate change given that they are deeply interconnected.

Yet, there is evidence that the private sector is not incorporating these risks in a globally consistent way. Developing economies continue to attract proportionately less "sustainable finance" (see chapter IV.2). Firms in developing countries systematically exhibit lower scores on environmental, social and governance (ESG) criteria. These differences are not explained by variations in firm size, industry composition or financial performance.[73] Divergence in preparedness for climate-related financial risk can worsen existing asymmetries in sustainable finance flows.

Disclosure standards are one way to address climate-related financial risks in a consistent manner. To provide a global baseline and avoid fragmentation in firm-level disclosure standards, the International Sustainability Standards Board (ISSB) published sets of standards on sustainability and climate in 2023, which were subsequently endorsed by financial standard-setting bodies such as FSB and the International Organization of Securities Commissions (IOSCO). ISSB in 2025 also began to evaluate whether to incorporate nature-related disclosures, such as on biodiversity, ecosystems and ecosystem services, into their standards.

A more consistent global approach to addressing climate-related risks that includes interoperability considerations will help both to better assess and mitigate financial vulnerabilities and to reduce the risk of harmful market fragmentation. In July 2021, FSB published a comprehensive roadmap for addressing climate-related financial risks, which was welcomed by G20. Since then, work has been conducted across all four blocks of the roadmap: firm-level disclosures; data; vulnerabilities analysis; and regulatory and supervisory practices and tools. In the Sevilla Commitment, Member States agreed to consider incorporating transition plans and climate stress testing into national financial regulation and supervision, as appropriate to different national contexts, transition pathways and financial regulators' mandates. FSB also took stock of the wide range of regulatory and supervisory initiatives on nature-related financial risks in a report in 2024.[74]

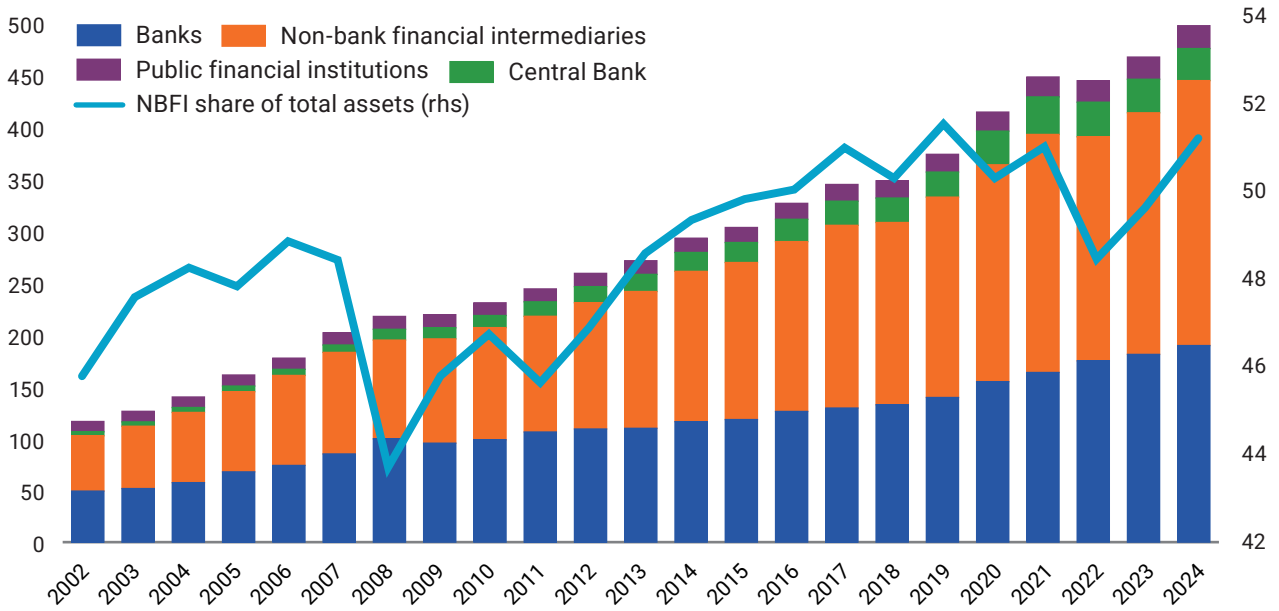
Central banks and supervisors can play a substantial role in addressing climate and nature-related risks within the remit of their mandates.[75] FSB and the United Nations Environment Programme (UNEP), for instance, emphasize the need for system-wide approaches to assessing climate-related risks, including both climate scenario analysis and stress testing.[76] In 2022, an FSB survey identified 53 financial authorities from 36 jurisdictions across the FSB and NGFS membership that had completed, or were planning to conduct, a climate scenario analysis exercise.[77] Supervisors are also increasingly using financial institution transition plans to inform forward-looking prudential risk assessment.[78] Mandatory transition plan disclosure will apply in over half of G20 countries within the next three years.[79] A 2025 progress report on work undertaken as part of the roadmap reports that some SSBs and supervisory authorities are developing guidance in their respective sectors on how climate-related financial risks can be appropriately taken into account in sectoral regulatory and supervisory frameworks.[80] It also notes that among the FSB membership, there are a wide range of views on the approach that should be taken in regard to potential climate-related financial risks. NGFS published a conceptual framework on nature-related financial risks in 2025 to guide the actions of central banks and supervisors.[81]

Some centrals banks have started to embed climate objectives into monetary policy tools. Climate stress tests show that the value of financial assets can be directly affected by climate change, including those accepted as collateral. To address this, in June 2018, the People's Bank of China (PBoC) decided to include green financial bonds into the pool of assets eligible as collateral for its Medium Term Lending Facility.[82] Looking forward, the European Central Bank is going to incorporate in the second half of 2026 a new "climate factor" into its collateral framework. Taking into account the sector, issuer and asset-specific vulnerabilities, the climate factor may thus reduce the value assigned to assets pledged as collateral by non-financial corporations.[83]

are also exposed to risks in the NBFI sector. Large banks serve as the primary lenders to NBFIs, accounting for 90 per cent of all lending to these intermediaries. Banks' growing exposures to NBFIs mean that adverse developments at these institutions, such as downgrades or falling collateral values, could significantly affect banks' capital ratios. The sound functioning of sovereign bond markets is also dependent on the role of non-bank financial intermediation, which encompasses both more long-term, buy-to-hold institutional investors such as pension funds and market actors with highly leveraged trading strategies, who provide liquidity but can amplify market volatility and instability.[84] In most jurisdictions the requirements for NBFIs' disclosure of their assets, leverage and liquidity are limited compared to the conduct of banking supervision, making vulnerabilities and interconnections harder to detect.

The NBFI sector encompasses a wide variety of institutions with different risk profiles; the FSB monitoring approach focuses on vulnerabilities associated with the NBFI sector that resemble those in the banking system or where regulatory arbitrage could undermine financial stability. The Sevilla Commitment encourages FSB to present policy proposals and recommendations to enhance the resilience of non-bank financial intermediation, including the asset management industry. The FSB work programme is built around three overarching goals: reducing excessive spikes in liquidity demand; enhancing liquidity provision in periods of stress; and improving risk monitoring and preparedness.[85] Nine specific recommendations on addressing the risks from leverage in the NBFI sector were issued in July 2025 and relate to: risk identification; NBFI leverage in core markets; counterparty credit risk management; regulatory arbitrage; and cross-border cooperation.[86] The FSB Chair's letter to G20 in November 2025 highlighted that the growth of private assets (i.e. private equity and private credit), both part of the NBFI sector, potentially impact financial stability because of their opacity, scale and linkages with the rest of the financial system.[87]

Figure IV.4.19
Global financial assets, 2002–2024
(Trillions of US dollars, percentage)



Source: FSB.

Box III.4.4

Financialization in food and commodity markets

by Anastasia Nesvetailova, UN Trade and Development

Financialization has long shaped the dynamics of commodity markets. However, its impact now extends beyond market cycles and speculative price fluctuations to restructure the very foundations of the commodity system. This is especially evident in food trading, where a few dominant firms source, process and transport commodities to global buyers. Unlike conventional supply chains that create value through physical transformation, commodity traders now primarily generate value by leveraging financial instruments, with the resulting transformation of commodity trade finance creating new categories of systemic vulnerability.

Each phase of an agricultural commodity's journey through the supply chain contains distinct financial risks which were traditionally managed with different financial instruments. Seasonal production gaps were mitigated by futures contracts. Storage risks were managed through warehouse receipts which are used as collateral. Price volatility at the transport and processing stages can be hedged with derivatives. International transactions might be secured by letters of credit. In this framework, structured credit links individual projects focused on physical delivery with banks and non-bank institutions. This financial architecture enhanced the efficiency and stability of global agricultural trade.

Regulatory changes after the 2008 world financial and economic crisis have created powerful incentives for banks to reduce direct participation in trade finance. The commodity trading sector illustrates the evolution of regulatory arbitrage, as the constraints on banks have created opportunities for entities with different institutional classification and jurisdictional placement to undertake, essentially, the same economic activity but with vastly reduced regulatory costs. Traditional financing processes have evolved into a system where traders oversee their own inventory and financial operations. Sophisticated intermediaries have developed what amounts to a "synthetic banking" model where they perform traditional banking functions (origination, risk assessment, servicing) while accessing external funding, such as from capital markets, rather than through deposit taking.[88]

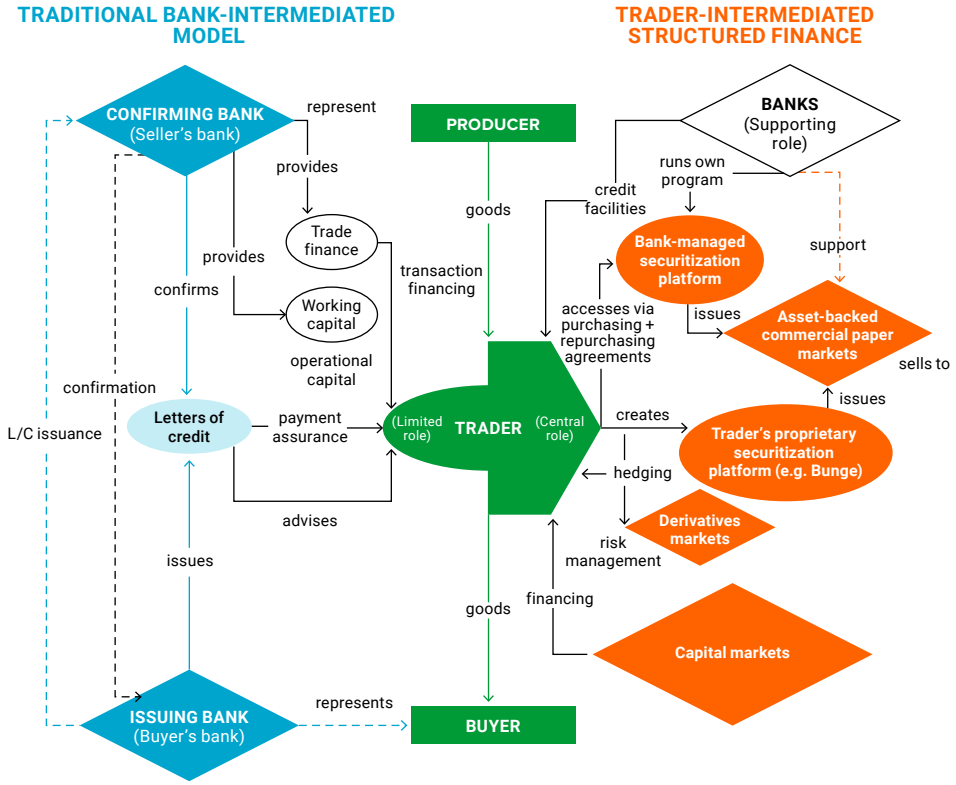
Banks have reduced the risk on their balance sheets, withdrawing from financing commodity sectors, while non-bank intermediaries have increasingly engaged in the securitization of assets. Rather than simply exiting the market, banks have found an alternative: regulatory arbitrage through disintermediation. When trade receivables are held directly on bank balance sheets, they face high capital charges. But when properly "structured" and transferred to other intermediaries, these same exposures can be moved off bank balance sheets entirely. Commodity trade finance has become a cohesive, networked architecture that merges ownership and operations and incorporates traders, banks and capital markets, rather than relying on isolated transactions (see figure IV.4.20).

A critical element of structured finance concerns the multitude of ways in which traders use cash flow as collateral for external investors who buy financial instruments created by trading firms. Trader incomes build on gains from derivatives and, in particular, embedded derivatives.[89] These instruments are not directly linked to the physical trade between buyers and sellers, but to financial market prices, generated through the sale of contracts to external investors.[90] Since 2018, income from financial intermediation has consistently accounted for about 75 per cent of the revenues of the major food trading firms (see figure IV.4.21). Some companies have recorded more than 90 per cent of annual revenues from financial intermediation.

Deep structural integration of food trading companies with capital markets raises concerns about macro-critical risks. By engaging in various financial activities—trading, investment and securitization—commodity traders have effectively transformed into non-bank financial institutions (NBFIs). Such expansion raises prudential, financial stability and illicit financial flow issues, while also adding to the concerns of anti-trust authorities.[91] Three specific risk transmission channels raise concerns: direct banking relationships; shared investment networks; and minority shareholders. Notably, the complex and opaque structuring of credit and finance uses minority shareholding relationships in group subsidiaries, allowing traders to multiply their effective borrowing capacity while spreading legal obligations across multiple countries and regulatory systems.

Vulnerabilities in commodity markets specifically, and leverage in NBFIs more generally, are central concerns for financial stability authorities globally.[92] In light of the evolving landscape of systemic risk in commodity trade, regulators should modernize oversight to ensure market stability. Non-transparent financial practices and tax avoidance in commodity sectors warrant scrutiny due to concerns about illicit financial flows, trade integrity and resource mobilization. To address vulnerabilities stemming from concentrated market structures, competition policy tools and cross-market approaches to system risks should take a more prominent role.

