Elements paper for the outcome document of the Fourth International Conference on Financing for Development[1]

A global financing framework (including cross-cutting issues)

The Addis Ababa Action Agenda (Addis Agenda) remains the central guiding framework for financing sustainable development and aligning financing flows with the Sustainable Development Goals (SDGs). Notable progress has been made towards implementation of the Addis Agenda. Initiatives to increase domestic resource mobilization, engage the private sector, and align international support with national financing priorities have helped mobilize additional resources. Ongoing reforms and new financing mechanisms represent renewed efforts to fulfil the Addis Agenda.

Yet, efforts have not been sufficient. The current international financial architecture falls short in mobilising the long-term financing necessary to address multiple challenges. New and emerging issues require innovative financing solutions and reforms. Initiatives and efforts at the United Nations, international financial institutions and by Member States to scale up financing for development and reform the international financial architecture have generated momentum. Ambition must now be matched with concrete commitments and actions.

1. FfD4 - a renewed global financing framework

a) FfD4 will reinforce and build on previous FfD outcomes, without backtracking on those commitments, and strengthen existing efforts and ongoing reforms by various stakeholders.

b) A renewed global financing framework must:
  - o be underpinned by commitment to multilateralism and collective action,
  - o align with national priorities, such as through Integrated National Financing Frameworks,
  - o address the diverse needs of countries in special situations and those with specific challenges, and
  - o support multi-stakeholder collaboration and engagement.

c) Effective mobilization and use of resources must be enabled by freedom, human rights, and national sovereignty, good governance, rule of law, peace and security, combating corruption at all levels and in all its forms, and effective, accountable and inclusive democratic institutions.

d) The renewed global financing framework must address cross-cutting priorities, including eradicating poverty and hunger, ensuring gender equality and women's and girl's empowerment, combatting climate change, reducing disaster risk, promoting inclusive and sustainable industrialization, advancing good governance and anti-corruption measures, and investing in sustainable and resilient infrastructure.

2. Achieving the Sustainable Development Goals

a) FfD4 should address implementation gaps of the Addis Agenda as an integral part of the 2030 Agenda. The economic, social and environmental dimensions of sustainable development and all 17 SDGs are interdependent, inextricably linked and should be treated equally.

b) The renewed global financing framework must consist of concrete policies and actions that address the gaps in the implementation of the Addis Agenda and reflect new and emerging challenges, rebuild trust in multilateralism, and accelerate our collective efforts to realise the promise of the 2030 Agenda.

[1] This paper includes a broad set of proposals that reflect the high level of ambition for impactful solutions in the submissions. It particularly includes proposals that reflect priorities voiced in many submissions, though there are areas where views diverge, sometimes significantly, and the elements paper is not an exception.

Domestic public resources

1. Strengthening fiscal systems and aligning them with the SDGs

Despite notable tax revenue increases in developing countries in the first decade of the century, there have been stagnation and setbacks in recent years, reflecting a range of factors including low growth, inadequate domestic tax policy reforms, and capacity constraints. Many tax systems do not take gender and climate considerations into account. On the expenditure side, public spending is often hampered by opacity and inefficiency, and is not sufficiently aligned with the SDGs. Efforts to mobilize domestic resources through strengthened governance, progressive tax policies, transparent budgeting and capacity development will enhance fiscal systems and strengthen the social contract between governments and the people benefiting from public goods and services, such as healthcare and education.

a) Commit to a whole-of-government approach to strengthening tax systems, transparency and accountability in public financial management systems.
b) Encourage progressivity throughout tax systems and commit to enhance capacity building related to progressive tax systems.
c) Enhance international cooperation for domestic resource mobilization and strengthened tax policy and administration. Support developing countries to raise their tax-to-GDP ratios so that each country should have a tax-to-GDP ratio of above 15%.
d) Promote budget transparency, accountability and efficiency by using performance indicators and aligning budgets with the SDGs, including through INFFs.
e) Implement transparent procurement systems and encourage countries to strengthen, resource and professionalize Supreme Audit Institutions and parliamentary oversight function, especially the public accounts committees.
f) Increase transparency and improve oversight and management of tax expenditures and subsidies and agree on minimum standards for tax expenditure reporting.
g) Provide developing countries with capacity-building and policy support tailored to their specific needs to formalize the informal economy and improve the administration of domestic taxation.
h) Encourage digitalization of tax administrations, including commitments to provide developing countries with technical support and investments in IT-systems and artificial intelligence.
i) Commit to enacting or strengthening taxes targeting high-net-worth individuals, including through international cooperation, with countries choosing the best policy mix for their economies.
j) Promote gender-responsive budgeting and gender-responsive taxation through standards to incorporate gender considerations during policy design and implementation, along with capacity development.
k) Identify and implement global solidarity levies / innovative taxes in the form of a Maritime and Private Air Passenger Fuel Levy, Fossil Fuel Windfall Profits Levy, Fossil Fuel Levy, or Carbon Damages Levy to finance the SDGs.
l) Promote the inclusion of environmental and climate considerations in fiscal programming in line with national circumstances. Options include green budgeting, taxation, fiscal rules, tax incentives and subsidies, carbon pricing mechanisms, and taxes on environmental contamination.
m) Phase out harmful and inefficient subsidies and tax incentives, including eliminating fossil fuel subsidies and subsidies that intensify the disruption of ecosystems.
n) Enhance subnational finance by strengthening the capacities and technical knowledge of local authorities, helping them to diversify sources of income, and promote stable and transparent intergovernmental financial transfer systems and equalization mechanisms.
o) Encourage national and local governments to prioritize and strengthen their policies, strategies, and practices to implement effective infrastructure asset management over assets' lifecycles.

2. International tax cooperation

Globalization, the increased prevalence and size of multinational enterprises (MNEs), and changes in business models have enabled base erosion and profit shifting on a significant scale, severely undermining domestic revenue collection, particularly in developing countries. International tax cooperation must support countries exercise their taxing rights and fight aggressive tax evasion and avoidance. However, existing international tax rules often fail to respond to the diverse needs, priorities, and capacities of all countries, especially the LDCs, limiting their ability to safeguard their tax bases. Strengthening tax cooperation and aiming for a fully inclusive and effective international tax architecture can support national efforts to raise sufficient revenue for sustainable development.

a) Commit to strengthen the voice and representation of developing countries in the international tax architecture.
b) Support negotiations on the United Nations Framework Convention on International Tax Cooperation and commit to engaging constructively.
c) Ensure all companies, including MNEs, pay taxes to the countries where economic activity occurs and value is created.
d) Enhance tax transparency by assisting developing countries with the implementation of exchange of information standards through capacity development. Give special consideration to the challenges of countries in special situations, for example through grace periods for full reciprocity or further simplifying certain standards and conditions.
e) Strengthen country-by-country reporting of MNEs and consider extending reporting obligations to high-net-worth individuals. Evaluate creating a central public repository for country-by-country reports.
f) Commit to enhance ownership transparency, and design a global beneficial ownership registry for a wide range of assets.
g) Commit to supporting developing countries that are implementing the “Two Pillar Solution” of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting through demand-based technical assistance programs; support countries to analyze the implications of the implementation of the “Two Pillar Solution”.
h) Ensure that the outcomes of the “Two Pillar Solution” are beneficial to developing countries; for example, by increasing the Pillar Two minimum corporate income tax rate.

