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 **HELLENIC REPUBLIC**

**MINISTRY OF FOREIGN AFFAIRS**

 **Directorate of**

**Development Cooperation Policy**

**Fourth International Conference on Financing for Development/FfD-4**

**(Seville, Spain, 30.6-3.7.2025)**

**GREEK INPUT TO THE ELEMENTS PAPER ON FINANCING FOR DEVELOPMENT**

Τhe International Conference on Financing for Development (FfD-4) in 2025 is creating great expectations to commit to concrete deliverables on FfD and to update the FfD policy framework to reflect today’s global challenges. The Summit of the Future in September and FfD-4 in 2025 are key opportunities “to reform the global financial architecture”.

Achieving the economic transitions needed to reach the SDGs will require investments at unprecedented scale, as the SDG financing gap for developing countries has reached USD 4 trillion annually due to global shocks such as the COVID-19 pandemic, geopolitical conflicts, and economic instability. Climate change adversely affects sustainable development prospects globally as it exacerbates water scarcity, increases the probability of droughts, reduces agricultural output, causes rising sea levels and imperils public health. Debt challenges have led to increases in poverty and inequality, putting the SDGs at risk. Yet, the costs of inaction, both economic, environmental and social, would be far higher.

Calls for systemic changes, for overhaul of the post-World War II system and modernization of the Bretton Woods institutions and other Multilateral Development Banks (MDBs), demand reflection on how to respond to shifting power dynamics while ensuring the stability and efficiency of global financial governance.

We should try to address the financing for development and below are some examples of the focus of work ahead of FFD-4:

* Firstly, MDBs’ portfolios could be further fine-tuned to sustainable development, as MDBs could adapt their project portfolios in a climate-informed, carbon-free way, while remaining faithful to their pro-poor orientation, in order to address global challenges and simultaneously contribute to poverty eradication. Additional finance may be needed for social sectors, such as health and education, currently underserved, possibly due to investors’ profitability concerns.
* Secondly, in terms of domestic resource mobilization, developing countries should be encouraged to introduce fair and effective tax systems, providing the right mixture of the ability to collect taxes, combatting tax evasion and tax avoidance and providing incentives for investment and revenue for sustainable and inclusive growth. Strengthening international tax cooperation can serve to counter tax evasion, whilst there is also a need for continuous efforts to reduce and eventually eliminate illicit financial flows.
* Thirdly, the key to sustainable development globally lies in mobilizing domestic and foreign private finance for investment in developing countries, through the promotion of a business environment conducive to investment and the provision of relevant grants, concessional loans and guarantees, as well as the transparent diffusion of information on relevant opportunities to potentially interested private sector entities throughout the world.
* Fourthly, the FfD-4 to be successful will have to respond to the urgent debt challenges that are currently overburdening the developing world. We must find ways to provide additional fiscal space for countries that have severe liquidity challenges.
* Fifthly, despite the enormous funding gap, international aid is still rising, with official development assistance at an all-time high of 223.7 billion USD in 2023, according to the [OECD Development Assistance Committee](https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/official-development-assistance.htm#:~:text=International%20aid%20from%20official%20donors%20rose%20in%202023%20to%20a%20new%20all%2Dtime%20high%20of%20USD%20223.7%20billion%2C%20up%20from%20USD%20211%20billion%20in%202022). In this context, closer collaboration and coordination between development cooperation stakeholders is more important than ever. Ensuring development co-operation is effective by increasing the development impact of limited funds is also required for achieving the 2030 Agenda.