Figure IV.4.20
Models of trade finance

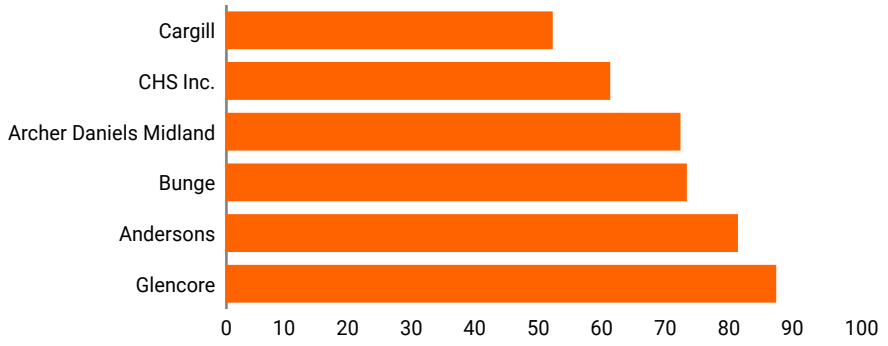


KEY FEATURES:
- Bank-controlled financing
- Linear processing (transaction-specific documentary producation)
- Limited trader role in servicing sales contract

KEY FEATURES:
- Trader-controlled financing
- Parallel processing (through 'synthetic' documentary production)
- Capital market-focused
- Central trader role in originating-distribution-servicing new financial asset

Source: UNCTAD, Trade and Development Report 2025, chapter III.

Figure IV.4.21
Average mark-to-market valuation of derivatives income as a share of total revenue, 2018–2024
(Percentage)



Source: UNCTAD.
Note: Data reflect derivatives and total income values from audited annual financial statements of major commodity trading companies, primarily under ASC 815 (GAAP) standards. ASC 815 disclosures enable identification of mark-to-market derivatives income within total revenues. Glencore's figures, based on IFRS 9, are approximated due to less precise reporting standards.

6. Credit ratings

Action 55: Credit ratings

Credit ratings play a significant role in transmitting information about sovereign, public and private entities for the use of investors and financial market actors, particularly in fixed-income markets. Credit rating agencies reduce the asymmetry of information among borrowers, lenders and other market participants, though their direct impact on the pricing of market instruments is hard to quantify and not always clear. Credit ratings play their most prominent role in bond markets, which were valued at over $150 trillion at the end of 2024, with 52 per cent of total debt securities issued by governments.[93] National financial regulations often embed ratings in their calculations of capital requirements for regulated financial institutions. Ratings play similar roles in private financial transactions, influencing the pricing of credit. Market-perceived risk—and bond yields—differ markedly across entities with the same rating, indicating that the relationship between ratings and financing costs is not mechanical. Three major credit rating agencies—Moody's Investors Service, Fitch Ratings, and S&P Global—play a central role in the global financial system, holding almost 92 per cent of the market share for credit rating services in the European Union[94] and issuing over 94 per cent of outstanding ratings in the United States.[95] In this context, the Sevilla Commitment calls for actions to ensure that the financial system supports accurate, objective and long-term-oriented credit ratings and calls for reforms to support private credit ratings to effectively perform the important function of providing accurate and long-term-oriented information to financial markets.

Action 55b: CRA regulation

Since 2008, regulations and rules have significantly changed to improve the monitoring and supervision of credit rating agencies. The 2008 world financial and economic crisis was in part due to a wide variety of global investors' overreliance on analytically deficient credit ratings for opaque structured finance products related to high-risk mortgages. This prompted efforts to regulate credit rating agencies. In 2008, IOSCO created the Code of Conduct Fundamentals for credit rating agencies, focused on the quality and integrity of the rating process, rating agency independence and avoidance of conflicts of interest, and rating agency responsibilities to stakeholders. The code was revised in 2015 to account for the fact that regulation and supervision over credit rating agencies had changed in the two largest developed country markets.[96] The original IOSCO code was complemented by agreement at FSB on the Principles for Reducing Reliance on CRA Ratings.[97]

Credit ratings and assessments broadly track default rates, though there is no consensus on the existence of biases against developing countries as a whole or certain regions. Concerns are frequently raised about a possible bias in credit rating practices against developing countries, which could contribute to higher financing costs. While some studies consider that bias may be a source of distortion,[98] other analyses highlight that higher borrowing costs for some countries or regions may be the result of market perceptions rather than credit ratings.[99] Significant differences exist in market-perceived risk, and thus bond yields, between countries with the same ratings, including within the same region. Developing countries experienced more negative credit rating actions as a result of the global pandemic (see figure IV.4.22). Yet, sovereign default rates are not appreciably different between those with the top rating and those with BB ratings (see figure IV.4.23), although yields on the bonds issued by these sovereigns are markedly different. Sovereign credit ratings are associated with default risk, with one-year and three-year forward default rates rising as ratings decline (it is important to note that default rates are not necessarily independent of credit ratings, as ratings downgrades could drive higher refinancing costs and worsen debt sustainability). The significantly higher three-year default rates compared to one-year default rates are expected and point to the uncertainty facing all market actors and the usefulness of longer-term analysis based on scenarios of possible outcomes. As shown in figure IV.4.23, defaults by sovereigns on private

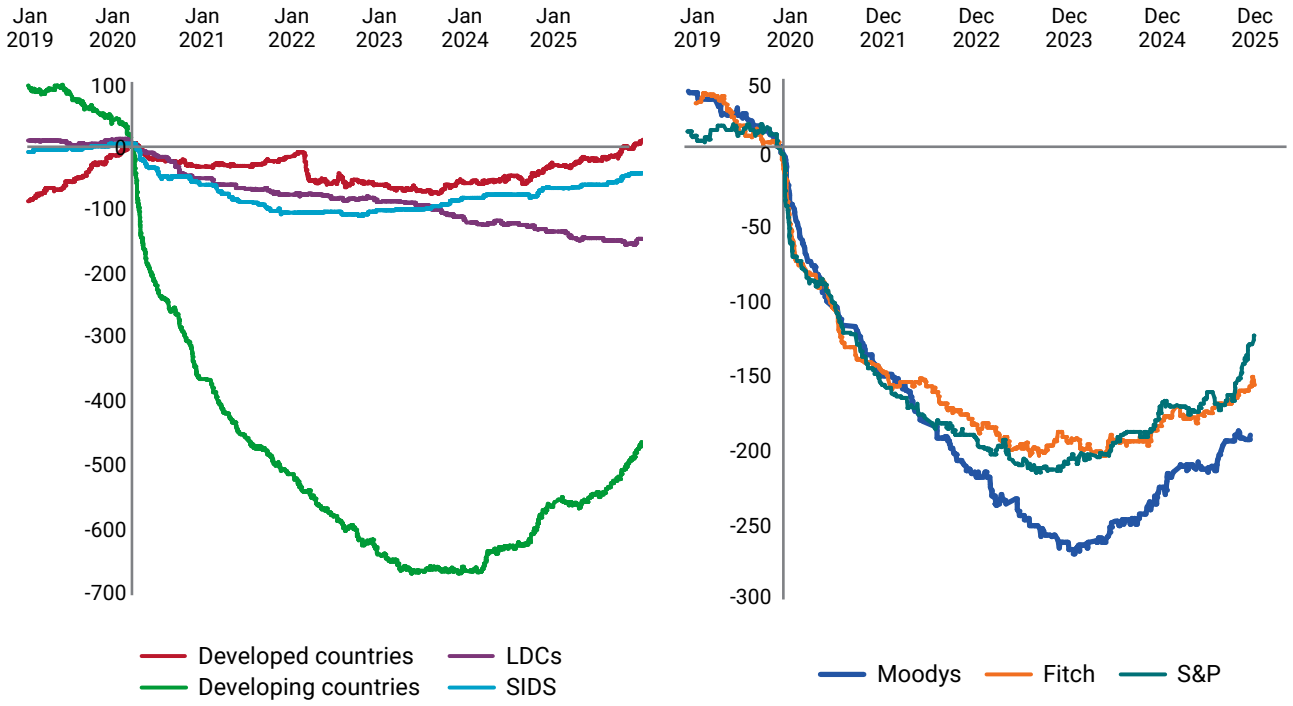
debt, reflected in the default rates recorded by private ratings agencies, are much higher than the default rates on debts to MDBs, which are reported in the Global Emerging Markets Risk Database (GEMS) from an association of MDBs.

Action 55a: ECOSOC Special meeting on CRAs

Since 2025, progress has been made, including on regular dialogue between rating agencies and governments, alternative ratings providers, and technical assistance for countries to manage their engagement with credit assessments and market actors. The Sevilla Commitment mandated a special meeting of ECOSOC on credit ratings and called for increased capacity-building for developing countries. The inaugural ECOSOC meeting was convened in late March 2026 and included discussion on the impact of credit ratings and the cost of capital, lengthening the time horizon of ratings and assessments, and boosting the capacity of developing countries to engage with ratings and assessments. The special meeting also showcased technical assistance that is already being provided to developing countries, including assistance aimed at establishing and improving data and debt management systems as well as assistance directly on the modalities of investor relations and credit rating agency engagement. Providers of technical assistance include United Nations entities (e.g. Economic Commission for Africa, UNDP), IMF, MDBs (e.g. Inter-American Development Bank, African Development Bank) and regional organizations (e.g. African Union).

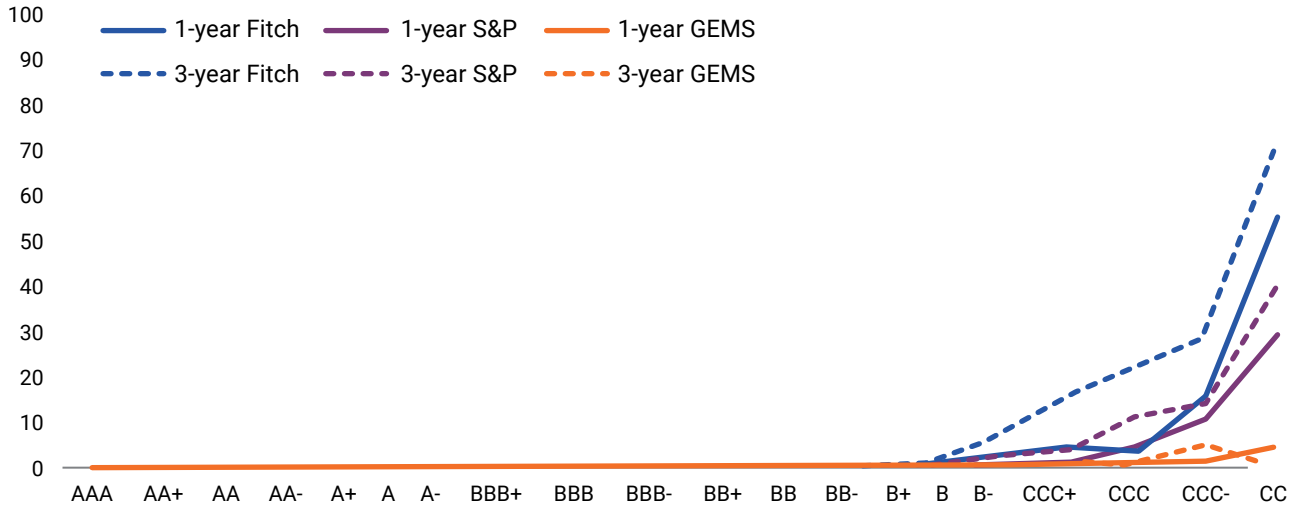
African countries are moving ahead on the establishment of a new African Credit Rating Agency (AfCRA). The initiative responds to the perception that "current international credit ratings are proving unjust to African countries."[100] AfCRA aims to provide alternative assessments for the 32 African Union members

Figure IV.4.22
Credit ratings actions for sovereign issuers, 2019–2025
(Index)



Source: UN DESA calculations.
Note: Unscaled index of rating actions by Moody's Investors Service, Fitch Ratings, and S&P Global Ratings, with 0 on 11 March 2020, the of declaration of the global pandemic by WHO. All sovereigns are weighted equally, each positive (negative) outlook is +1 (-1); a review for upgrade (downgrade) is +2 (-2); and a positive (negative) rating change is +3 (-3). Panel A includes actions by all three ratings agencies combined and covers 50 developed countries, 92 developing countries, 18 LDCs, and 18 SIDS. Panel B includes 92 developing countries rated by Moody's, 71 rated by Fitch, and 77 rated by S&P.

Figure IV.4.23
Sovereign default rates by credit ratings, various years
(Percentage)



Source: UN DESA calculations.
Note: Figures shows the average default rate of rated sovereigns either 1-year or 3-years after a rating was issued. Fitch and S&P data are average defaults over 2015-2024, based on regulatory disclosures 2016-2025; GEMS data based on published report covering 1984-2025.

that already have international ratings, rating services to the remaining unrated African governments, and rating for the 90 per cent of African corporations and local governments that are currently unrated.[101] It is to be headquartered in Mauritius and launched in 2026.

Action 55c-d: Risk data availability; CRA engagement and capacity building

Ultimately, all market participants should incorporate relevant economic, financial, risk and resilience data and information into financial decisions, especially in light of increasing policy and geopolitical uncertainty alongside financial and climatic volatility. Governments often undertake significant reforms that may create economic and social gains over long time horizons, including investments in resilience, sometimes at high political and social costs. However, changes in investor perceptions and credit ratings can lag behind or ignore these efforts because of their short-term focus. During lags in information-sharing and dissemination, borrowing costs may remain elevated and market access constrained. Sovereign yields ultimately reflect a broader set of influences, including global financial conditions, investor risk preferences, liquidity factors and country-specific uncertainties; with credit ratings contributing to rather than directly determining market pricing. In practice, this points to the need for more frequent or structured interaction among governments, investors, other market actors and rating agencies around data, policy commitments and reform trajectories.[102] Furthermore, there could be a disconnect between the current, short-term investment horizon considered by the financial industry and the horizon over which some key policy achievements—such as a successful debt restructuring, or an investment programme for resilience—are expected to be material from a creditworthiness perspective. Market actors may even see long-term-oriented investments as hurting short-term credit worthiness because of the immediate impact on fiscal balances and debt levels. Further work may be needed for rating agencies and public institutions providing credit assessment to better recognize the improvement in credit worthiness that results from debt management, climate change adaptation measures, or investments in long-term productivity and development.[103] Meanwhile, sovereign borrowers can strengthen national data and statistical systems related to macroeconomics and public finance to ensure that robust and comparable data is available to all market actors, including ratings agencies.