3. Combatting illicit financial flows

Countries face substantial and persistent challenges in effectively combatting illicit financial flows (IFFs), including lack of exchange of information and low capacity in using information obtained, inadequate systems for tracking and collecting relevant financial data, ineffective and incomplete implementation of anti-corruption and anti-money laundering measures, and the absence of standardized regulations for professionals and institutions that facilitate IFFs. These gaps and inconsistencies hinder the ability of countries to address IFFs comprehensively, underscoring the need for global action. More and stronger action should foster greater financial transparency and accountability, with robust enforcement contributing to the prevention and combatting of illicit financial flows, and the recovery and return of assets derived from illicit activities. Tackling corruption can restore public trust, strengthen institutional capacity, and have positive impacts on global challenges such as poverty, social and economic inequality.

a) Commit to national regulation of professional service providers, and enhancing international cooperation, to help curb IFFs and other illicit financial activities.
b) Evaluate, strengthen, promote, and effectively translate international standards and accountability mechanisms for enablers into national legislation, including through an independent review of identities, roles, and regulatory frameworks, with the aim of initiating discussions towards global standardization of regulatory regimes.

c) Establish an inclusive and legitimate global coordination mechanism at the United Nations Economic and Social Council (ECOSOC) to address financial integrity on a systemic level and exchange best practices and technologies for effectively tracking and curbing IFFs.
d) Commit to supporting developing countries' full implementation of UN Convention Against Corruption, including by supporting that the next phase of the Implementation Review Mechanism is launched and efficiently support countries in preventing and combatting corruption.
e) Enhance sustainable and transparent asset recovery and return practices by strengthening international cooperation, capacity building and piloting innovative approaches aligned with the SDGs.
f) Explore a multilateral mediation mechanism to aid in resolving challenges related to asset recovery and return.
g) Strengthen anti-money-laundering and counter-terrorism financing measures and cooperation, including considering effective implementation of the Financial Action Task Force standards and recommendations.

4. Strengthening national development banks

National public development banks can play a crucial role in mobilizing resources to support the SDGs, although they can also face challenges that limit their effectiveness, including governance issues. Many national regulatory frameworks applied to development banks were built for commercial banks with different liability structures, and limit development banks' ability to fully address evolving sustainable development needs. Strengthening national development banks can help them better deliver their unique contributions to financing sustainable development.

a) Countries that already have development banks should reinforce and strengthen their capacities to effectively contribute toward achieving the SDGs, e.g. by reviewing their mandates with a view to align them with the SDGs.
b) Countries that do not have development banks should consider establishing such institutions, potentially by leveraging international cooperation and partnerships with other countries to provide support and guidance.
c) Establish a process to define regulatory requirements in line with national development banks' development mandate and the distinctive nature of their business models and risk profiles, that do not necessarily mirror all norms set for the private sector.

Domestic and international private business and finance

1. Developing domestic financial markets and enhancing access to finance

A. Strengthen enabling environments for sustainable development and develop domestic financial and capital markets

Member States have made progress in building transparent, stable, and predictable investment climates, however more needs to be done to strengthen enabling business environments and reorient them to increase investment in sustainable development. In many developing countries, businesses and sovereigns continue to face challenges in mobilizing long-term financing for sustainable development, which remains scarce.

a) Improve the business enabling environment – including through enhanced transparency, good governance, anti-corruption measures, the rule of law, investor and consumer protection, and fair competition – and evolve policy frameworks beyond an enabling environment for investment to an enabling environment for sustainable investment in the SDGs, developing a model framework
b) Promote a sequential approach to developing local financial markets, starting with the domestic banking sector and the establishment of savings banks or cooperative banks, to build a domestic savings base, with strengthened capacity development following this approach. Expand long-term

bond and insurance markets, and, where appropriate, stock markets, including building secondary markets, sequentially.

c) Promote the creation of new domestic investment vehicles, such as development-oriented venture capital funds, with sound regulatory frameworks and adequate risk management.
d) Support investments in development and digitalization of financial system infrastructure in developing countries and particularly in countries in special situations, including digital identification, payments infrastructure, and other digital solutions.

B. Financial inclusion, remittances and correspondent banking

Despite progress, gaps remain in access to affordable financial services, particularly for women and marginalized groups. SMEs face significant barriers in accessing affordable finance, particularly in countries in special situations. Migrant remittances continue to be more than twice as expensive as the commitments made in the 2030 Agenda and the Addis Agenda, which set a 3 per cent target for 2030.

a) Expand access to financial services, particularly for women and marginalized groups, and strengthen financial health through consumer protection, financial literacy, and regulation.
b) Leverage emerging digital technologies, including digital public infrastructure, to deepen financial inclusion.
c) Promote capacity building for entrepreneurship and promote SME's access to affordable credit, including through the banking system and mobile network operators, development banks, postal and savings banks, and microfinance institutions.
d) Review the impact of prudential frameworks on SME lending in developing countries.
e) Develop comprehensive risk management and insurance solutions for smallholder farmers and other stakeholders to protect against production risks, price volatility, and climate hazards.
f) Enhance efforts to reduce remittance costs to less than 3 per cent of amounts transferred by 2030, including by promoting digital technologies, competition among money transfer operators, transparency requirements for fees and commissions charged, and by working with international standard setters to ensure a proportionate application of regulations on private money flows.
g) Support correspondent banking relationships through technical assistance programs, building on existing global efforts.
h) Facilitate diaspora investment, including through investment agencies and innovative instruments.

2. Scaling-up private long-term investment in the SDGs

A. Foreign direct investment (FDI)

Private investment growth, including FDI, has slowed since the 2009 financial crisis. Developing countries, particularly countries in special situations, continue to face obstacles to mobilizing private investment.

a) Scale up FDI in developing countries, including in LDCs, LLDCs and SIDS.
b) Promote quality FDI by measuring the contribution of FDI to the SDGs.
c) Establish an international investment support centre for LDCs, which harnesses available technical assistance and investment-related support to ensure long-term support for LDCs.
d) Establish an infrastructure investment financing facility for LLDCs.

B. Private capital mobilization (PCM)

Official sector efforts to mobilize private finance, including through blended finance, have not sufficiently focused on SDG impact or succeeded in catalyzing private capital at scale, with only a marginal share going to LDCs. Public instruments can be used to mobilize funds from institutional investors, such as pension funds and insurers, for increased investment in developing countries.

a) Focus blended finance on sustainability impact, including by aligning transactions with national priorities and industrialization strategies focusing MDB incentives on impact rather than volumes.

b) Promote standardization of blended finance instruments, to create effective and replicable structures for different country contexts; utilize innovative structures, including equity instruments, in blended finance to ensure that both risks and rewards are shared fairly.
c) Establish pools of catalytic capital seeded by national governments, MDBs, DFIs, foundations and philanthropies, with standardized, simplified and transparent access requirements.
d) Develop repositories of guarantee instruments building on the World Bank Guarantee Platform.
e) Work with DFIs to support the development of cost-effective, long-term foreign exchange risk mitigation and hedging solutions for investments in sustainable development, as laid out in the international development cooperation action area.
f) Reevaluate capital requirements for guarantees and blended finance mechanisms in financial regulation and in credit rating methodologies.
g) Work with institutional investors, such as pension funds and insurers, including by improving the availability, quality and accessibility of data, to pave the way for more investments in developing countries.
h) Provide quality disaggregated data, including from the GEMs database, and develop harmonized impact metrics for PCM to provide a basis for target setting.

