

Recommendations to Strengthen the First Draft of the Fourth Financing for Development Conference Outcome Document

IISD REPORT



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Background

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A. Domestic Public Resources

High-Level Asks

Domestic Resource Mobilization

We welcome the addition of natural resource taxation in the First Draft (United Nations [UN], 2025b). Effective revenue collection from this sector is critically important for many developing countries. According to the [World Bank data](#) (World Bank Group, 2021), in 2021, natural resource rents represented more than 10% of GDP in 20 lower- and lower-middle-income countries, and more than 4% of GDP in over 40 countries. Paragraph 22f of this document could be further strengthened by including the following text:

We commit to effective taxation of natural resources that optimizes domestic revenue from natural resource rents. **Taxes and royalty revenues derived from exploration through to mine closure should reflect the value to society of the resources mined and be used in support of the sustainable development of the nation.**

We welcome the commitment in the First Draft to phase out fossil fuel subsidies. However, the reference to “inefficient” fossil fuel subsidies is an important loophole that must be removed. A better approach would be to clarify that the subsidies to be removed are those that do not address energy poverty or just transitions. Alternatively, commitment could require each country to create a national roadmap for phasing out its fossil fuel subsidies. This would require them to justify any remaining subsidies and identify alternative policy levers to achieve the same objective. We recommend amending paragraph 22i to state,

We reaffirm the commitment to rationalize inefficient subsidies, and to phase out **inefficient** fossil fuel subsidies that do not address energy poverty or just transitions, as soon as possible, while taking different national circumstances, pathways, and approaches into account.

The First Draft is significantly less ambitious than the Zero Draft (UN, 2025a) text regarding tax expenditures. Rather than seeking a commitment from countries to improve oversight of tax expenditure management and implement minimum standards for reporting, paragraph 22 merely encourages them to do so. This contradicts the emphasis that the document places on domestic resource mobilization (DRM) to resolve many of the financing challenges targeted by the Fourth Financing for Development Conference Outcome Document (FFD4). We recommend that paragraph 22b be amended to state,

We also commit to rationalizing the use of tax expenditures to increase fiscal space, increase transparency and improve oversight and management of tax expenditures, and to implement minimum standards for tax expenditure reporting.



We ask for the inclusion of a mention of the intention to reduce and phase out inefficient and potentially harmful tax incentives and subsidies that undermine sustainability objectives for DRM.

Public Procurement

Procurement laws, policies, and strategies should be encouraged to both include performance-based procurement where payments are linked to performance outcomes rather than just contract completion and to assess the wider costs and benefits of specific purchases, including through the use of life-cycle costing.

Procurement systems should integrate clear performance indicators and monitoring mechanisms to track impact toward targeted development objectives.

Capacity building, knowledge-sharing platforms, and technical assistance should be provided (by multilateral development banks and/or by bilateral donors) to procurement agencies to implement the necessary procurement reforms.



Item by Item

Table 1. Proposed revisions to the First Draft on domestic resource mobilization

Item	Existing language	Assessment	Alternative language	Rationale
22f (Alignment of fiscal systems with sustainable development)	f) We commit to effective taxation of natural resources that optimize[s] domestic revenue from natural resource rents.	<p>This addition to the First Draft is a positive step toward emphasizing the important role of natural resources in the tax base of many developing economies.</p> <p>The next draft could consider additional language, building on other intergovernmental processes like the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development’s Mining Policy Framework.</p>	<p>We commit to effective taxation of natural resources that optimizes domestic revenue from natural resource rents.</p> <p>Taxes and royalty revenues derived from exploration through to mine closure should reflect the value to society of the resources mined and be used in support of the sustainable development of the nation.</p>	<p>Many developing economies depend on natural resource extraction. According to World Bank data (World Bank Group, 2021), in 2021, natural resource rents represented more than 10% of GDP in 20 lower- and lower-middle-income countries, and more than 4% of GDP in over 40 countries. The International Monetary Fund’s (IMF’s) 2024 Regional Economic Outlook described 15 Sub-Saharan African economies as “resource intensive” (IMF, 2024).</p> <p>However, revenue contribution from natural resources could be higher in developing economies. IMF research shows that African countries are losing between USD 470 million and USD 730 million per year in corporate income tax on average from the avoidance of the global</p>