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Chapter IV.5
Data, monitoring and follow-up

1. Key messages and recommendations

Statistical performance is improving across countries. Timely, reliable, high-quality and disaggregated data and statistics remain essential for advancing the financing for development (FFD) agenda. Despite subdued global progress in statistical performance, many lower-income countries are gaining ground due to improvements in data infrastructure. Statisticians, with the support of the international system, have also made major advances on sustainable development data, with Sustainable Development Goal (SDG) indicator data increasing in availability. At the same time, persistent gaps in foundational data sources, including censuses, surveys and administrative systems, pose challenges worldwide.

Progress is not even, with particular challenges relating to disaggregated data, data on specific topics such as debt and South-South cooperation, and a projected decline in external support for data production. To meet the promise of the "leave no one behind" agenda, more work is needed to address the insufficiency in disaggregated data, especially across cross-cutting dimensions such as gender, disability and income. Amid the existing struggles with funding and capacity, major international programmes that support household-level data collection in developing countries are experiencing cuts in their funding, which will further imperil disaggregated data collection in the future. Implementation of the data-related initiatives in the Sevilla Commitment, such as the creation of a global debt data registry and detailed, project-level South-South cooperation reporting, will require both greater capacity and greater commitments to transparency and data sharing by relevant actors. More focus will be needed to collect data that is policy relevant and actionable.

Digitalization of the economy makes large volumes of data available, while increased computing power enables deeper examination of the data, transforming economic analysis by improving speed, granularity and reliability. Digital tools can enhance the timeliness, detail and robustness of economic analysis, which often relies on information produced outside the official statistical system. Joined-up data systems and open platforms greatly improve the ability of decision-makers of all kinds, in the public and private sectors, to access and use data and information to advance sustainable development. These developments also place new demands on statistical frameworks, requiring international standards to evolve so they can effectively incorporate new data sources, methods and forms of economic activity. Against this backdrop, the coordinated development of the System of National Accounts 2025 and the Balance of Payments and International Investment Position Manual seventh edition show the value of strategic coordinated approaches to developing modern, coherent and efficient international standards.

Countries should shift away from isolated, project-based investments towards integrated approaches that reinforce national statistical systems as a whole, to maximize the gains from data interoperability and data science. A sustainable approach to interoperability requires moving beyond funder-driven, project-based models towards country-led, system-strengthening investments. This is facilitated when statistical priorities are embedded in national development planning and financing mechanisms and, where feasible, linked

to United Nations Sustainable Development Cooperation Frameworks and integrated national financing frameworks (INFFs). Governments play a central role in defining data priorities aligned with national development goals and in anchoring data production within coherent institutional frameworks. This means aligning financing, governance, technical capacity and partnerships around shared frameworks that enable data to flow across institutions, domains and levels of decision-making. International institutions can help to provide sequenced capacity development support, and further enhance impact by strengthening coordination through existing statistical coordination and capacity development mechanisms, including through the United Nations Statistical Commission and its subsidiary bodies. Moreover, international institutions can continue to modernize internationally agreed statistical standards to increase interoperability.

Disruptions reveal the costs of non-interoperable systems. The abrupt termination of a significant proportion of funding for the Demographic and Health Surveys (DHS) illustrates the systemic risks of fragmented data financing and highlights a core interoperability challenge. When critical data streams are not sufficiently embedded within national systems or linked to alternative sources, disruptions in a single programme can cascade across global monitoring frameworks. Interoperable systems underpinned by robust metadata which meets global standards—where multiple data sources can be aligned, validated and substituted—are more resilient to such shocks.

The external funding cuts for work on improving data and statistical systems are expected to slow down progress. The international community should continue to recognize that high-quality and disaggregated data and statistics enable evidence-based policy decisions and enhance accountability and transparency, fostering public trust and international cooperation. Specific, long-term commitments to support programmes that strengthen national data collection and statistics, especially actionable information related to sustainable development challenges, will prevent disruption to critical programmes and generate positive dividends.

Member States made significant changes to the follow-up on FFD commitments. Reporting on the national and global commitments in the action areas at the United Nations Economic and Social Council (ECOSOC) Forum on Financing for Development (FFD Forum) will be done in a biennial cycle, allowing for deeper reporting by the Inter-agency Task Force on Financing for Development and more in-depth discussions at the FFD Forum. In early 2026, ECOSOC arranged two special meetings, on financial integrity, and credit rating agencies. Stronger reflection of national and regional perspectives on FFD is expected through participation of national focal points and enhanced engagement with regional processes, led by the United Nations regional economic commissions.

2. Investment in national data and statistical systems

Action 63: Investment in data and statistical systems

Strong national statistical systems based on international statistical standards are essential for data integrity and effective policy formulation. They are central to evidence-based policy decision-making, strengthening transparency and accountability, and building public trust.[1] The Sevilla Commitment underscores the importance of high-quality and disaggregated data and statistics. It also emphasizes the need for greater investment in data capacity, particularly in developing countries and those facing unique challenges, and international cooperation.

Delivering these commitments requires predictable, multi-year financing for national statistical systems to enable monitoring and to ensure that development progress remains on track. Independent and well-resourced national statistical agencies safeguard data integrity and provide the foundation for evidence-based

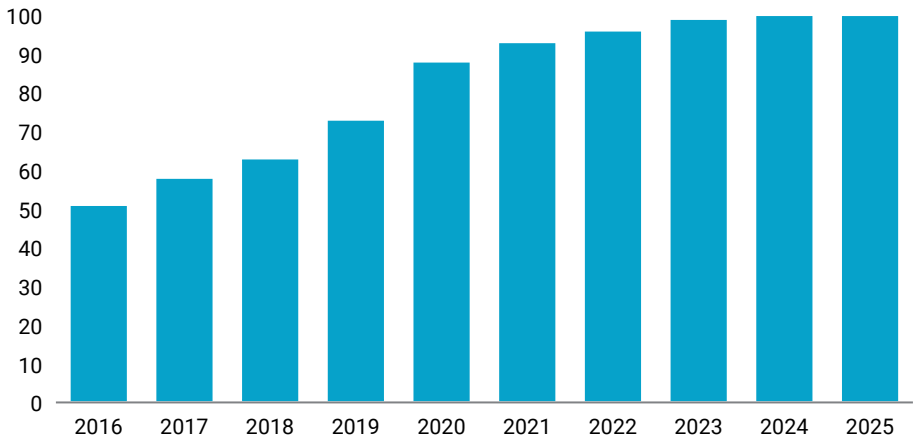
decisions. Implementation of international standards requires financial support, investment in data and extensive technical assistance and training.

2.1 Progress on the SDG indicator framework

Action 64a: Strengthen SDG indicators

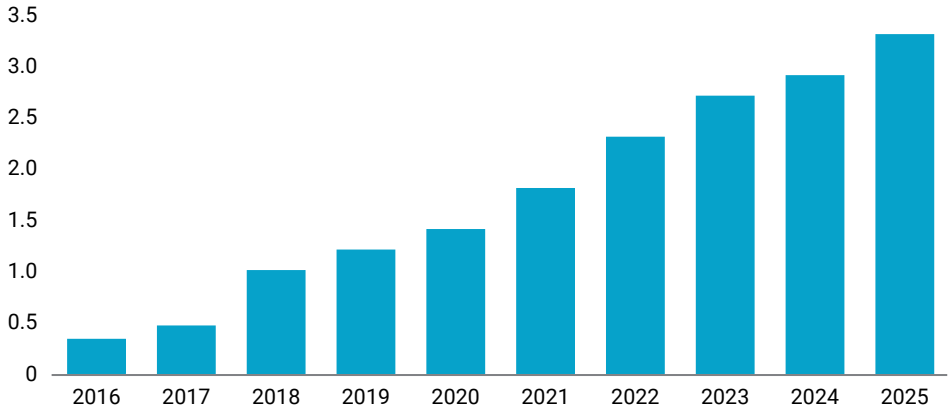
There has been significant improvement in the availability and quality of data for monitoring the SDGs. In 2016, when the SDG monitoring framework was first launched, approximately one third of the SDG indicators had sufficient data coverage, while nearly 40 per cent lacked internationally agreed methodologies. Now, in early 2026, almost 70 per cent of indicators have good coverage, and all 234 unique indicators have well-established methodologies to date. The Global SDG Indicators Database contains data on the global indicators and includes both country-level data and regional and global aggregates. As of 20 October 2025, it included data for 232 of the 234 unique indicators and 3.3 million data records, an increase from data for 200 of the 231 unique indicators and approximately 1.4 million data records in 2020 (see figures IV.5.1 and IV.5.2).

Figure IV.5.1
Proportion of SDG indicators with data, 2016–2025
(Percentage)



Source: UN DESA.

Figure IV.5.2
Number of SDG data records, 2016–2025
(Millions of data records)



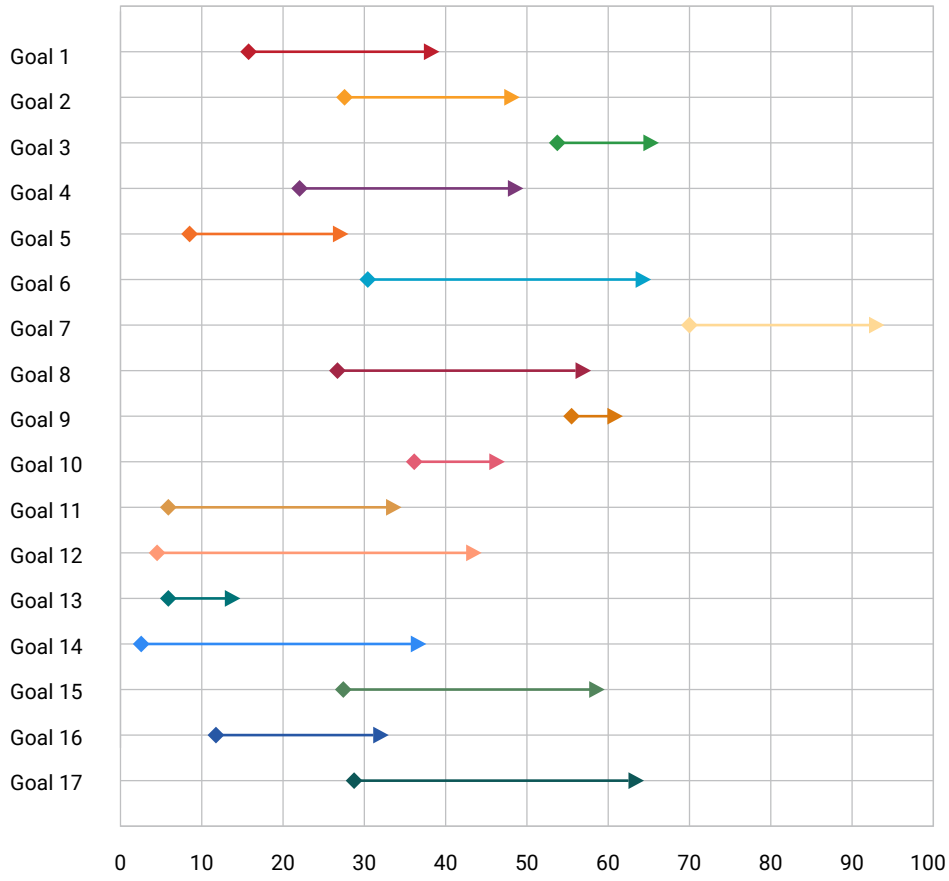
Source: UN DESA.

Action 63: Investment in data and statistical systems

Despite these gains, challenges and gaps remain. Between 2019 and 2025, data availability, measured by weighted averages across SDG indicators, increased for all SDGs, with notable trend data coverage on health (Goal 3), clean water (Goal 6), clean energy (Goal 7), and partnerships (Goal 17) (see figure IV.5.3). Goal 7 stands out with over 90 per cent trend data coverage. However, areas such as gender equality (Goal 5), sustainable cities (Goal 11), climate action (Goal 13), and peace and justice (Goal 16) continue to lag, with less than 35 per cent coverage. Moreover, there are still two indicators that lack data. These disparities underscore critical blind spots and highlight priority areas for targeted investment as the 2030 deadline approaches.

Reduced investment in censuses and surveys is creating widening gaps in foundational demographic data. In most developing countries, more than 100 SDG indicators depend on these sources. The 2020 census round of population and housing surveys covered 85 per cent of the global population.[2] Yet 35 countries, primarily in Africa, Asia and Latin America and the Caribbean, did not conduct a census between 2015 and 2024.[3] Securing adequate financing was raised as a key challenge faced during the 2020 census round by 62 per cent of countries surveyed.[4] The discontinuation of funding for major household survey programmes risks creating long-term gaps in health and gender data as discussed in section 2.5 below.

Figure IV.5.3
Share of Member States that have trend data for SDG indicators, by goal, 2019–2025
(Weighted average percentage across indicators)



Source: UN DESA.
Note: Data for at least two years since 2015, weighted average across indicators. Diamond shows December 2019, arrowhead shows December 2025.

2.2 Data disaggregation efforts

Action 63a: Strengthen disaggregated data

Disaggregated data is essential for tracking progress on the SDGs and ensuring the principle of "leave no one behind". The Global Indicator Framework mandates that data is disaggregated—where relevant—by income, sex, age, race, ethnicity, migratory status, disability, geographic location, and other characteristics. The Sevilla Commitment calls for stronger efforts in the collection, analysis and dissemination of relevant and reliable disaggregated data.