C. Capacity building

There is a need for scaled up support for building a bigger pipeline of investment-ready projects, building on existing partnerships.

a) Establish a Pooled Technical Assistance Platform to bring together resources and partners to originate, prepare and support high-impact infrastructure projects, with a focus on "hard to reach" sectors and developing countries, particularly countries in special situations.
b) Utilize or create spaces at the regional and international levels, including the SDG Investment Fair, to develop concrete investment opportunities and connect with investors.

3. Aligning private business and finance with the SDGs

A. Driving impact and promoting long-term incentives

Organizations have increasingly managed environmental, social and governance (ESG) issues, recognizing them as financial risks. However, aligning business models and investments with the SDGs will require shifting incentives across the investment chain.

a) Building on the Pact for the Future, support efforts to define the private sector's accountability in contributing to UN frameworks.
b) Accelerate the development and use of impact valuation methodologies to price externalities and facilitate their integration into financial models and transactions.
c) Broaden awareness and adoption of impact investment strategies among investors, spanning impact funds, green bonds, sustainability bonds and social bonds including SDG bonds, innovative investment lenses and impact-linked finance.
d) Expand the use by institutional investors of sustainability rating methodologies, including SDG-aligned benchmarks, and reference indices.
e) Prevent impact washing and greenwashing by standardizing SDG fund terminology and classification and streamlining voluntary sustainability standards.
f) Commit to taking concrete steps towards eliminating gender-based price differentiation.
g) Adopt national sustainable finance mobilization strategies including to support organizations' transition planning, as part of Integrated National Financing Frameworks.

B. Interoperable sustainable business and finance legislation

Sustainable finance legislation is a key step toward enhancing market clarity and driving alignment, building on existing voluntary frameworks. However, the lack of interoperability across jurisdictions may compromise this objective and raise compliance burdens. On sustainability reporting specifically, the International Sustainability Standards Board made progress towards comparability, but it overlooks the impact of private activity on sustainable development. This underscores the need for a "double materiality" approach, which requires reporting on both sustainability-related financial risks and environmental/social impacts. Policies must also go beyond transparency to offer guidance on sustainability management.

a) Accelerate the global adoption of sustainable business and finance legislation that is country-led and context-specific, with capacity building for developing countries.
b) Adopt sustainability disclosure legislation based on double materiality to enhance transparency on the SDGs, by transposing standards of the International Sustainability Standards Board and Global Reporting Initiative in parallel. Include a clause on external audit to enhance trust in reported data.
c) Enhance international dialogue for the interoperability of sustainable finance legislation, including by establishing a global interoperability governance framework and by supporting efforts of the COP29 Presidency toward a roadmap for the interoperability of taxonomies.
d) Create a global SDG finance taxonomy to align investments with global objectives.
e) Adopt legislation on sustainability management, investor stewardship, and due diligence (including human rights and environmental), going beyond transparency policy measures to mainstream sustainability practices into the governance and operations of organizations.

International development cooperation

1. Official development assistance (ODA)

ODA reached US$223.7 billion in 2023, but at 0.37% of donor-country GNI, it remains well below the long-standing target of 0.7%. The decline in the share of ODA that reaches developing countries focused on strengthening sustainable development, including poverty alleviation and human capital development, is of particular concern. There is a need to address unmet commitments, strengthen the quality, effectiveness and impact of ODA, and strengthen partnerships focused on serving countries' needs and priorities.

a) Achieve the target of 0.7% of ODA/GNI and at least 0.2% of ODA/GNI to LDCs.
b) Set concrete and binding timeframes for achieving existing ODA targets.
c) Increase the share of ODA programmed at the country level and focused on long-term sustainable development that responds to the needs and priorities of recipient countries. Country Programmable Aid could be used as a proxy. Consider setting a target to increase the share of CPA in ODA.
d) Increase the focus of ODA on core capacities, systems and institutions strengthening, including by increasing the share of budget support in ODA.
e) Establish an enhanced transparency framework, in the UN Development Cooperation Forum (DCF), to harmonize concepts and standards related to SDG 17.3.1, TOSSD and ODA.

2. South-South and triangular cooperation

South-South cooperation is expanding in scope, volume, and reach, evolving to include a diverse range of actors and developing countries. It is a complement to, not substitute for, North-South cooperation. Triangular cooperation is also growing, though coordination challenges should be addressed to fully exploit its potential.

a) Increase the quantity and quality of South-South cooperation and encourage multi-actor partnerships for funding.
b) Building on the existing UN Conceptual Framework to measure South-South Cooperation, and the results of the pilot project, encourage broader reporting by South-South providers to facilitate a better understanding of the impact of SSC on sustainable development.
c) Consider establishing a triangular cooperation marker in reporting.

3. Financing for climate, biodiversity and ecosystems

Climate finance, finance for biodiversity and ecosystems, including ocean preservation and restoration, are not keeping pace with rising needs. Climate finance, including adaptation finance, remains grossly inadequate, particularly for the most vulnerable countries. There are concerns about the increasingly complex and fragmented climate finance architecture, and the need to ensure additionality of finance for climate. The linkages and overlaps between development and climate change financing must be better understood and defined for better measurement of additionality and results.

A. Increase volumes in line with needs

a) Promote resource mobilization for both the climate and development agendas by developing complementary targets and enhancing consistency and transparency in ODA and climate finance reporting, taking into consideration the outcomes of the UNFCCC COPs.
b) Call for new and additional grant-based or highly concessional finance and non-debt creating instruments for just and equitable transitions, biodiversity conservation, and restoration.
c) Urgently scale up contributions to the Loss and Damage Fund in line with the projected economic cost of $1-1.8 trillion by 2050, and ensure inclusive design and equitable allocation of funding both at national and sub-national levels.
d) Ensure vulnerable countries such as LDCs, LLDCs and SIDS, receive sufficient climate finance to support mitigation, adaptation and resilience-building, including via financing instruments (e.g. carbon finance, risk insurance, catastrophe bonds, climate resilience funds, and debt swaps) that can adequately respond to their needs and priorities, including ocean-economies for SIDS.

B. Simplify access to climate finance and reduce administrative costs for recipients

a) Encourage vertical climate and environmental funds to harmonize and simplify application requirements, eligibility criteria and administrative procedures; remove access barriers for developing countries; enhance alignment with national priorities; enhance cooperation with MDBs and national development institutions; and encourage use of domestic implementation agencies.
b) Increase capacity building at the country level to access climate finance, including for LDCs
c) Reduce fragmentation by i) agreeing to incorporate new climate and environment finance initiatives within well-functioning existing structures and organisations rather than creating additional entities, and ii) calling for a process to assess the current landscape of vertical climate and environment funds and windows with a view of identifying opportunities for consolidation (building on G20 review on vertical climate and environment funds).

