

First session of the Preparatory Committee for the fourth International Conference on Financing for Development

Ministerial Scene-Setter: “Reviewing the progress and gaps in the implementation of the Addis Ababa Action Agenda as an integral part of the 2030 Agenda, and identifying actions and ideas to accelerate the implementation of the SDGs”

Monday, 22 July 2024, 11:00-13:00

Concept Note and guiding questions

Nine years ago, the global community adopted the Addis Ababa Action Agenda, to enable countries to mobilize and align the financial resources needed to achieve sustainable development and the Sustainable Development Goals (SDGs). Yet, despite progress across its action areas – including significant improvements in financial inclusion, growth in sustainable investment, an historic SDR issuance, and efforts to reform the multilateral development bank system – 6 years ahead of the deadline to achieve the SDGs, the promise of the Addis Ababa Action Agenda remains largely unfulfilled.

The past four years of global turmoil and interlinked crises have increased the financing needs of developing countries, with financing gaps reaching USD\$4 trillion per year. Progress on poverty and hunger have stalled, and in some cases, been thrown into reverse. Around half of the 140 SDG targets for which sufficient data is available are off-track. Current projections estimate that almost 600 million people will continue to live in extreme poverty in 2030.

Financing challenges have hampered progress, preventing the urgently needed investment push in the SDGs. Many countries face extremely tight fiscal constraints and high risks of debt distress, with the median debt service burden for LDCs rising from 3.1 per cent of revenue in 2010 to 12 per cent in 2023, the highest level since 2000. Four in 10 people globally live in countries where governments spend more on interest payments than on education or health.

The recent crises have laid bare the inability of the international financial architecture (IFA) to mobilize sufficient, stable, long-term financing to address today’s challenges. They have also accentuated longer-term trends that have fundamentally altered the financing for development landscape, with GDP growth rates in developing countries having fallen to just over 4% annually on average between 2021 and 2025, after averaging around 6% before the 2009 global financial crisis. There has been a sea-change in global macroeconomic and financial conditions since the first financing for development conference in Monterrey, Mexico in 2002:

- Systemic risks, especially climate and disaster-related risks, have risen dramatically.
- Income, wealth, gender and other forms of inequality have become entrenched.
- Private sector development, a key driver of sustainable growth and development, has stalled in recent years as investment growth, trade, and technology diffusion slowed.

- Enormous technological change, digitalization in particular, is affecting all financing areas.

While some of these trends have created opportunities for development and financing progress, in their totality, they have put national financing frameworks and the international financial architecture under severe stress. Structural changes pose challenges for countries' productive integration into the world economy, necessitating a search for new growth and development strategies.

While financing challenges are at the heart of the current sustainable development crisis, financing is also key to getting back on track. United Nations Member States have given the **Fourth International Conference on Financing for Development (FfD4)**, to be held in Spain from 30 June to 3 July 2025, an ambitious mandate to address financing challenges

“in the context of the urgent need to accelerate the implementation of the 2030 Agenda and the achievement of the SDGs and to support reform of the international financial architecture.”

The Fourth International Conference provides a unique opportunity to reform financing at all levels to close the gap between aspiration and financing.

Guiding questions for discussion

1. What are some the key lessons from past FfD Conferences that should be considered in preparing for FfD4? What can Member States do now to ensure an ambitious and successful FfD4 outcome?
2. Where has implementation been lagging and how can FfD4 instigate renewed commitments to FfD outcomes?
3. How can FfD4 mark a step change in financing for sustainable development, including in reform of the international financial architecture?
4. What politically feasible, action-oriented and ambitious proposals should Member States consider taking forward at FfD4?