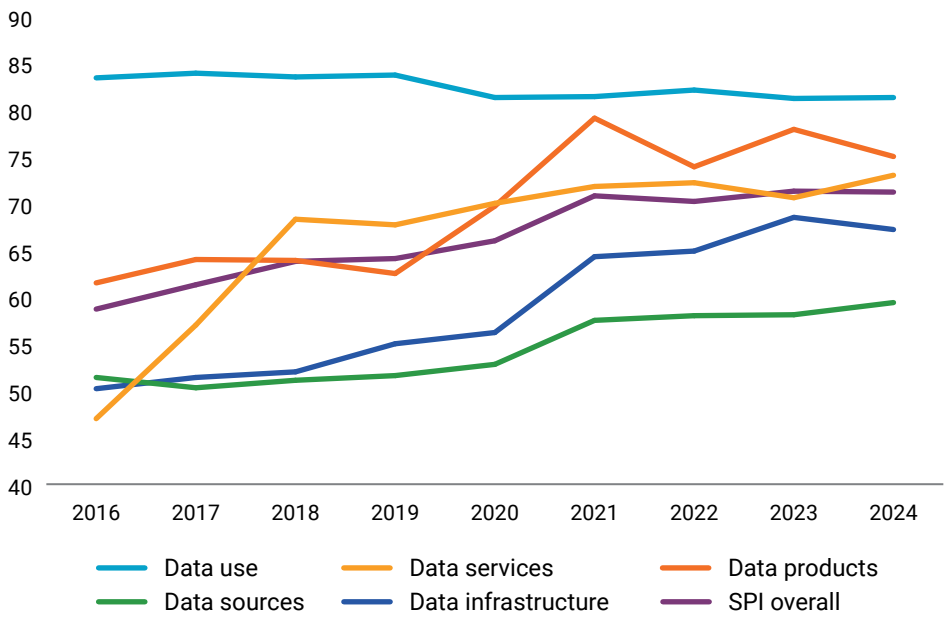
Disaggregated data remains insufficient, especially across cross-cutting dimensions such as disability, income and gender. This makes it hard to assess the impact on vulnerable groups. In 2021, among reporting countries, 39 per cent had difficulties adequately collecting data on migrants, 27 per cent had difficulties collecting data on older persons, and 27 per cent had difficulties with data on persons with disabilities.[5] In the Global SDG Indicators Database, data disaggregated by disability status is available for only eight SDG indicators, and data disaggregated by income (quantiles/quintiles) is available for only 10 SDG indicators. In 2025, 57 out of 251 SDG indicators had sex disaggregated data for some of the countries with data compared to 54 out of 248 in 2023. Only 26 out of the 251 SDG indicators had sex disaggregated data for more than 95 per cent of countries with data in 2025. Sex disaggregated data is more common for indicators under SDGs on health (Goal 3), education (Goal 4), decent work and economic growth (Goal 8), and peace, justice and strong institutions (Goal 16).

2.3 Statistical capacities

Action 63: Investment in data and statistical systems

Steady but slowing progress has been made in improving statistical performance at country level. The latest data from the Statistical Performance Indicators (SPI) assesses how national statistical systems are evolving worldwide through to the end of 2024.[6] Despite subdued global progress in statistical performance, many lower-income countries are gaining ground due to improvements in data services and data infrastructure (see figure IV.5.4). The most significant improvements in

Figure IV.5.4
Global average statistical performance scores, 2016–2024
(Index)

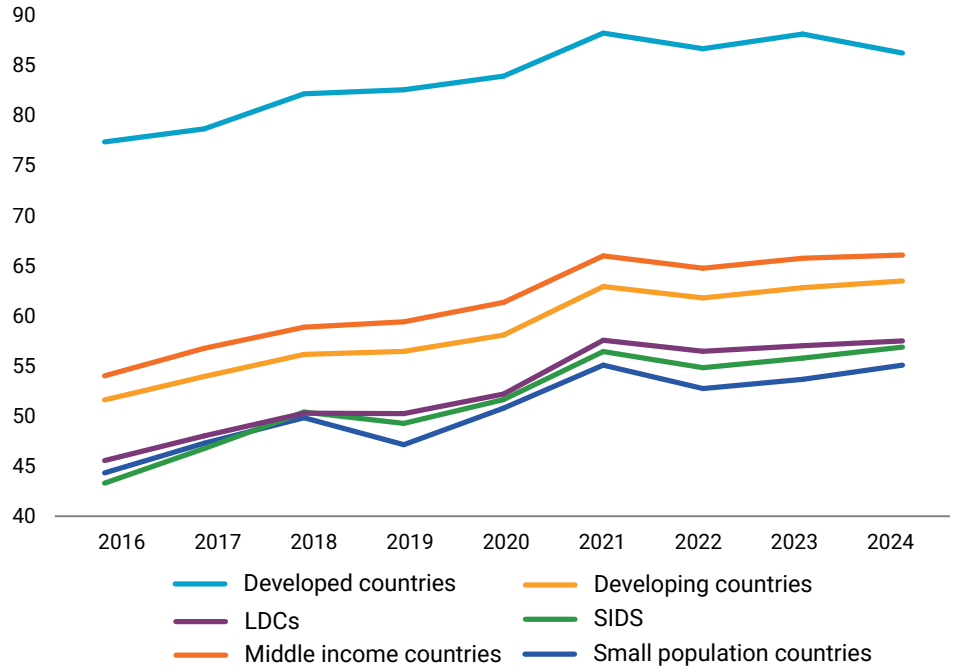


Source: Zander Prinsloo and others, "2025 Update of the Statistical Performance Indicators", World Bank.

Figure IV.5.5

Average statistical performance score, by country category, 2016–2024

(Index)

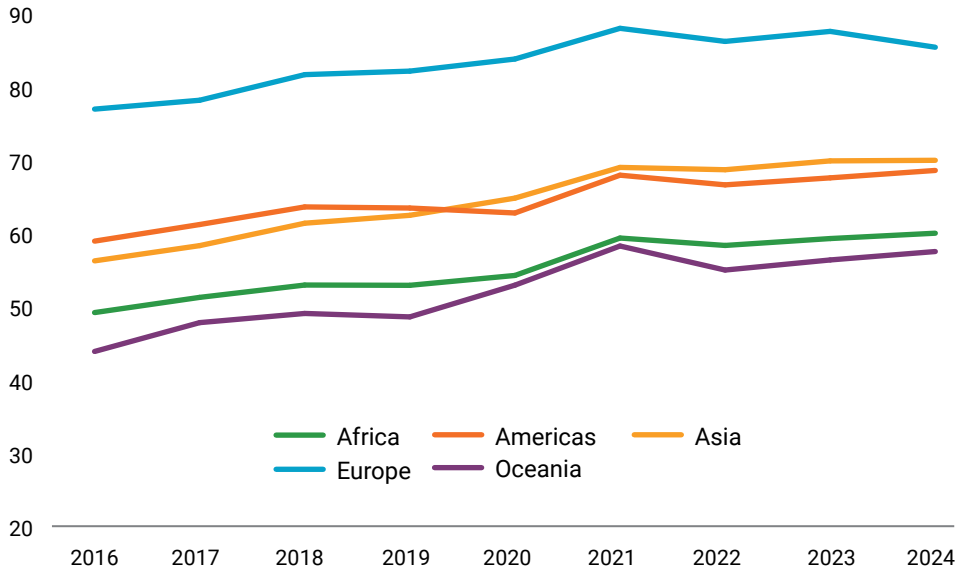


Source: Zander Prinsloo and others, "2025 Update of the Statistical Performance Indicators", World Bank.
Note: All jurisdictions with available data; 2016 reflects 167 jurisdictions, while 2024 reflects 188.

Figure IV.5.6

Average statistical performance score, by region, 2016–2024

(Index)



Source: Zander Prinsloo and others, "2025 Update of the Statistical Performance Indicators", World Bank.

SPI overall scores occurred in countries that ranked in the bottom two deciles in 2016. While top-performing regions and countries maintained their performance, lower-middle-income countries showed promising advancements, followed by low-income, upper-middle-income and high-income countries (see figure IV.5.5). North America, Europe and Central Asia scored the highest, followed by East Asia and the Pacific region, Latin America and the Caribbean, South Asia, the Middle East and North Africa, and sub-Saharan Africa, after excluding countries with small populations (see figure IV.5.6).

Countries with smaller population sizes face specific challenges. Even for high-income countries, those with populations of less than 500,000 have a lower average score than the average for lower-middle-income countries with populations greater than 500,000. The average SPI overall score for high-income countries with populations smaller than 500,000 is similar in magnitude (56 points) to those of low-income countries (56).

Persistent gaps in foundational data sources, including censuses, surveys and administrative systems, and economic data infrastructure pose challenges worldwide. There have been increases in some data sources, such as business censuses/registries and agricultural surveys, though certain survey types such as poverty and health surveys have seen slight declines in recent years. Pertinent for the finance agenda, some of the lowest global average scores in the data infrastructure pillar relate to economic and financial data, with relatively low performance on inflation monitoring, central government accounting, and the compilation of government finance statistics.

2.4 Gender data systems

Action 63a: Strengthen disaggregated data

Strengthening gender data systems requires sustained investment across the full data value chain—from coordination and data integration to analysis, dissemination and use in policy and financing decisions. The Sevilla Commitment calls for using data disaggregated by sex, among other characteristics, to help achieve gender equality and the empowerment of all women and girls. Evidence from the Gender Data Outlook 2024 shows that countries with stronger gender data systems prioritize gender indicators, align data production across institutions and systematically link statistics to national development planning and financing frameworks, including gender-responsive budgeting.[7]

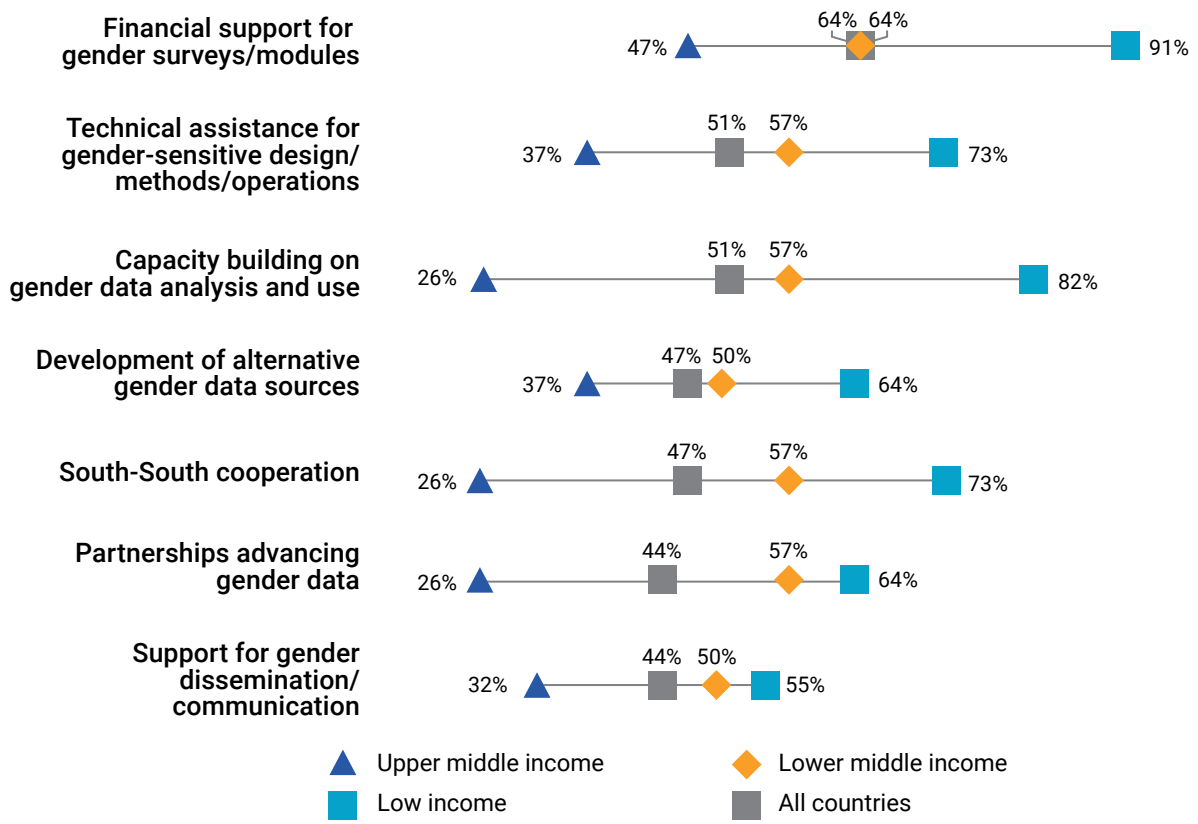
National statistical offices (NSOs) require gender-focused support to safeguard data systems and prevent further erosion. There are ongoing global efforts to close critical gaps in data disaggregation and improve statistical capacity, aligning countries with international standards. According to a recent survey, financial support for gender rapid surveys and modules was the top priority of NSOs, 64 per cent of which requested this support, followed by technical assistance, and capacity-building to strengthen the use and analysis of gender data (figure IV.5.7).

2.5 Financial support and investment in data collection and capacity-building

Action 63c: Invest in data capacity

Over the past decade, international financial support for data and statistics has shown a steady upward trend. The Sevilla Commitment urges increased financial support and investment in data collection and statistical capacity-building to support national statistical systems in developing countries. Commitments have increased consistently from 2015 through 2023.[8] These investments have contributed to measurable improvements in data availability and enhanced statistical systems, enabling better tracking of development goals, improved

Figure IV.5.7
NSOs reporting on new gender-focused support, by income status
(Percentage)



Source: Inter-Secretariat Working Group on Household Surveys, 2025.
Note: 45 countries.

policymaking and greater accountability, particularly in low- and middle-income countries. International organizations, including the International Monetary Fund (IMF), World Bank, United Nations and the Organisation for Economic Co-operation and Development (OECD) provide financing, technical support and capacity-building to strengthen the statistical capacity of countries, with a focus on countries in special situations.