4. Multilateral development banks and the system of public development banks

In response to rising needs, MDBs have significantly scaled up lending capacity. Nonetheless, financing volumes have shrunk as a share of global investment, largely due to capital constraints. MDBs must further increase volumes and quality of lending, and expand availability and access to concessional financing, with internal incentive structures focused on maximizing the development impact of their interventions rather than volumes.

A. Improve the financial capacity of MDBs and enhance quality of MDB financing

a) Advocate for further ambitious implementation of the G20 Capital Adequacy Framework Review Recommendations, while ensuring that this does not harden lending terms.
b) Accelerate proposals to channel SDRs via MDBs for countries in a position to do so.
c) Commit to support MDB capital increases, appreciate successful replenishments and establish sustainable pathways to replenish concessional windows.
d) Improve lending terms including longer loan tenors to better meet local development needs
e) Increase MDB capacity to lend and offer products in local currency:
    - Issue local bonds, which can also help develop the local markets;

- Create a MDB liquidity pool to better manage local currency risk across the MDBs, building on work done by the EBRD and AIIB;
- Take a portfolio approach to currency risk management across the MDB system (e.g. in MDB liquidity pools noted above), by utilizing diversification, thus lowering the cost of hedging. The risk can be further reduced by hedging with G10 currencies;
- Scale up subsidies for currency platforms when needed.

f) Study ways to expand the use of originate-to-distribute and securitisation models by individual MDBs and by working together as a system to create an emerging market asset class, which would free up MDB/DFI capital for additional lending.

g) Develop and align MDB impact measurement frameworks with the SDGs, measuring both positive and negative impacts, and ensuring adherence to ambitious environmental, social and governance standards and safeguards in all operations.

B. Expand access to concessional financing, including for smooth transitions for graduating countries

a) Reiterate the call made in the Pact for the Future for MDBs, in partnership with the UN Secretary-General, to present options and recommendations on new approaches to improve access to concessional finance for developing countries, including projects with positive externalities in middle-income countries, enhancing alignment and synergies for shared goals and coherently agreed policies.

b) Consider using complementary measures of progress that go beyond GDP, including the multidimensional vulnerability index, as a complement to existing policies and practices, to inform development cooperation policies and access to concessional financing.

5. Reforming the international development cooperation architecture

Rising demands and recent shifts in allocation of development cooperation call for a re-evaluation of its practice and purposes, and for reform of the development cooperation architecture both globally and in countries. Increasing fragmentation, due to a proliferation of donor agencies and channels, coupled with smaller transactions, earmarking and circumvention of governments, runs counter to long-standing effectiveness principles and increased transaction and compliance costs. There is broad consensus that the development effectiveness agenda needs to be revitalized and its implementation better monitored.

A. Agree on fundamental attributes for effective development cooperation today

a) Elevate country leadership by developing countries, and policy and system coherence by development partners, and mutual accountability as core tenets of effective development cooperation, and agree to use evidence of sustainable development impact as a basis for decision-making on allocation and modalities of development cooperation delivery

- Development partners to engage in ways that strengthen country leadership and ownership rather than undermine it, for example by: i) responding to country plans and strategies; ii) strengthening existing national systems when there are gaps or limitations rather than establishing parallel systems; iii) reducing fragmentation, including by prioritizing core contributions to multilateral institutions and multi-donor and inter-agency pooled funds, and by leveraging the strengths of both horizontal aid providers (i.e., MDBs) and vertical platforms; iv) committing to multi-year cooperation agreements that provide more stable and predictable funding in line with national priorities; v) improving coordination and collaboration among development partners by streamlining and harmonizing procedural and policy requirements; vi) ensuring effective knowledge transfers and capacity building in all interventions to foster self-reliance.
- Commit to supporting policy coherence at all levels to ensure development partners' policies strengthen rather than weaken development cooperation, including by: i) promoting local procurement, local audit, and the involvement of local actors; ii) reconfirming commitments

to untying aid and reducing the number of exemptions; iii) adopting a whole-of-government approach in delivering development cooperation, in line with principles of Policy Coherence for Sustainable Development.
- To maximize development impact of development cooperation, establish a process to determine suitable measure(s) of development impact to guide allocation and delivery of all types and modalities of development cooperation, building on ongoing efforts by MDBs.

B. *Rationalise national level architectures*

a) Strengthen the commitment to sovereign, country-led financial planning frameworks at the national and sub-national levels, for the SDGs and Nationally Determined Contributions, and as a basis for engaging with all development partners.

b) Commit to inclusive nationally led platforms for improved country-level coordination that:
   - place developing countries in the driver's seat, with country-led plans and strategies at their core (e.g. INFFs), ensuring that such plans and strategies are placed at the heart of MDB, broader PDB, and development partner collaboration;
   - include all relevant actors – MDBs, other PDBs, the UN system, bilateral partners, private sector actors when appropriate, and other partners;
   - ensure an efficient and effective division of labour, promoting a bottom-up approach, according to each partner's comparative advantage and knowledge of the local context (e.g. utilizing NDB knowledge in developing project pipelines and project preparation), further strengthening efficiency, coordination and co-financing.

C. *Reform the global architecture*

a) Commit to broaden the normative role of the UN in development cooperation, making the most of established platforms.

b) Strengthen dialogue, accountability and follow up as part of the FFD process, including through a strengthened Development Cooperation Forum (DCF), to i) deepen exchanges among providers, including traditional and non-traditional donors, MDBs, and others, as well as between providers and recipients; ii) monitor the delivery and impact of development cooperation in all its forms; iii) enhance accountability of all relevant actors to their commitments - drawing on all available evidence including from the Global Partnership for Effective Development Cooperation, and iv) further promote coherence in development cooperation, guided by an expert technical group, focused on issues such as coherent financing of development, climate, and humanitarian needs; and appropriate use of delivery modalities in different circumstances.

International trade as an engine for development

1. A rules-based, non-discriminatory, transparent, open, and fair multilateral trading system

An open, rules-based and predictable trade system is a key driver of economic development. Since 1995, the World Trade Organization (WTO) has played a central role in this regard. However, recent economic shifts, rising trade tensions and restrictions, and divergent interests among members have led to a stalling of multilateral negotiations, including on dispute settlement. This led to additional and more complex bilateral and regional trade agreements (RTAs). A new generation of trade and investment agreements have altered the landscape, offering both opportunities and challenges. In parallel, international trade interventions are increasingly impacting developing countries. Developing countries are also concerned about the implications of unilateral environmental trade measures on their sustainable development.

A. Revitalize the multilateral trade system through the WTO

a) Recommit to a universal, rules-based, non-discriminatory, transparent, open, fair, predictable, inclusive and equitable multilateral trading system with WTO at its core
b) Support the full implementation of WTO agreements on Trade Facilitation, Fisheries Subsidies and Investment Facilitation for Development, including through capacity building to developing countries.
c) Accelerate the accession of LDCs aiming to join the WTO.
d) Convene an independent expert group to review the role of trade as an engine for sustainable development and the SDGs and make recommendations on WTO reform to improve its functions to address current challenges and strengthen its development dimension, building on ongoing work of the WTO's General Council and ongoing discussions at the G20.