External funding for data and statistics increased in 2023, driven largely by renewed donor commitments. Following a funding dip during the COVID-19 pandemic, there was a historic rebound in 2023, with funding for data and statistics reaching an all-time high of $1.1 billion, an increase of 8 per cent over 2022, driven largely by OECD Development Assistance Committee (DAC) donors (see figure IV.5.8). DAC countries surpassed multilateral organizations as the main source of funding in 2023, providing $550 million, up from $408 million in 2022. High-value investments increasingly targeted digital transformation and artificial intelligence (AI), which received $69 million in disbursements for 208 projects in 2023, signalling growing recognition of data innovation as a development priority.[9] Funding for data and statistics was primarily channelled through grants.[10]

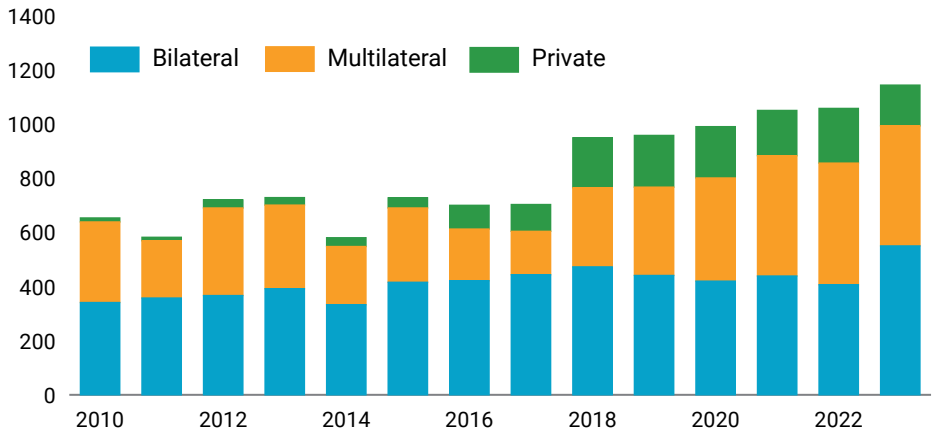
Action 63: Investment in data and statistical systems

However, the upward trajectory in funding for data and statistics is expected to have already peaked, with declines projected for 2024 and 2025. Funding for statistics was already highly concentrated: In 2023, just 10 donors accounted for almost 80 per cent of total disbursements for statistics, with the World Bank and the United States the largest funders. The funding increase in 2023 was concentrated among a few major donors, many of whom have announced substantial cuts to official development assistance (ODA) starting in 2024 and

Figure IV.5.8

External funding for data and statistics, by donor type, 2010–2023

(Millions of US dollars)



Source: PRESS 2025, Paris21.

2025. In 2024, ODA from DAC donors fell by 6 per cent in real terms compared to 2023. Additional declines for 2025 are projected at between 9 per cent and 18 per cent.[11] Least developed countries (LDCs) are projected to face a 13–25 per cent fall in net bilateral ODA from DAC providers in 2025, while sub-Saharan African countries could face a 16–28 per cent decline.[12] These cuts are expected to affect funding for data and statistics, generally following overall ODA funding trends. Projections for 2025 disbursements for data and statistics range between $866 million and $948 million, considering another 9–17 per cent decrease on top of the 2024 decreases.[13] This projected fall in external funding signals a significant contraction in the resources available to low- and middle-income countries to sustain core data operations.

The impacts of the decline in funding are already being felt in low- and middle-income countries, undermining the development of statistical activities. A rapid assessment conducted in mid-2025 shows that 69 per cent of the responding NSOs in low- and middle-income countries reported reduced funding since January 2025.[14] In terms of sectors affected, SDG monitoring and gender statistics are expected to experience the biggest negative impact, while price statistics, poverty statistics and labour and employment statistics are expected to be least impacted by the funding cuts (see figure IV.5.9).

Even before the recent cuts, funding for gender data had been declining. Gender data financing continued its decline from the 2021 peak of $194 million, with $165 million disbursed in 2022 and only $154 million in 2023, as major donors significantly reduced their contributions (see figure IV.5.10).

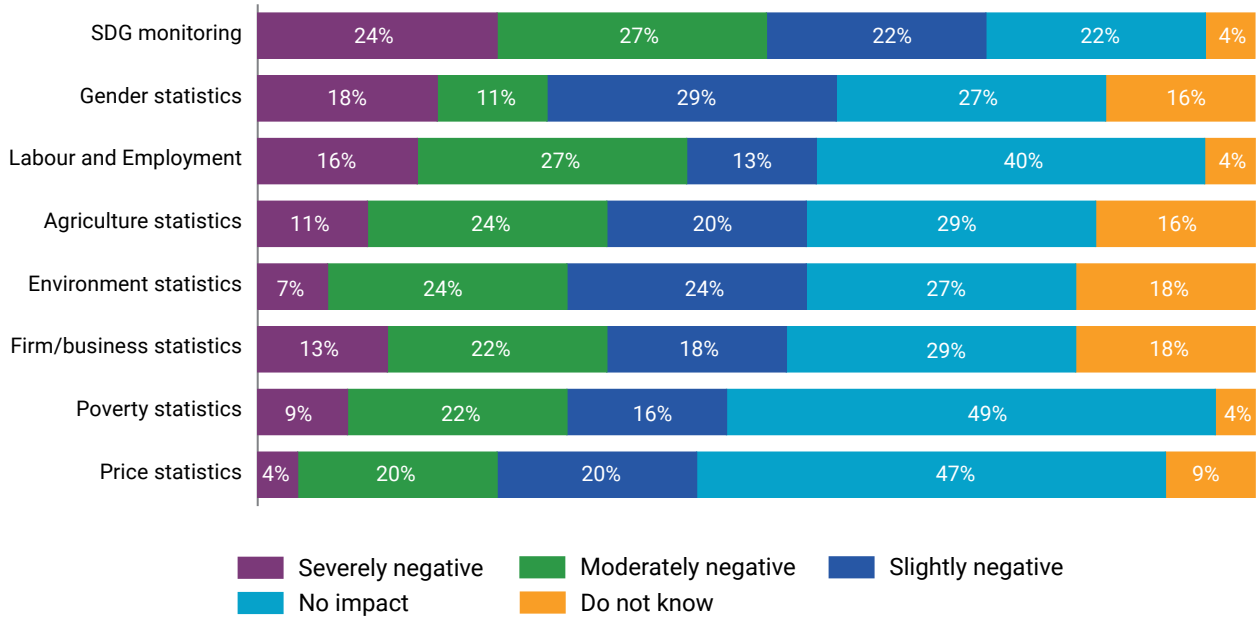
Action 63: Investment in data and statistical systems

The disruption of funding for major household survey programmes risks creating long-term gaps in health and gender data—core evidence required for national planning, global monitoring and research. Suspension of a significant proportion of the 40-year-old DHS programme has had a detrimental impact on health and gender data infrastructure in developing countries. As of May 2025, 39 SDG indicators—nearly one in six—depend to varying degrees on DHS for essential data used for national policy formulation, monitoring health and demographic trends, and informing health and gender programmes.[15] Several core health and gender indicators derive 50–70 per cent of their data from DHS, exposing SDG monitoring to financing shocks and disruptions, with sub-Saharan Africa and LDCs likely to be disproportionately affected.[16] Household surveys in 60 per cent of countries responding to rapid assessment experienced a decline in funding in 2025 (see figure IV.5.11). Some planned and ongoing demographic

Figure IV.5.9

Impact of funding cuts on statistical areas in low- and middle-income countries

(Percentage of NSO respondents)

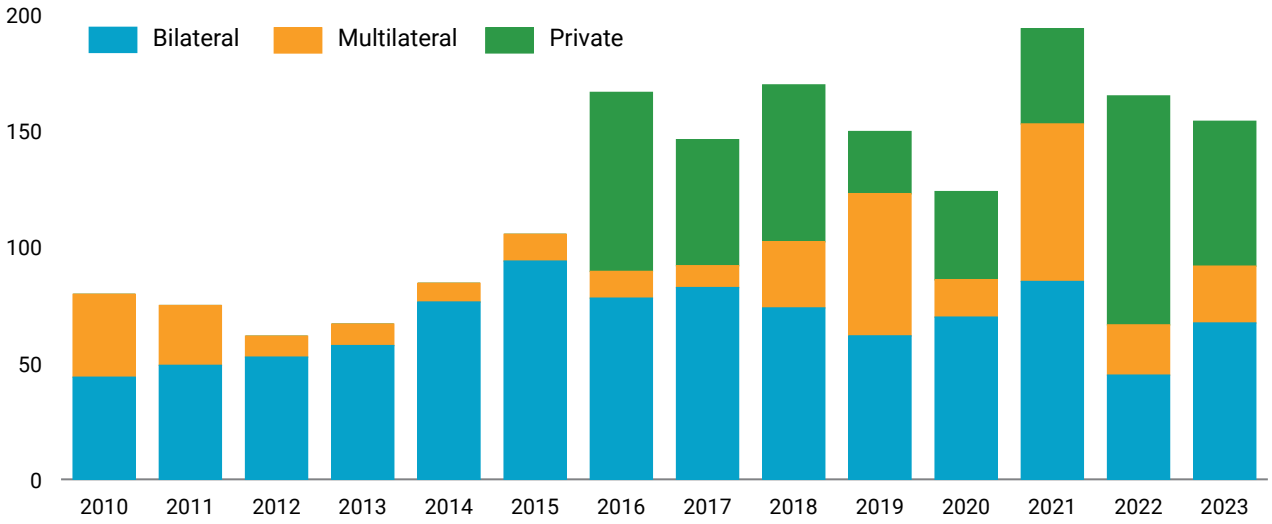


Source: Inter-Secretariat Working Group on Household Surveys, 2025.
Note: Percentage of the 45 low- and middle-income countries that reported experiencing reduced funding for statistics since January 2025.

Figure IV.5.10

External funding for gender data, by donor type, 2010–2023

(Millions of US dollars)

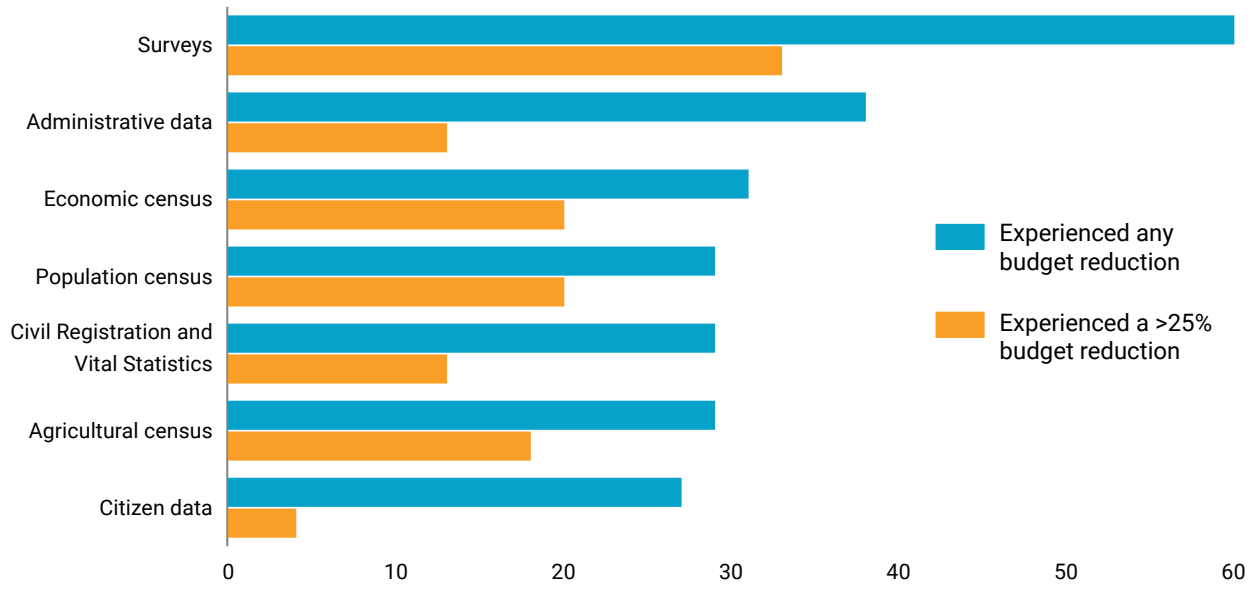


Source: PRESS 2025, Paris21.

Figure IV.5.11

Budget reductions by statistical programme in low- and middle-income countries

(Percentage of NSO respondents)

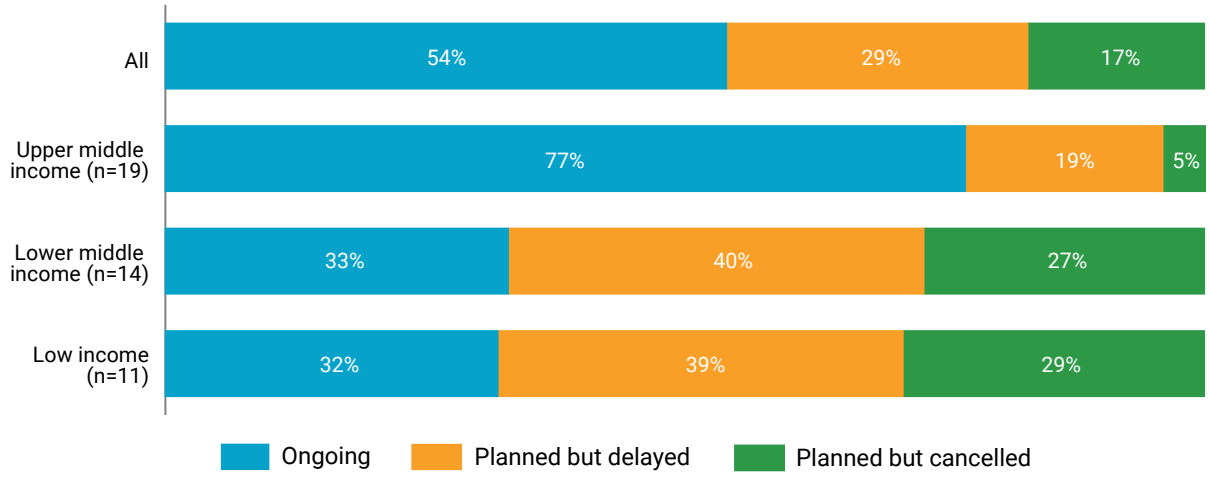


Source: Inter-Secretariat Working Group on Household Surveys, 2025.
Note: Percentage of the 45 low- and middle-income countries that reported experiencing reduced funding for statistics since January 2025.

Figure IV.5.12

Impact of funding reduction on planned/ongoing surveys, by income

(Percentage of NSO respondents)

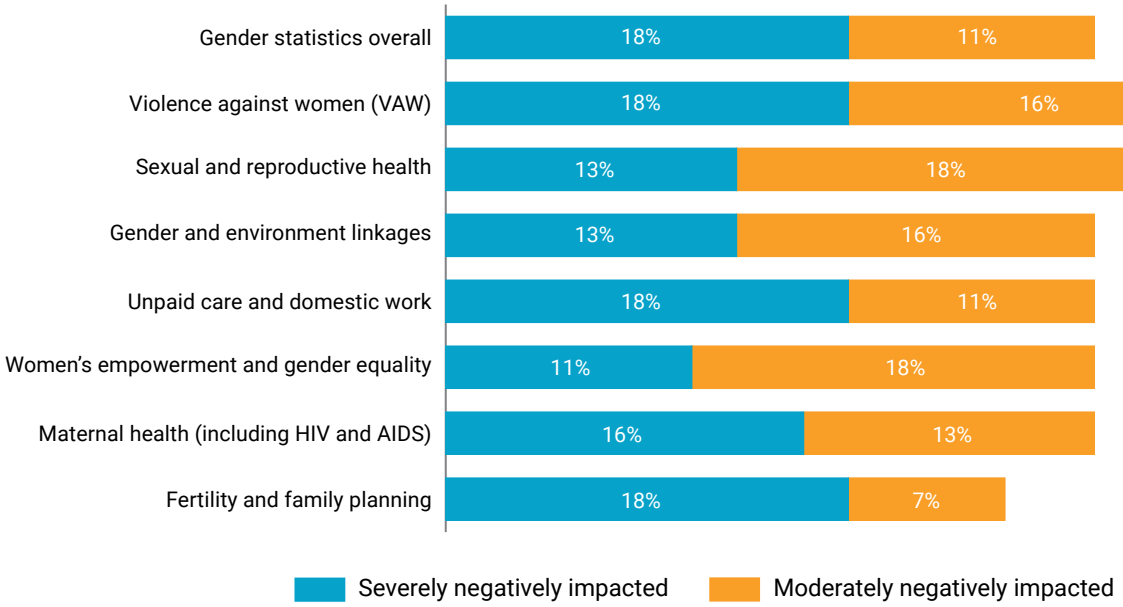


Source: Inter-Secretariat Working Group on Household Surveys, 2025.
Note: Percentage of the 45 low- and middle-income countries that reported experiencing reduced funding for statistics since January 2025.

and health surveys have been delayed or cancelled (see figure IV.5.12). In the assessment responses, 90 per cent of NSOs indicated that they require new support in order to implement all planned surveys for the next two years.[17]

Low investment in gender data weakens gender data capacity and disrupts core survey programmes at the national level. According to the Gender Data Outlook 2024, countries operate at just 53 per cent of their potential gender data capacity on average, reflecting persistent gaps in financing, production, accessibility and use. The rapid assessment in 2025 shows that the impact was felt across thematic areas within gender data production, with at least 29 per cent of NSOs experiencing severe or moderate negative effects on the production and use of gender statistics overall (see figure IV.5.13).

Figure IV.5.13
NSOs reporting moderate or severe negative impacts on gender data production and use, by thematic areas
(Percentage of NSO respondents)



Source: Inter-Secretariat Working Group on Household Surveys, 2025.
Note: Percentage of the 45 low- and middle-income countries that reported experiencing reduced funding for statistics since January 2025.

2.6 Support to countries in special situations

Action 63c: Invest in data capacity

The SIDS Global Data Hub is one of the pillars of the SIDS Centre of Excellence, a platform mandated by the Antigua and Barbuda Agenda for Small Island Developing States (ABAS). The SIDS Centre of Excellence aims to advance sustainable development and climate resilience across small island developing States (SIDS) while the Global Data Hub provides real-time data and analytical tools for national planning and investment. The Hub is built on partnerships with regional and global statistical systems and aims to strengthen the technical capacity of SIDS, exploiting new data sources, enabling technologies and information systems, and connecting governments, industry, organizations and citizens. The Sevilla Commitment contains a specific pledge to scale up predictable financing to the SIDS Centre of Excellence, including the SIDS Global Data Hub.

The ABAS monitoring and evaluation framework, with clear targets and indicators, was endorsed by Member States. This monitoring and evaluation framework was developed by an inter-agency task force through extensive consultations with custodian agencies and the Alliance of Small Island States. The framework consists of 59 targets and 83 indicators in seven sections that comprehensively reflect the development priorities of SIDS for the period from 2024 to 2034.[18] It was endorsed by the General Assembly in November 2025.[19]

Efforts are under way to support financing and investment in national data and statistical systems. FFD4 and the Future of Data: Strengthening Systems for Sustainable Financing, an initiative launched under the Sevilla Platform for Action and co-led by Norway, Colombia and the United Kingdom, is focusing on ensuring efficient data financing, future-proofing data investment, and strengthening political commitment and cross-sector coordination. Working groups under the initiative are operational, donor dialogues are under way, and a delivery-oriented roadmap to April 2026 is in motion.

3. Strengthening interoperability of data and statistical frameworks for sustainable development, accessibility and innovation

3.1 Developing open and interoperable data platforms

Actions 64a, 64c: Promote open, interoperable data platforms and standards for the SDGs

Developing open and interoperable data platforms is essential to improve data accessibility and usability for policymakers, researchers and the public. The Sevilla Commitment promotes open, interoperable data platforms and standards to achieve the aim of making data and statistics more findable, accessible, interoperable and reusable (FAIR), a priority under the Medellin Framework for Action on Data for Sustainable Development.

Amid ongoing challenges to achieve the SDGs—including energy and food insecurity, geopolitical tensions and climate shocks—the demand for timely, inclusive and integrated data is greater than ever. Yet, as the need for joined-up data systems intensifies, the foundations that enable interoperability, including sustained financing, institutional coordination and shared standards, are under growing strain. Recent disruptions, from the termination of major survey programmes to reduced development assistance, expose the risks of data systems that are fragmented, underfunded and overly dependent on narrow funding streams.

Resilient development depends on connected, coordinated data systems. While data availability for SDG monitoring has expanded over the past decade, major gaps remain, alongside alarming shortfalls in progress. These challenges are increasingly shaped not only by what data exists, but by how well data systems connect, align and function together. Interoperability across data and statistical frameworks has become a critical condition for turning fragmented information into coherent evidence for action.

Fragile financing weakens system-wide interoperability. The overall decline in ODA from 2023 to 2025 and the concerns of falling international support for data and statistics jeopardizing the sustainability of data systems are compounded by

the highly concentrated structure of data financing. Such concentration weakens interoperability by reinforcing siloed investments. Heavy reliance on external funding often leads to parallel data systems that are weakly connected to national frameworks. This undermines interoperability by fragmenting standards, data flows and institutional responsibilities, making it harder to integrate survey, administrative and other data sources into a unified statistical system.

Institutional coordination is central to interoperability; however, coordination capacity remains uneven. In 2023, fewer than half of NSOs reported satisfaction with their ability to coordinate within the national statistical system, with satisfaction falling to just 26 per cent in low- and lower-middle-income countries. Coordination beyond the public sector is even more limited: while nearly all NSOs work with public institutions, partnerships with the private sector, academia and civil society remain less common. Without strong coordination mechanisms, data remains siloed across institutions and sectors, limiting interoperability and the ability to integrate diverse data sources into coherent frameworks for analysis and decision-making.

Strategic planning instruments such as annual and multi-annual statistical plans and national strategies for the development of statistics provide a foundation for this coordination. By 2023, 79 per cent of countries reported using an annual or multi-annual statistical plan, and 54 per cent had adopted a National Strategy for the Development of Statistics. These instruments are helpful to articulate shared priorities and align investments across the system. In 2022, nearly 80 per cent of countries reported being well prepared to respond to another major crisis, reflecting lessons learned during the COVID-19 pandemic. This readiness points to the potential of stronger, more interoperable data systems if investments in data and statistical frameworks are sustained and coordinated. This is essential to ensure that information can move seamlessly across institutions and levels, transforming data into action when it matters most.

The modernization of the UNdata platform marks a transformative step towards a unified, authoritative global entry point for official statistical data and metadata. The ongoing, comprehensive modernization of the UNdata platform aims to consolidate statistical data and metadata produced by the United Nations system and other participating international and regional organizations into a single, authoritative access point—reducing fragmentation and improving coherence across the global statistical ecosystem.[20] Through this modernization, the UNdata platform seeks to enhance the visibility and accessibility of official national and international statistical sources, strengthen search and analytics tools for policymakers, and advance the interoperability of data across agencies, Member States and partner institutions. The platform's knowledge graph infrastructure now integrates 12 thematic areas, enriched with data from the World Health Organization, the United Nations Children's Fund and the International Labour Organization and others, in addition to data on the SDG indicators. The platform leverages Statistical Data and Metadata Exchange (SDMX) standards, which are internationally recognized standards for the exchange of statistical information.

The adoption and implementation of common standards such as SDMX support data harmonization, interoperability and efficient data sharing. The standardization, exchange and dissemination of SDG data and metadata are facilitated by the SDMX Working Group of the Inter-Agency and Expert Group on SDG Indicators. The Working Group developed and maintains the global SDG data and metadata structure definitions. These structures are widely used by NSOs, SDG custodian agencies, regional commissions and other organizations for SDG data and metadata reporting, exchange and dissemination.

There has recently been a notable increase in automated global data transmissions. As of October 2025, more than 45 per cent of the Global SDG Indicators Database was being transmitted automatically using the SDMX

standard, up from 40 per cent in 2024. The global SDG data and metadata sets are accessible through SDMX-based application programming interfaces in machine-readable formats, which has made it possible to display indicator metadata alongside corresponding data on the Global SDG Indicators Data Platform. Member States continue to voluntarily provide SDG data sets, and data exchange has been established with about 40 countries. In addition, several United Nations regional commissions have implemented SDMX-based data exchanges with their members.

Many actors in the international community are working to strengthen data accessibility. IMF, for example, advances data accessibility through initiatives such as the Big Data Center, which leverages innovative data sources and advanced analytics to provide granular, high-frequency data for timely, high-quality insights. The World Bank Group Data360 platform leverages SDMX to unite 300 million development data points, including robust metadata, and the Bank is now implementing a Data360 model context protocol to facilitate wider use. Bridging Data Systems for Financing for Development, an initiative launched under the Sevilla Platform for Action, aims to foster interoperability between reporting systems on development support to improve the data for monitoring the outcomes of the Sevilla Commitment.

3.2 Reporting by South-South cooperation providers

Action 64b: Encourage South-South cooperation reporting

The United Nations Framework to Measure South-South Cooperation enables the collection and reporting on data on South-South cooperation. The voluntary Framework,[21] developed by and for the Global South, enables the capture of all modalities of South-South cooperation. Supported by United Nations Trade and Development (UNCTAD) under a mandate from the UN Statistical Commission, the Framework provides an instrument for the collection of data on South-South cooperation flows and their reporting on SDG indicator 17.3.1.[22] These flows are classified under three modality groups: financial support, including grants for developmental or humanitarian purposes and direct cash transfers (group A), non-financial support that can be monetized (group B), and non-monetized non-financial flows (group C). In collaboration with pioneering countries,[23] a *Manual for the Framework to Measure South-South Cooperation* was published in 2025[24] to help all interested countries measure South-South cooperation and enable reporting of data on the SDGs.[25]

In 2025, the first ever South-South cooperation data using the Framework was reported for SDG indicator 17.3.1. In early 2026, nine pilot countries from Latin America and the Caribbean[26] shared initial data based on the Framework, providing new insights about gross receipts of official sustainable development grants. In terms of value, around 70 per cent were provided in the form of scholarships, 15 per cent as monetary contributions to infrastructure projects, and 13 per cent as humanitarian assistance (see figure IV.5.14).[27] Almost two thirds (63 per cent) were provided to countries in Asia and Oceania, with 24 per cent provided to other Latin American and Caribbean countries and 13 per cent to African countries (see figure IV.5.14). Support for LDCs accounted for around 7 per cent of the total support on average per year. Only 31 of the 4,368 South-South cooperation activities (1 per cent) reported by the pilot countries were delivered through financial means (modality group A) (see figure IV.5.14). Of the non-financial activities, 401 remained non-monetized (modality group C).

Action 64b: Encourage South-South cooperation reporting

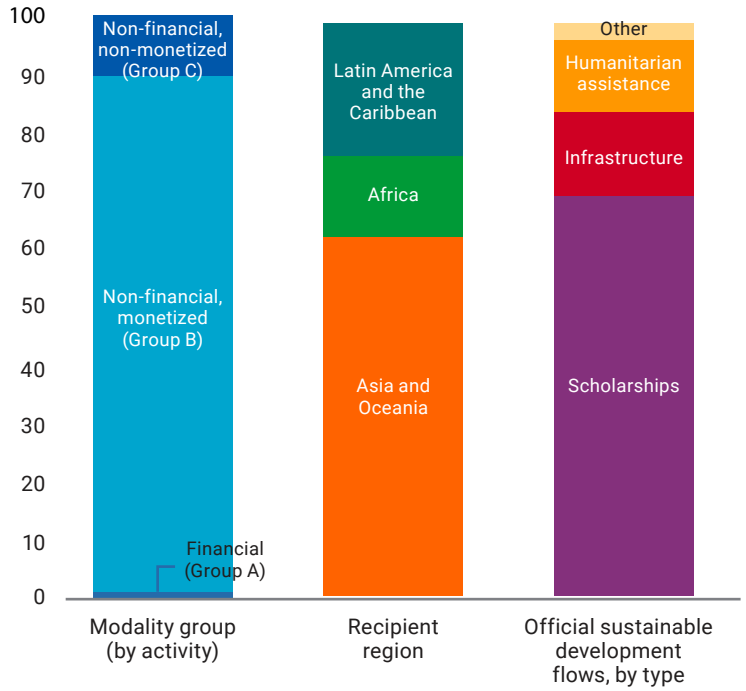
Efforts are ongoing to strengthen South-South data collection and empower countries to communicate their role and priorities in development cooperation based on their own data and narratives. Following effective pilots and strong country engagement, this first data on South-South cooperation was reported by UNCTAD to the Global SDG Indicators Database in February 2026. A community

of practice to leverage South-South data, an initiative launched under the Sevilla Platform for Action, provides a platform for peer support and technical sharing. Its implementation could be backed by the newly created South-South Data Fund, and, to date, 66 developing countries have requested immediate support to start collecting data nationally. The South-South Data Fund will not be able to support all the interested countries and will depend on financial support provided by countries and partners.

Figure IV.5.14

South-South cooperation, by modality group, type and region, 2020–2025

(Percentage)



Source: UNCTAD, United Nations Framework to Measure South-South Cooperation.
Note: Based on data from nine South-South cooperation providers in Latin America and the Caribbean between 2020 and 2025. Modality group is based on activity numbers. Official sustainable development flows comprise financial support and non-financial support that can be monetized (modality groups A and B respectively).