B. Deepen regional trade integration through regional trade agreements

a) Consolidate regional trade agreements, including the expansion and deepening of African Continental Free Trade Area to boost intra-Africa trade, and support ongoing inter-regional trade agreements to promote inclusive growth and sustainable development.

C. Strengthen special and differential treatment for the most vulnerable countries

a) Encourage the WTO to strengthen special and differential treatment for developing countries, in particular LDCs, LLDCs and SIDS.
b) Commit to a review of the rules of origin to enable developing countries to take full advantage of preferential trade.
c) Take steps to provide special and differentiated treatment for developing countries that are net importers of food products to strengthen food security.

D. Uphold policy space in trade agreements

a) Ensure that developing countries have sufficient policy space, including to enhance food security, and that new sustainability and trade liberalization measures respect policy space in all countries.
b) Reform the mechanisms for investor-state dispute settlements in trade and investment agreements through a multilateral approach, and establish an advisory support service for developing countries for international investment dispute settlements.
c) Invite UNCTAD to conduct a review of obsolete trade and investment agreements, with the view to accelerate the replacement and termination of obsolete agreements.

E. Limit trade measures which restrict or distort trade

a) Call for independent, transparent and inclusive impact assessments of unilateral environmental trade measures on developing countries.
b) Scale up aid-for-trade support for adjustments linked to unilateral environmental trade measures (e.g., support to develop traceability systems and compliance infrastructure, and reduce the emissions intensity of production)
c) Invite the ECOSOC FfD Forum to consider the impact on sustainable development of unilateral economic, financial or trade measures that are inconsistent with the principles of international law and the Charter of the United Nations, building on the work of the United Nations System.

2. Enhance productive capacities to trade

In a context of slower growth in global trade, increasing geoeconomic tensions and automation, traditional development models reliant on the export of manufactured goods are at risk. Many developing countries, in particular LDCs, LLDCs and SIDS, remain at the margins of global trade, with some reliant on raw commodity exports. Weak productive capacities and lack of trade infrastructure undermine further integration in regional and global value chains. Nevertheless, energy, digital and demographic transitions also offer opportunities for new export models.

A. *Increase aid-for-trade and adapt it to new challenges*
   a) Develop trade-related physical and digital infrastructure, with attention to transport corridor development and trade facilitation, including trade facilitation agreements.
   b) Support digital trade and strengthen multilateral and regional collaboration on digital trade regulations, cross-border e-commerce rules, and interoperable systems.
   c) Help producers meet sustainability standards and access green markets.
   d) Support inclusive and sustainable industrialization, agricultural production and transformation of natural resources.

B. *Strengthen trade finance and other measures*
   a) Expand trade finance facilities by development banks to enhance access to financing for MSMEs to better integrate in regional and global value chains.
   b) Provide financial and risk mitigating instruments to support women's economic empowerment through trade, and improve access to finance for youth-owned businesses.
   c) Re-evaluate risk ratings for trade finance in regulatory systems, such as Basel III.
   d) Strengthen disaggregated data, for example on gender or race, to guide the formulation and implementation of effective trade policies.

3. Boosting trade in LDCs

Despite commitments to double their share of exports in global trade, LDCs remain marginalized. Many LDCs are heavily dependent on natural resources and primary commodities, which are subject to price volatility, causing revenue instability. LDCs also face tariff escalation in many markets, where raw materials are taxed at lower rates than processed goods, discouraging value addition. LDCs often lack the industrial capacity to process raw materials into finished products, as well as the knowledge and resources to meet quality, safety, and environmental standards required by high-income countries, particularly in sectors such as agriculture, pharmaceuticals, and textiles.

   a) Strengthen preferential market access for LDCs by ensuring the full implementation of duty-free, quota-free market access for all products originating from all LDCs by all developed countries and developing countries in a position to do so and extending the existing special and differential treatment measures and exemptions available to LDCs to graduated countries for a period appropriate to their development situation.
   b) Support LDCs to diversify their exports by enhancing investment in manufacturing and agro-processing.
   c) Support LDCs in developing service sectors and exports, including through strengthened implementation of the LDC services waiver.
   d) Provide capacity building for LDC governments in international trade negotiations.
   e) Step up aid for trade infrastructure and facilitation with the objective of doubling Aid for Trade to LDCs by 2031 with at least 50% dedicated to building productive capacities.
   f) Support the integration of LDCs in global value chains through tailored technical and financial assistance to add value, particularly in commodity processing, and comply with international quality and sustainability standards, and by phasing out trade restrictions, including escalating tariffs, that prevent LDCs from locally processing natural resources.
   g) Increase investment windows at MDBs and other PDBs for LDCs in trade-related infrastructure, including roads, railways, and ports, as well as power grids.
   h) Encourage the Common Fund for Commodities to provide grants, concessional loans and equity investments to LDCs for projects that promote value addition, particularly in agriculture and to expand into processing and manufacturing, and invite countries to increase voluntary contributions to the Common Fund for Commodities.

4. Trade in critical minerals and commodities

The energy and digital transition are leading to increased demand for commodities such as critical energy transition minerals (CETMs). Reserves of CETMs are largely located in developing countries, which often lack the financial resources to invest in extraction, processing and value-addition activities. Resource-endowed economies have a unique opportunity to leverage their resource wealth, yet a pathway to a more resilient and diversified economy requires deliberate policy efforts for countries to avoid being trapped in low-value added resource extraction.

a) Encourage development partners and international financial institutions to engage in Global Commodity Partnerships to support production, refining and processing of critical minerals in developing countries, and support value-added activities by providing innovate risk-mitigating financing such as guarantees, syndicated finance, technical assistance, and market linkages.
b) Provide support to countries to negotiate contract terms that provide predictability and stability in commodity exports, while also providing flexibility to respond to economic changes.
c) Promote regional arrangements between commodity-rich and, where applicable, neighbouring countries, including for transport infrastructure, processing and resource extraction technology.
d) Support the recommendations and guiding principles of the UN Secretary General's Expert Panel on Critical Energy Transition Minerals.
e) Encourage collaborative efforts involving governments, regulators, industry stakeholders, and civil society to foster fair, transparent, and resilient commodity markets that benefit all participants and contribute positively to global economic stability and sustainability.