3.3 Open data and official statistics

Action 64c: Promote data openness to improve data accessibility

There has been notable progress in the openness of official statistics for public use since the adoption of the 2030 Agenda. Open data is embedded in Principle 1 of the Fundamental Principles of Official Statistics that guarantees citizens' entitlement to public information. Openness of official statistics is essential to foster transparent data systems, build public trust, support evidence-based policymaking and drive innovation.[28]

Using the Open Data Inventory (ODIN), global data openness has increased significantly. ODIN assesses the openness of official statistics produced by countries and their adherence to open data standards. The ODIN openness subscore comprises measures for data that are machine-readable, in non-proprietary formats, have an open data licence or open data terms of use, include available metadata, and offer accessible download options.[29] The global average ODIN openness subscore improved from 40 in 2016 to 59 in 2024 (see figure IV.5.15, panel a), reflecting better availability of machine-readable

and non-proprietary formats (see figure IV.5.15, panel b).[30] However, metadata remains a weak point, with only marginal improvements compared to other openness elements. This gap limits interoperability and AI-readiness, underscoring the need for greater investment in metadata production and standardization. Strengthening metadata practices is identified as a top priority for low- and middle-income countries.

Action 64c: Promote data openness to improve data accessibility

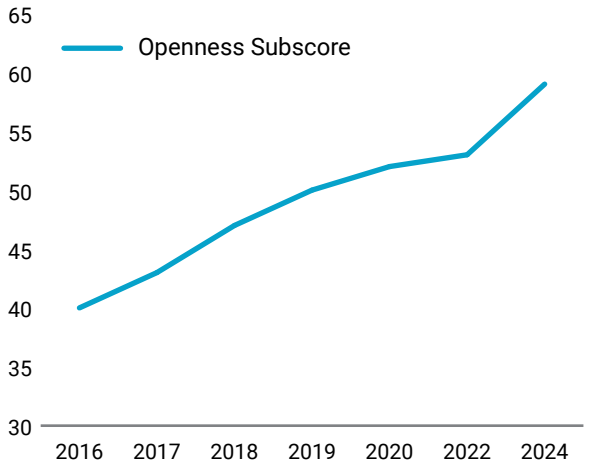
With the rapid spread in the use of AI, NSOs need to ensure that official statistics remain visible, trusted and responsibly used. AI models and AI-generated insights are rapidly reshaping how statistics are accessed and consumed. There is an opportunity for NSOs to leverage data openness efforts into high-quality inputs that may reduce bias and improve the reliability of AI models. For NSOs, AI-readiness would entail improving transparency, discoverability, machine readability, and usability of data products and systems to facilitate the reliable use of official statistics in digital environments.[31] Key efforts are under way to mainstream adoption by countries and implementation of global metadata standards[32] to both improve the quality and trustworthiness of official statistics and to help enable their AI-readiness.[33]

AI-readiness for NSOs requires strengthening governance frameworks, skills, data infrastructure, legal safeguards and partnerships to ensure the responsible use of AI.

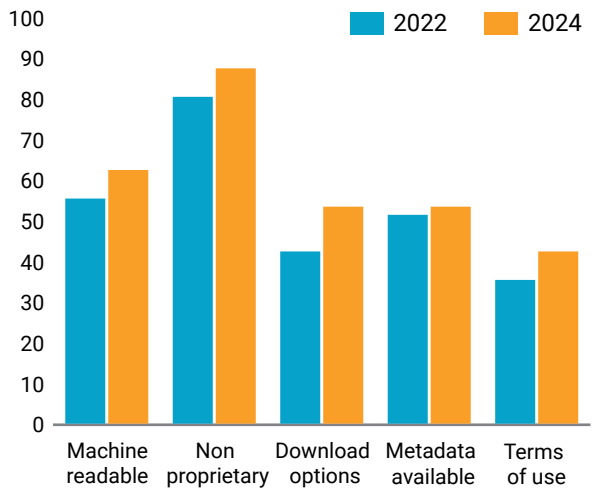
Efforts are required to address structural and technical challenges, particularly around microdata access and confidentiality.[34] Future directions for supporting open and AI-ready data include modernizing national statistical legislation, clarifying data governance and licensing, and expanding technical capacity for metadata and machine-actionable standards like SDMX. Partnerships between statistical agencies, private sector actors and other stakeholders can be essential to ensuring that AI models are developed responsibly, uphold data quality and protect privacy. Efforts to be AI-ready should be part of creating a trusted, interoperable and future-proof statistical ecosystem that leverages both traditional methods and emerging technologies.

Figure IV.5.15
Data openness scores

a. Average openness element score, 2022–2024



b. Average openness element score, 2022–2024



Source: ODIN biennial report, 2024.

Box IV.5.1

Debt data transparency in the spotlight

Developing countries continue to experience elevated public debt levels and debt service burdens, undermining sustainable development investment. The interest payments of low- and middle-income countries on external debt have reached an all-time high (see chapter III.5).

As emphasized in the Sevilla Commitment, enhanced debt data transparency and reporting are crucial for the smooth pricing and functioning of debt markets. Enhancing transparency of debt data involves improving reporting by both debtors and creditors, increasing coverage of the debt obligations of the full public sector, disclosure of key terms and conditions, and transparency in debt management operations and restructurings.

Assessed from the borrower records, the accuracy and coverage of external debt reporting to the World Bank Debtor Reporting System (DRS) have improved markedly over the past five years. To disclose public debt data on a regular basis in debt reports and bulletins, national debt offices must implement effective mechanisms to record and validate public debt data, strengthen the capacity to monitor external borrowing and upgrade debt management software. In turn, these mechanisms lead to improvements in the coverage, accuracy and timeliness of borrowers' reports to DRS.

Borrowers are increasingly submitting data on time, broadening coverage to include more debt instruments and sectors, and aligning reporting with international standards. The number of late reporters and non-reporters to DRS fell from 28 in 2019 to just eight in 2024, a 71.4 per cent decrease (see figure IV.5.16). A coordinated effort by the World Bank Group's Debt Statistics team ensures that external public debt recorded in DRS also captures borrowing by central banks, including bilateral currency swaps and borrowing of state-owned enterprises. These advances in coverage reduce gaps and asymmetries in global debt statistics, strengthen cross-country comparability, and enhance the system's role as a cornerstone of global debt transparency.

New DRS reporting guidelines aim to bring together borrower and lender data starting in 2027. The new guidance urges both debtors and creditors to disclose more granular information and additional information on collateralization and restructuring agreements. An external debt data collection platform is being built to accommodate submissions from both debtors and creditors.

Domestic debt has become increasingly important for liquidity, refinancing and macro-financial risks. The World Bank aims to establish a standardized reporting system for domestic public debt that allows for coherent, cross-country comparable analyses. In 2023, the World Bank together with IMF, the Commonwealth Secretariat and UNCTAD established a Technical Working Group on Improving and Enhancing Public and External Debt Statistics. The Working Group will focus initially on the domestic debt of the central government and eventually extend to other public subsectors. Its agenda has included discussions on domestic debt data collection templates and enhancing the UNCTAD and Commonwealth Secretariat public debt management systems to accommodate new templates and methodologies for recording both external and domestic debt, among other initiatives. Participation of middle-income countries in the system would be voluntary, while an intensive training programme will be needed to launch the reporting process. Once designed and implemented, the domestic database will be integrated as part of the new external debt data collection platform.

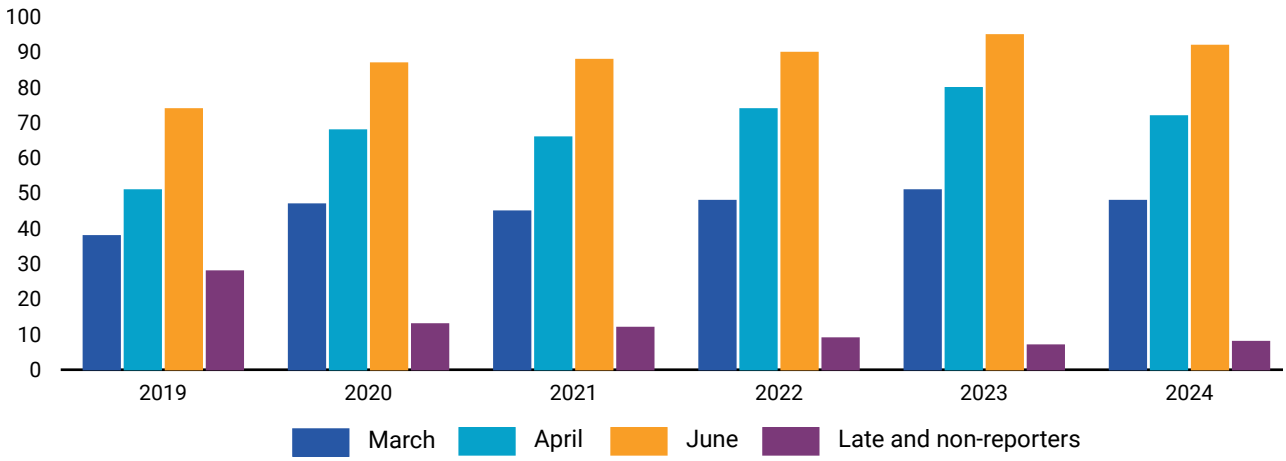
Debt transparency is most effective when improvements in borrower reporting are matched by creditor participation in data sharing and reconciliation. The World Bank has also cooperated with bilateral creditors and select multilateral institutions to enhance coverage of middle-income country debt and reconcile creditor and debtor data. Some multilateral creditors[35] provide yearly loan level external debt data to DRS for all low- and middle-income country borrowers. More recently, Group of Twenty (G20) bilateral creditors are also cooperating to harmonize their records of loans with the information submitted to DRS by International Development Association (IDA)-eligible borrowers. This recent cooperation resulted in the World Bank/Group of Seven (G7)/Paris Club data-sharing exercise, which started with end-2021 data, the first large-scale effort of its kind to systematically compare creditor- and debtor-reported data at the loan-by-loan level.

Built on the success of the first round, the second round of the data-sharing and reconciliation exercise was conducted in 2024 with end-2023 data. It showed that the gap between borrower and creditor data had narrowed for individual creditors.[36] Creditors reported 4,692 individual loans or tranches—over 1,000 more items than in the first round—reflecting both new loans extended in 2022 and 2023 and the inclusion of Sri Lanka. Of the loans reported by creditors, 73 per cent were matched to a DRS counterpart. The matched loans

accounted for the majority (94 per cent) of end-2023 outstanding debt reported by creditors, and the overall difference between creditor claims and the amount outstanding reported by debtors to DRS was less than 1 per cent. Unmatched items (1,255 loans) represented about 6 per cent of creditor claims, suggesting that the gap between borrower and creditor data is narrow and resolvable through agreements on methodology and follow-up discussions.

The World Bank and creditors have refined the data-sharing template and have turned debt data reconciliation into an annual exercise. Existing participants have committed to continue providing data to this streamlining exercise and to the effort of consolidation of existing borrower and lender debt databases into a single global central debt data registry housed at the World Bank, as called for under the Sevilla Commitment. Facilitated by the new data collection platform, the World Bank aims to extend the exercise to all G20 bilateral creditors and other bilateral, multilateral and private creditors. The World Bank's loan clearing module, currently under development to automatically reconcile borrower and creditor data (see chapter III.5), is a separate exercise from the DRS debt data reconciliation process. Despite these recent improvements, debt transparency challenges persist, including the use of complex debt instruments and confidentiality clauses which limit disclosure (see chapter III.5).

Figure IV.5.16
Debtor Reporting System reporting timetable, 2019–2024
(Number of countries)



Source: World Bank Debtor Reporting System.

3.4 Enhanced coordination among the international data community

Actions 64d, 64e: Enhance coordination on data and statistics

Strong coordination and cooperation among national, regional and international statistical agencies, multilateral development banks, development agencies and the United Nations system is critical for harmonizing global standards. This is a key pillar of both the Sevilla Commitment and the Medellin Framework for Action on Data for Sustainable Development which urge coordinated efforts to develop data and statistical capacity across global and national data ecosystems.

The G20 Data Gaps Initiative (DGI) continues to foster and leverage global collaboration to address critical data gaps and develop the global statistical infrastructure. DGI was launched in 2009 by G20 Finance Ministers and Central Bank Governors to close the policy-relevant data gaps identified following the global financial crisis. Now in its third phase (DGI-3), which was launched in 2022 with 14 Recommendations, the initiative continues to address critical data gaps

Box IV.5.2

Coordinated development of statistical standards for maximum impact

The international statistical community has updated its frameworks through the joint development of the System of National Accounts 2025 and the Balance of Payments and International Investment Position Manual, seventh edition (BPM7). These two cornerstone standards were developed in parallel and share identical text in common chapters, ensuring consistency and clarity across national and external accounts.

This joint development was a strategic effort to align concepts and processes for maximum impact, enabling a more holistic and forward-looking statistical framework that complements GDP with broader measures of economic performance and societal progress. By addressing fragmentation and duplication in global statistical systems, the initiative incorporates guidance on topics such as globalization and digitalization, emerging financial issues, Islamic finance, the informal economy, well-being and sustainability.

Shared chapters and coordinated processes strengthen alignment with related statistical manuals. Harmonization with frameworks like the Government Finance Statistics Manual, Monetary and Financial Statistics Manual, and the System of Environmental-Economic Accounting supports interoperability and enables countries to produce consistent, high-quality data for international reporting and integrated economic analysis.

Developing both standards simultaneously delivered efficiency and cost savings. This approach reduced duplication of effort, streamlined consultations and minimized implementation costs for countries through unified training materials, shared technical assistance and phased adoption strategies. The integrated strategy demonstrates a commitment to modernization, coherence and efficiency. By reducing fragmentation and promoting consistency, countries can implement these updates confidently, improving the quality and relevance of global economic statistics.

that impede policymakers' ability to develop economic and financial policy to support inclusive growth, leverage opportunities, manage challenges related to financial innovation, and address macroeconomic climate-related challenges. The 2025 progress report of DGI-3 shows that an increased number of G20 and participating economies reported that they have either closed or are actively addressing the data gaps.[37]

Progress is being made on DGI-3 Recommendations that focus on improving data sharing and access to private and administrative data within and across countries. As high-frequency and granular data become increasingly valuable, international organizations, statistical agencies and central banks are engaging with private companies and public sector entities to access these data sources—which are typically not designed or intended for official statistics. Effective sharing of such data requires standardized formats, robust security protocols, clear access rights and strict adherence to privacy regulations. In this context, the DGI-3 task teams identified successful data access initiatives and collaboration models, reviewed data-sharing protocols and developed guiding principles for secure and interoperable data exchange. Building on these efforts, the task teams—which include the Bank for International Settlements, Eurostat, the European Central Bank, the International Labour Organization, IMF, the United Nations Economic Commission for Europe (UNECE), and participating economies' NSOs and central banks—have jointly developed a Data Access and Sharing Maturity Assessment Framework for use by authorities to self-assess their readiness. The Framework, currently at the experimentation stage, helps statistical organizations to evaluate how effectively they access, manage, and share data, enabling them to pinpoint and set targets for areas requiring improvement, particularly in handling detailed, high-frequency data from both private and public sources. The Framework also promotes standardization and adherence to privacy and security protocols.

3.5 Non-traditional data sources

Action 64f: Leverage innovation in non-traditional data sources

The complementary use of non-traditional data sources presents opportunities to bridge data gaps. The Sevilla Commitment recognizes the value of leveraging innovation in non-traditional data sources and supports data sharing and exchange within and between governments and the private sector. Administrative data, geospatial information, digital platforms and other alternative sources can strengthen resilience, improve timeliness and mitigate risks when survey programmes are disrupted. These approaches are instrumental in bridging gaps in official statistics, thereby strengthening SDG monitoring and accountability, provided they are supported by predictable financing, appropriate quality assurance and clear governance arrangements. Within this broader landscape, citizen data provides a critical complement by capturing dimensions of inequality and lived experience that are often missed by conventional surveys, for example among marginalized groups of women (e.g. Indigenous women, women working in the informal sector).

Building capacity is critical for enabling statistical agencies to harness large-volume and high-frequency data using advanced technologies. These skills are essential for producing high-frequency, detailed statistics that strengthen macroeconomic monitoring and research. There are notable developments in the use of satellite data and machine learning models, combined with traditional datasets, to provide timely assessments when official data is delayed. The IMF Big Data Center leverages innovative data sources and advanced analytics to provide granular, high-frequency data for timely, high-quality insights that feed into IMF technical assistance, surveillance and policy. Further, as part of its capacity-building mandate, the IMF Big Data Center, in collaboration with the IMF Institute for Capacity Development, conducts regular workshops for officials of NSOs and central banks, focusing on the practical application of big data in macroeconomic statistics.

3.6 Progress report on Beyond GDP

Action 64e: Develop a framework of measures beyond GDP

The UN High-Level Expert Group on Beyond GDP is expected to release its report in early 2026. The Group was appointed by the United Nations Secretary-General in May 2025 under a mandate in the Pact for the Future to develop recommendations for a limited number of country-owned and universally applicable indicators of sustainable development which complement or go beyond GDP. The Expert Group aims to address the overreliance on and some of the limitations of GDP as a measure of well-being. The Expert Group's interim report described an integrated, universal framework hinged on three central and interlinked pillars: well-being, equity and inclusion, and sustainability.[38]

Keeping pace with evolving policy priorities and shifting towards "Beyond GDP" will require updates to statistical standards and methodologies. The 2025 update to the System of National Accounts (see box IV.5.2) responds to long-running critiques of GDP, and the growing need to measure economic performance alongside broader dimensions of sustainability, inclusiveness and well-being. Meeting new policy demands will require modernizing statistical standards and production systems so that economic accounts can be systematically complemented with distributional, environmental and well-being measures. This shift underpins Beyond GDP by turning a set of separate indicators into a coherent measurement framework that informs policy. The Beyond GDP Global Alliance, a coalition of countries and entities committed to the integration of comprehensive sustainable development metrics into policy and finance, will serve as a platform for convergence, mutual learning and practical action, focusing on how new multidimensional metrics can reshape international development cooperation. The first meeting of the Alliance co-leaders was held in December 2025 to develop an action plan for the initiative and a roadmap for its implementation.

4. FFD4 monitoring and follow-up

4.1 National level follow-up

Action 65d: National focal points and platforms

Member States are nominating focal points for FFD, in line with their agreement in the Sevilla Commitment. The agreed follow-up to the Sevilla Commitment at the national level is anchored through the appointment of national focal points for FFD in finance and other relevant ministries. Member States further committed to establishing cross-departmental platforms for FFD policy coordination, building on experiences with INFFs. In accordance with this mandate, the United Nations Department of Economic and Social Affairs (UN DESA), through the Financing for Sustainable Development Office, initiated an official nomination process in December 2025 and several governments are engaged in active consultations. As of end-February 2026, 69 Member States have nominated a total of 127 national focal points for FFD, including from 63 ministries of finance or the economy.

Designated focal points will be brought together through a global network. The network will serve as a standing mechanism for peer-to-peer learning, facilitate two-way exchange between national-level actors and global and regional FFD processes, and strengthen the systematic integration of country-level experiences into intergovernmental deliberations and related global reporting. The network will be rolled out in phases, beginning with nominations and initial consultations, followed by an inaugural meeting and the gradual expansion of substantive activities.

Action 65e: Voluntary national reporting on FFD

Member States could consider developing voluntary guidelines for reporting on implementation of the Sevilla Commitment at the national level. Countries are already tracking their financing commitments under Voluntary National Reviews (VNRs) which were developed as the follow-up and review framework of the 2030 Agenda for Sustainable Development.[39] The Secretary-General's Voluntary Common Reporting Guidelines for VNRs indicate that the review typically entails reporting on the mobilization of finance, technology and capacity-building that is required to achieve the 2030 Agenda in accordance with the FFD agenda.[40] The Guidelines also cover financing strategies such as INFFs through which financing policies are aligned with the SDGs at country level. More detailed guidelines could be complementary to VNRs and may be helpful to countries in their reporting on targets under SDG 17 on strengthening the means of implementation and partnerships. Developing such guidelines would also respond to the invitation, in paragraph 65 (e) of the Sevilla Commitment, for countries to report on progress and challenges in the implementation of outcomes. The Inter-agency Task Force on Financing for Development, in close coordination with the national focal points, could support countries to develop more detailed voluntary guidelines for monitoring and reporting progress on implementation of the Sevilla Commitment.

4.2 Regional level follow-up

Action 65f: Regional FFD follow up

Member States committed to strengthen regional follow-up processes led by the regional economic commissions under the Sevilla Commitment. Several existing regional mechanisms, networks, and research and analytical products steered by the regional economic commissions could be used to operationalize Sevilla Commitment follow-up at the regional and national levels (see table IV.5.1). In late 2025, the Economic and Social Commission for Asia and the Pacific (ESCAP) Member States decided to integrate FFD4 follow-up into the annual Asia-Pacific Forum on Sustainable Development alongside the existing work under the Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development.[41]

Table IV.5.1

Regional economic commission mechanisms, networks and analysis for Sevilla Commitment follow-up

Regional Economic Commission	Intergovernmental & official mechanisms	Expert & informal networks	Research & analysis
United Nations Economic Commission for Africa	• Economic Governance Forum • Africa Regional Forum on Sustainable Development • ECA Conference of African Ministers of Finance • Other dedicated intergovernmental bodies (e.g. social development, trade, and natural resources)	• African Union (AU) and African Tax Administration Forum collaboration on UN Tax Convention support • AU collaboration on common position on debt	• Strengthening INFFs • Economic Governance Report • Policy briefs, working papers and technical reports on specific FFD issues, including for intergovernmental bodies
United Nations Economic Commission for Europe	• UNECE Regional Forum on Sustainable Development (annual) • Potential sectoral financing discussions in 2026	• Working Party on Public-Private Partnerships	
United Nations Economic Commission for Latin America and the Caribbean	• Forum of the Countries of Latin America and the Caribbean on Sustainable Development (annual) • Other dedicated intergovernmental bodies	• Regional Seminar on Fiscal Policy • Community of practice with development finance institutions	• Economic Survey of Latin America and the Caribbean • Fiscal Panorama of Latin America and the Caribbean • Financing for Development research series
United Nations Economic and Social Commission for Asia and the Pacific	• Committee on Macroeconomic Policy, Poverty Reduction and Financing for Development (biennial) • Consultative Group on Financing Strategies for the SDGs (established by the Committee in 2021, biennial) • Asia-Pacific Forum on Sustainable Development (annual)	• Expert Group Meeting to discuss the draft of the Economic and Social Survey of Asia and the Pacific (annual) • Expert Group Meeting to discuss the draft of the ESCAP Financing for Development Series (biennial) • ESCAP Sustainable Business Network (ESBN) • Ad hoc discussions/ dialogues on selected FFD issues	• Asia-Pacific Financing for Development Series (biennial) • Economic and Social Survey of Asia and the Pacific (annual; analyses selected FFD issues) • Policy briefs, working papers, and technical reports on specific FFD issues, including for intergovernmental bodies.
United Nations Economic and Social Commission for Western Asia	• Committee on Financing for Development (biennial) • Ministerial session of the Commission (biennial) • Arab Regional Forum on Sustainable Development (annual) • Joint ESCWA-League of Arab States Intergovernmental Working Group on Domestic Public Resources and Public Finance	• National focal point network • Arab Debt Management Group • Regional Collaborative Platform-Issue Based Coalition on Financing	• Integrated Budget Intelligence Toolkit • Arab Financing for Development Scorecard • Arab Financing for Development Gateway • Policy briefs, working papers, and technical reports on specific FFD issues, including for intergovernmental bodies

4.3 Global-level progress

Actions 65a-c: Monitoring and follow up

Member States have made significant changes to the format of the FFD Forum. In the Sevilla Commitment, Member States set forth their aim of deepening substantive discussions and increasing engagement with other actors working on FFD issues. Reporting on the national and global commitments in the action areas will be done on a biennial cycle to allow for deeper reporting by the Inter-Agency Task Force on Financing for Development and more in-depth discussions at the FFD Forum. The action areas that were agreed to be on the FFD Forum agenda in 2026 are global financing framework, domestic and international private business and finance, international trade as an engine for development, international financial architecture and systemic issues, and data, monitoring and follow-up. The remaining areas will be discussed at the 2027 FFD Forum.

Special high-level meetings with key institutions working on FFD issues during the FFD Forum have changed. The annual meeting with the World Bank and IMF will continue in 2026, while a separate meeting will be held with the World Trade Organization and UNCTAD in the year when the action area on trade is under review, starting in 2026.

Member States held discussions at ECOSOC through special meetings on financial integrity, tax and credit ratings, following the appropriate cycle. The Sevilla Commitment mandated a cycle of new ECOSOC special meetings on financial integrity and credit rating agencies, and the existing ECOSOC special meeting on international tax cooperation, the Development Cooperation Forum and the multistakeholder forum on science, technology and innovation. In 2026, ECOSOC held its inaugural special meeting on financial integrity on 4 February and decided to hold this meeting annually thereafter. ECOSOC held its annual special meeting on international cooperation in tax matters on 27 March and its inaugural special meeting on credit rating on 30 March and decided to hold this meeting biannually thereafter.

The *Financing for Sustainable Development Report 2026* by the Inter-Agency Task Force on Financing for Development mirrors the changes to the FFD Forum introduced by the Sevilla Commitment. In accordance with the move to a biennial review cycle under the FFD Forum, the global financing framework and four action areas under review have been discussed in depth in this report. The remaining areas were covered by concise and data-driven updates.

Box IV.5.3

Stakeholder tracks for FFD4 follow-up and implementation

Member States have a clear understanding of the importance of stakeholder engagement in the follow up to FFD4. Regarding the private sector, the Business Sector Steering Committee,[42] formed ahead of FFD4 and co-chaired by the Global Investors for Sustainable Development (GISD) Alliance and the International Chamber of Commerce (ICC), issued a FFD4 Business Steering Committee Communiqué at the Conference, calling for scaling up private investment and delivering impact where it is most needed, particularly in developing countries.[43] It also organized a high-level International Business Forum in Sevilla, which galvanized wide private sector participation in FFD4. In the Sevilla Commitment, Member States agreed that ongoing engagement with the private sector through mechanisms such as the Business Sector Steering Committee and the GISD Alliance will be taken into account by the FFD Forum. The Sevilla Commitment also calls for catalysing investment through the SDG Investment Fair.

UN DESA will work with the GISD Alliance, the Business Sector Steering Committee, and other relevant entities to unlock private capital for sustainable development in developing countries. UN DESA will continue to provide the substantive Secretariat to support the work of the GISD Alliance. The GISD Alliance will work

to advance implementation of the recommendations FFD4 Business Steering Committee Communiqué. At the global level, UN DESA will integrate these efforts with the SDG Investment Fair (held alongside the FFD Forum in New York), ensuring that the Fair acts as a hub for policy discussions and peer learning among key stakeholders. UN DESA will also support the work of the Business Steering Committee, development finance actors, and other relevant entities at the country level.

The GISD Alliance work programme will focus on concrete and pragmatic actions to promote implementation of the Sevilla Commitment and mobilize private finance at scale. The GISD Alliance 2026–2028 work programme will focus on actions to standardize blended finance, scale innovative financing instruments and platforms, reassess financial regulations to enable long-term investment, address persistent financing gaps for small- and medium-sized enterprises, and strengthen the adoption and interoperability of sustainable business and finance frameworks. In parallel, the GISD Alliance will apply these action areas at the country level, including through supporting country platforms and identifying relevant investment opportunities.

The Sevilla Commitment also includes commitments of Member States to strengthen meaningful collaboration with civil society. In this context, UN DESA is enhancing civil society engagement in the follow-up process to the FFD4. The objective is to promote greater transparency and accountability, improve policy effectiveness and relevance, and enable the use of local knowledge and innovation from civil society, including by broadening engagement beyond NGOs to philanthropies, cooperatives, youth groups, and other relevant actors. Efforts are underway to ensure civil society's effective participation in FFD processes, enable more effective information sharing between DESA and civil society, and better engage underrepresented groups.

Figure IV.5.17
Private sector follow-up mechanisms

Source: UN DESA.

Endnotes

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