Debt and debt sustainability

1. Sustainable and responsible borrowing and lending, and debt crisis prevention

Debt crises have been a recurrent feature of the global economy. Public debt accumulation and rising debt vulnerabilities over the past decade necessitate international and national efforts to strengthen debt management and debt transparency. More action is required with respect to the principles on responsible borrowing and lending, building on the Addis Agenda commitment to work towards a global consensus on guidelines for debtor and creditor responsibilities.

a) Assess, update, and develop a consolidated set of globally endorsed principles on responsible sovereign lending and borrowing through an inclusive process.
b) Based on the updated principles, create a working group to design tools for monitoring and implementation across the different stages of a sovereign debt cycle, including issuance, management, sustainability, repayment and restructuring.
c) Enhance debt transparency by both borrowing countries and creditors by improving disclosure, reporting and data reconciliation, for example, through streamlining existing debt databases of IFIs and creating a single global central debt data registry to harmonize debt data reporting.
d) Commit to increased transparency and accountability over domestic and external debt issuance and use, particularly through enhanced parliamentary oversight and strengthened public investment management systems.
e) Commit to capacity building initiatives to help developing countries better manage their debt and effectively invest the borrowed resources, including understanding the benefits of domestic debt issuance as well as the risks of excessive domestic borrowing.
f) Mainstream the inclusion of standardized state-contingent debt clauses, such as climate resilient debt clauses, pandemic clauses and debt standstills during global crises that are not covered by standard force majeure clauses in debt contracts, starting with official lenders; support analysis of obstacles and solutions to help mainstream state-contingent clauses into commercial debt contracts, which could be part of the IMF's debt review in follow-up to the Pact for the Future.

g) Encourage official lenders to increase lending in local currencies to address currency risks.
h) Explore measures to curb corrupt lending and borrowing, including through a protocol to the UN Convention Against Corruption that makes such contracts unenforceable.
i) Encourage the creation of, and support existing, platforms for borrower countries to discuss technical issues, coordinate approaches, and share information and experiences in addressing debt challenges.

2. Expand fiscal space for investment in SDGs in countries facing severe debt challenges and high cost of debt servicing

Rising debt service burdens, exacerbated by recurrent external shocks, call for more comprehensive and systematic support for countries that, while solvent, are burdened with high debt servicing costs. High sovereign borrowing costs also drive up the cost of capital for private investments, making SDG investments that would be financially viable in developed countries unattractive in these contexts. These costs crowd out investments needed to achieve the SDGs and invest in sustainable growth and development. The proposed Debt Sustainability Support Service will provide a vision of how to help debt-vulnerable countries with these challenges.

a) Encourage official creditors to provide coordinated and enhanced liquidity and liability management support to developing countries committed to ambitious development objectives through the use of financing tools such as guarantees, credit enhancements, debt swaps and buybacks, etc., as well as legal instruments such as seniority clauses during buybacks to incentivize private creditor participation.
b) An institutional home can be created, or an existing facility within an IFI can be scaled up, to support the above initiative. This strengthened facility would:
    - coordinate liquidity support from multilateral and bilateral creditors;
    - coordinate development of term sheets for net present value-neutral rescheduling;
    - offer a range of financial and legal tools to facilitate or incentivize liability management, without necessarily triggering defaults;
    - provide countries with technical assistance, capacity support and legal advice, including on the effective use of financial instruments and dealing with sophisticated creditors;
    - engage with credit rating agencies to address concerns over adverse rating impacts of official debt programs.
c) The initiative can also support scaling up debt swaps, when appropriate, and maximizing their impact, including by simplifying their design, reducing transaction costs and increasing efficiency.

3. Improve the debt architecture for quicker, fairer and deeper debt resolution to restore countries to a path of sustainable development

Sovereign debt restructurings are often too slow and shallow, reflecting challenges with coordinating a diverse and changing set of creditors. The ad-hoc nature of debt resolution processes adds uncertainty to the timeline and outcomes. Restructurings do not provide sufficient fiscal space for necessary SDG investment, and result in profound economic and social costs. The G20 Common Framework should be open for all heavily indebted developing countries. A more development-oriented international debt architecture could ensure effective, predictable, coordinated, timely and orderly restructurings.

a) Building on ongoing efforts, further strengthen the G20 Common Framework:
    - encourage debtor countries that need debt relief to actively seek debt treatments, and encourage pre-emptive debt restructuring;
    - expand coordinated debt treatments to highly indebted countries which are currently ineligible;
    - standardize debt service suspension during negotiations;

- commit to an accelerated, well-defined timeline and defined steps, with enhanced transparency and information sharing;
- develop an accessible guideline for assessing comparability of treatment (CoT), including on how changes in different CoT parameters count towards a creditor's contribution to the overall debt treatment, and refine tools for enforcing CoT;
- enhance technical support for debtor countries (which could be through the above facility), including development/use of a user manual for debtors with clear timelines.

b) Encourage passing domestic legislations in major financial jurisdictions to limit holdout creditors and facilitate effective debt restructuring.

c) Set up a working group to develop a model law on debt restructuring for Member States to consider adopting as part of their domestic legislation, including to guard against disruption of debt restructuring processes by holdout creditors.

d) Strengthen contractual provisions:
   - assess and refine contractual provisions (such as most-favored creditor clauses, claw back clauses and loss reinstatement features) that incentivize and ensure participation of private creditors in debt restructuring processes;
   - encourage continued adoption of collective action mechanisms, including majority voting provisions in loan agreements, to minimize the risk of hold-out creditors;
   - review the design of value recovery instruments negotiated during debt restructurings and develop operational guidelines for their use.

e) Support entities such as the African Legal Support Facility, which provide legal and financial advice to developing countries during negotiations and structuring of complex debt transactions and work outs with creditors; and/or utilize the above facility for this purpose.

f) Look forward to the review of the sovereign debt architecture by the IMF, as envisioned in the Pact for the Future.

g) Building on existing work, the review of the sovereign debt architecture and the Secretary-General's update on progress and proposals, initiate an intergovernmental process in the United Nations to follow-up, with a view to closing gaps in the debt architecture and to explore the need for a multilateral sovereign debt restructuring mechanism.

4. Debt sustainability assessments

a) Build on the ongoing LIC-DSF review by the IMF and World Bank, refine debt sustainability assessments to: 1) better account for SDG spending needs; 2) better capture climate and nature risks; 3) account for investments (e.g. in resilience, nature protection, and productive capacity) and their impact on long-term growth and sustainable development, which requires a longer-term perspective; 4) more accurately distinguish between solvency and liquidity; and 5) develop and implement the revised methodology in an open and transparent manner.

Addressing systemic issues

1. Modernized global economic governance

Notwithstanding efforts to reform global institutions, the current architecture does not accurately reflect the diversity and complexity of the world. The representation of developing countries in international institutions is insufficient. Enhancing the representation and voice of developing countries in norm-setting, global economic governance, and decision-making in international economic and financial institutions will help deliver more effective, credible, accountable, and legitimate institutions. The international system should work effectively for all countries, especially those that need the most support.

a) Further IMF quota realignment to enhance developing country voice and better reflect members' relative positions in the world economy, while protecting the shares of the poorest members; consider restoring IMF basic votes back to their original share of the total.
b) Conduct a speedy and successful World Bank Shareholding review in 2025 that ensures a more equitable balance of voting power at the institution.
c) Consider increasing the size of the board of directors at the IFIs; commit to improving diversity and gender balance in the executive boards of international organizations.
d) Regular reviews by international organizations, in collaboration with shareholders, on diversity in executive and senior leadership to address geographic underrepresentation, including by adding a fifth Deputy Managing Director at the IMF for Africa.
e) Enhance transparency, accountability of decision making at international organizations.

2. Revamping the global financial safety net

With increasing systemic risks and growing frequency and intensity of financial and economic crises, including those related to climate change, many countries will need external support to manage volatility and shocks. The global financial safety net, a multilayered arrangement for responding to crises with the IMF at its centre, has both gaps in the architecture and uneven coverage. Resources available through multilateral and regional arrangements do not match needs. Some developing countries accumulate international reserves to cushion volatility which may reduce SDG investments. The global financial safety net needs to be larger, have better coverage, and be more reliable to allow countries to expand their investment in the SDGs and take on higher leverage without fear of liquidity and financial crises.

a) Welcome IMF facilities reviews in 2023 and 2024, and discuss creating much larger pools of resources, accessible to all countries, for fast disbursement in response to shocks and emergencies, for example through an IMF multilateral swap line or regional arrangements.
b) Provide emergency and stand-by IMF resources based on need rather than borrowing limits.
c) Welcome recent action on IMF surcharges and call for more action to help vulnerable countries.
d) Ensure Resilience and Sustainability Trust is not tied to short-term balance of payment financing.
e) Welcome the recent PRGT review and call for increasing the IMF's self-sustaining capacity to lend concessional resources.
f) Invite issuance of new SDRs to help address the developing country debt crisis and encourage countries in a position to do so to commit to rechanneling 50% of current unused SDRs expeditiously.
g) Welcome IMF SDRs issuance in 2021 and review SDRs to create a new playbook that strengthens their role, including:
   - a rules-based approach to SDR issuance decisions to speed up approval of issuances;
   - create international commitment based on voluntary ex ante agreements to facilitate expeditious re-channelling of unused SDRs to countries in need;
   - consider approaches that allow SDR allocations that respond specifically to the need of vulnerable countries during future financial crises and shocks.
h) Strengthen existing regional arrangements that serve as layers in the safety net and close gaps in coverage by supporting the creation of robust new regional arrangements, for example in Africa.

3. Regulation for a sustainable financial system

Adequate financial regulation is essential to the stability and sustainability of the financial system. While banking regulation has been strengthened since the 2009 financial crisis, non-banking financial regulation is insufficient. At the same time, financial regulatory frameworks can misprice risks, especially related to new challenges and instruments (such as lending with guarantees), which can raise the cost of borrowing for SDG investments, especially in the LDCs. Incorporation of environmental sustainability into financial regulation is in its infancy. Climate risk disclosure alone is not sufficient. Creating an effective financial regulatory framework that addresses social and environmental impact, coupled with effective climate policies, can generate both stability and sustainability. Credit ratings, which can affect the cost of borrowing, are much less regulated than other aspects of the financial system. Regulatory regimes should encourage credit ratings to be more transparent, objective, and long-term oriented.

a) Launch a review of the potential mispricing of risk in international risk-weighting frameworks used in regulation, such as Basel III, to ensure that weightings correctly reflect risks in different country contexts, including for guarantees and blended finance, SMEs, infrastructure, and trade finance.
b) Amend international risk weighting frameworks, building on the above review and to:
    - reduce mechanistic reliance on credit-rating agency assessments, further change references to credit ratings to address increases in capital charges from downgrades and challenges from the sovereign ceiling, building on existing global commitments;
    - include sustainability factors in risk weightings.
c) Develop a prudential regulation framework for LDCs and less developed markets with different risk profiles.
d) Create or find a space for regular dialogue among Member States, credit rating agencies, regulators, standard setters, long-term investors, and other public institutions, initial discussions could address, for example, more appropriate rating actions during debt swaps/restructurings.
e) Promote transparent, objective and long-term model-based ratings; implementation could be by rating agencies themselves, through consistent regulatory regimes for ratings agencies, or through a public entity.
f) Incorporate climate transition plans and climate stress testing into financial regulation.
g) Consider a global agreement on the importance of capital account management.
h) Consider a global regulatory framework for the asset management industry.

4. Enhancing public payment systems with digital technologies

Monetary systems and international payments have profound consequences for some developing countries. International payments, often intermediated by correspondent banks, have significant frictions and high and variable costs, while efforts to boost financial integrity have added additional costs. Against this backdrop, central banks are exploring digital currencies, however, digital currencies and inter-operability of their settlement systems may bring new macro risks. Creating efficient international payments based on central bank digital currencies and improved targeting of regulation, can enhance connectivity and economic growth, while better securing the financial system against risks.

a) Invite further discussion on how to create central bank digital currencies that harness the benefits of digital technologies, increase efficiency of cross-border payments, and address potential macro risks.
b) Capacity building to assist developing countries to make robust design and implementation decisions about central bank digital currencies.

Science, technology, innovation and capacity building

1. Closing the digital divide in support of financing for development

Digital technology provides a unique opportunity to accelerate the realization of the SDGs. The lack of essential digital infrastructure poses a significant barrier for many developing countries, especially LDCs, LLDCs, SIDS, and African countries, exacerbating the digital and gender divide. Achieving universal connectivity will require mapping out gaps and measures to scaling up investment at the national level with the support of the international community.

a) Increase investment in resilient digital public infrastructure and digital public goods, including within the framework of national STI4SDG roadmaps. As part of the roadmaps, countries are encouraged to articulate strategies and programmes to identify gaps, ensure gender inclusion, develop financing plans (linked to INFF, where possible), and coordinate investment and technical support from partners through a country-led platform.
b) Enhance international collaboration between national governments, DFIs, and private actors to design digital infrastructure financing models and impact measurement in support of the Global Digital Compact's commitment to develop innovative and blended financing mechanisms that can close the connectivity gap and improve the quality and affordability of connectivity. Leverage existing initiatives, including broader blended finance initiatives, to mobilize resources to accelerate investment in digital infrastructure.
c) Invite countries to include updates on their progress made on investment in digital infrastructure and digital public goods in the Financing for Development Forum and the SDG Investment Fair.
d) Invite countries to introduce and implement comprehensive digital literacy programmes that target all segments of society, including women, youth, and marginalised communities.

2. Leverage technological advances for sustainable development

Science, technology and innovation (STI) plays a critical role in achieving the SDGs. However, unregulated technological advances can also have unintended consequences for economic and social outcomes, cause environmental degradation, and worsen gender inequality. To realize the full potential of STI, countries need strengthened capacity for designing and implementing effective, mission-oriented, multistakeholder STI policy. Policy frameworks and regulation should be updated to provide adequate oversight of technology, ensuring it supports sustainable development and the full enjoyment of human rights. The world also continues to face high inequality of innovation and slow technology diffusion. Technology transfer and knowledge sharing need to be strengthened, as do countries' absorptive capacity, by strengthening countries' innovation systems.

A. Strengthen technology transfer, knowledge sharing, and capacity building

a) Ensure intellectual property regimes and the application of the TRIPS flexibilities contribute to innovation and sustainable development.
b) Develop a common understanding of "incentives" provided by developed countries – many of which would be financial in nature – for their enterprises and institutions to promote and encourage technology transfer to LDCs, which are obligated in the TRIPS Agreement.
c) Enhance national and international cooperation between actors in the ecosystems for open science, open data, digital public goods, affordable and open-source technology, research, and education.
d) Develop and implement better models of collaborative international research and development that foster innovation and ensure accessibility to countries in need.
e) Operationalize Online University for LDCs to promote STEM education.

B. Leveraging STI for achieving SDGs

a) Support countries to develop and implement national STI4SDG roadmaps that foster an enabling environment to incentivize innovations aligned with sustainable development; provide expert support and training on strategic STI governance, regulation, and institutions for STI policy in developing countries, especially in SIDS, LDCs, LLDCs, and Africa.
b) Call for strengthened competition laws that are adapted to the digital economy, to protect innovation and technological development, and deepened international cooperation between national competition authorities, given the global reach of major technology firms and the impact of regulatory spillover.
c) Promote equitable access to AI; ensure adequate financing for capacity building for AI adoption, for development of a regulatory ecosystem that promotes safe, secure, and trustworthy AI systems,

and for facilitating developing countries' participation in the global AI dialogue, while taking into consideration the previous internationally agreed outcomes.

C. *Financing for STI and capacity building*
   a) Enhance access to STI funds, ensuring that resources are directed to countries and regions with the greatest need.
   b) Strengthen the capacity of the Technology Bank for LDCs and the UN Technology Facilitation Mechanism (TFM) with adequate resources so they can effectively fulfill their mandates.
   c) Call for the IFIs to enhance support to STI projects in developing countries.

D. *Strengthen the UN Technology Facilitation Mechanism (TFM)*
   a) Enhance collaboration among the STI Forum, the Commission on Science and Technology for Development, and other international platforms.
   b) Undertake an assessment of the major obstacles that hamper international diffusion of technologies for the SDGs, especially green technologies, through the Interagency Task Team on STI for the SDGs.
   c) Mandate the STI Forum to promote digital infrastructure-related knowledge sharing, including on investment risks and opportunities, among DFIs and other partners.
   d) Under the TFM, establish a global sustainability science centre that can drive demonstration projects in agriculture, health, water, sanitation, energy, climate, and biodiversity.

3. Realizing the full potential of financial technology in achieving financial inclusion and financial health

The rapid growth of financial technology (fintech) has transformed businesses. It has improved financial inclusion, enhancing access to and use of digital financial services for individuals and micro, small and medium-sized enterprises. Despite progress, there are still significant gaps in access, and new risks, as some fintech companies are not subjected to the same regulations as other financial institutions. To fully realize the potential of fintech, complementary investments in technology access, financial and digital literacy skills, infrastructure and regulatory frameworks are needed. Coordinated national policy actions and strengthened international cooperation, especially on emerging issues, are essential to safeguard consumer protection, foster fair competition, ensure financial stability, and uphold financial integrity.

a) Support countries in creating an enabling environment for fintech development, underpinned by adaptive regulatory frameworks that effectively manage the opportunities and risks of new technologies.
b) Encourage countries to foster partnerships between local banks and fintech firms to expand financial inclusion services' reach, especially in rural areas.
c) Invite authorities of different jurisdictions to the FfD Forum to share experience and expertise on policy and regulatory frameworks to respond to the effects of digital technologies on financing for development, avoiding silo-style regulation.
d) Recognize the need for discussions on governance of fintech, including exploring the development of a set of principles for safe, equitable, and inclusive development and use of AI in fintech, and consider utilizing the Global Dialogue on AI Governance, which will be initiated as per the GDC, as a platform.

Data, monitoring and follow-up

1. Investment in data and statistical systems

Many Member States have not been able to fully capitalize on the power of data. Despite increases, international and domestic investments remain insufficient, resulting in gaps in the availability of high-quality and disaggregated data and statistics (e.g., on gender) needed to inform evidence-based decision making on sustainable development, especially for developing countries. This was particularly apparent during the COVID-19 crisis. There is a need to strengthen national data systems and their governance.

a) Accelerate progress on the Cape Town Global Action Plan for Sustainable Development Data, and invest in national data and statistical systems, including digital infrastructure.
b) Increase financial support for data and statistical capacity in developing countries, especially those in special situations and those facing specific challenges.

2. Data frameworks for sustainable development, accessibility and innovation

Political momentum is growing for measuring and monitoring progress in sustainable development using metrics that go beyond gross domestic product (GDP). However, stronger efforts are needed to enhance gender-disaggregated data, accessibility and innovative data sources. On financing data, in 2022, the new indicator 17.3.1 was developed to track resources mobilized for developing countries from multiple sources, alongside the breakthrough UN conceptual framework to measure South-South cooperation.

a) Continue to strengthen the SDG indicator framework, including support for enhancing the consistent reporting on and use of SDG indicator 17.3.1 and prioritization of high-quality, disaggregated data collection, including on gender and vulnerable groups.
b) Promote open, interoperable data platforms and standards to improve data sharing and accessibility, addressing challenges for developing countries.
c) Enhanced coordination on data among IFIs, the UN, Member States, and development agencies should be encouraged.
d) Leverage innovation in non-traditional data sources like citizen-generated data and remote sensing, supported by public-private partnerships and SMART indicators.

3. Strengthening the monitoring and follow-up mechanism for financing for development

The Addis Ababa Action Agenda strengthened the FfD follow-up. Challenges remain, however, with uneven participation of Member States, difficulty in engaging all relevant stakeholders, negotiations hampered by tight timelines, and insufficient space for engagement between ECOSOC and the Executive Directors of the Bretton Woods Institutions. There is also room to improve the incorporation of national and regional perspectives into the global dialogue. To strengthen follow-up, there is a need to strategically use existing mechanisms and structures, better engage Member States and institutional stakeholders, and create inclusive mechanisms for civil society organizations, the private sector, and academia. It should foster policy coherence and enhance links to regional and national-level action, without significant new burdens or data demands.

a) Task the Inter-Agency Task Force on Financing for Development to propose a concise set of financing indicators, which use existing data such as SDGs indicators, with intergovernmental discussion and agreement on the framework at the General Assembly in the second half of its 80th session; emphasizing the importance of disaggregation of data where possible.
b) Deepen discussions at the ECOSOC FfD Forum by reviewing action areas of the FfD outcomes in a multi-year cycle to allow for deeper reporting by the IATF on FFD, more focus in FfD Forum outcome document negotiations, and more in-depth discussion at the FfD Forum.
c) Strengthen the follow up on international trade by holding the part of the special high-level meeting that engages with WTO and UNCTAD in a separate time slot in the FFD Forum and engaging Ambassadors from Geneva in the years that prioritize review of the trade action area.
d) Align the Development Cooperation Forum cycle to report to the FFD Forum in years when the FFD Forum prioritizes review of the development cooperation action area, with the DCF held prior to the FFD Forum.

e) Strengthen the follow-up on the private business and finance action area through enhanced engagement of the private sector, building on existing mechanisms such as the FfD4 Business Steering Committee and the Global Investors for Sustainable Development Alliance.
f) To strengthen national follow-up, call on Member States to appoint focal points for financing for development in their finance and other relevant ministries and establish cross-departmental platforms for financing for development policy coordination and preparing national presentations (building on INFF experiences, where appropriate).
g) Strengthen peer review and further enhance participation from capitals by inviting countries to present national financing progress and challenges at the FfD Forum, building on INFFs where appropriate, with timing aligned with voluntary national reviews (VNR) on SDG implementation, utilizing the SDG Investment Fair.
h) Strengthen regional follow-up processes, led by regional economic commissions, with regular regional reporting on progress, regional committees, and consultations on progress and priorities.