Item	Existing language	Assessment	Alternative language	Rationale
				<p>multinational enterprises taxes (Albertin et al., 2021).</p> <p>Many developing countries are resource dependent and will only attain more ambitious tax/GDP ratios if they optimize the financial benefits from extractive industries.</p>
<p>22b (Alignment of fiscal systems with sustainable development)</p>	<p>b) We will promote budget transparency, accountability and efficiency, including by enhancing oversight, implementing transparent procurement systems, as well as strengthened, resourced, independent and professional supreme audit institutions and parliamentary oversight. We also encourage the enhancement of oversight and management of tax expenditures, as well as minimum standards for tax expenditure reporting.</p>	<p>Procurement: The First Draft does not acknowledge that public budgeting and spending can be a strategic policy tool to deliver the Sustainable Development Goals (SDGs).</p> <p>DRM: The First Draft is significantly less ambitious than the Zero Draft text regarding tax expenditures. Rather than seeking a commitment from countries to improve oversight of tax expenditure management, and implement minimum standards for reporting, it merely encourages them to do so. This contradicts the emphasis that the document places on DRM to resolve many of the financing</p>	<p>b) We will promote budget transparency, accountability and efficiency, including by enhancing oversight, implementing transparent and digital/e-procurement systems and strengthened, resourced, independent, and professional supreme audit institutions and parliamentary oversight, especially public accounts committees. We will support the establishment and use of transparent and digital/e-procurement systems that track the impact of expenditures on achieving the SDGs. We also commit to rationalize the use of tax expenditures to increase fiscal space, increase</p>	<p>Procurement: The document needs to acknowledge that public budgeting and spending is not just a bureaucratic, compliance-driven process but a strategic policy tool to deliver the SDGs. This was reflected in the Addis Agenda (UN, 2015, para. 30) but is weak in the Zero Draft. The document could also build on or refer to the UN Resolution CAC/COSP/2023/L.13/Rev.1, adopted under the United Nations Convention Against Corruption (UN, 2023), which recognizes the importance of transparent public procurement for sustainable development.</p>



Item	Existing language	Assessment	Alternative language	Rationale
		<p>challenges targeted by the FFD4.</p>	<p>transparency, and improve oversight and management of tax expenditures, and to implement minimum standards for tax expenditure reporting.</p>	<p>We support Open Contracting Partnership’s (2024) submission on recommendations for the FFD4.</p> <p>DRM: Tax expenditure reporting is critically important, and good progress has been made in this area. However, tax expenditure reporting is only a means to an end: that end is rationalizing tax expenditures to increase fiscal space. The text should reflect this “guiding star” of tax expenditure reporting.</p>
<p>29d (Alignment of fiscal systems with sustainable development)</p>	<p>d) We encourage the broadening of the tax base and continuing efforts to integrate the informal sector into the formal economy in line with country circumstances, including by harnessing technology and innovation, investing in digital public infrastructure, by reducing the cost of compliance, and through providing appropriate incentives.</p>	<p>We support the submission of the International Centre for Tax and Development (ICTD) (Gallien, 2025).</p>	<p>d) We encourage the broadening of the tax base in a progressive manner, including by focusing on undeclared income and wealth. We will support continuing efforts to integrate the informal sector into the formal economy in line with country circumstances— including by harnessing technology and innovation, investing in digital public infrastructure, reducing the</p>	<p>We support ICTD’s submission (Gallien, 2025).</p>



Item	Existing language	Assessment	Alternative language	Rationale
			cost of compliance, and providing appropriate incentives— and developed in a targeted manner to be appropriate for different sub-sectors and protect the lowest-income informal earners.	
22e (Alignment of fiscal systems with sustainable development)	e) We commit to ensure progressivity and efficiency across fiscal systems to address inequality and increase revenue. We will promote effective, equitable and socially just government spending. We will also promote and strengthen progressive tax systems and the taxation of high-net-worth individuals, supported by international cooperation, while respecting national sovereignty.	In lower-income countries, the most immediate issue in terms of progressivity is to enforce existing taxes on the wealthy more effectively. These include taxes on capital income such as investment, capital gains, and rental income, as well as taxes on property. These taxes bear more on higher-income individuals, whether or not they are classified as high-net-worth individuals by individual countries’ definitions. Enforcing these taxes better would result in immediate gains in both revenue and equity.	e) We commit to ensure progressivity and efficiency across fiscal systems to address inequality and increase revenue. We will promote effective, equitable, and socially just government spending. We will also promote and strengthen progressive tax systems and the taxation of higher-income individuals , including high-net-worth individuals, supported by enhanced enforcement of existing tax laws and international cooperation, while respecting national sovereignty.	We support ICTD’s submission (McClusky, 2024).
22g (Alignment of fiscal systems	g) We will promote budgeting and taxation that	We support ICTD’s submission on gender taxation and	We will promote budgeting and taxation that are gender-	We support ICTD’s submission on gender taxation and



Item	Existing language	Assessment	Alternative language	Rationale
with sustainable development)	are gender-responsive, in line with countries' national strategies, priorities and circumstances. To achieve this, we will develop and enhance methodologies and tools for designing, monitoring and evaluating budget and tax policies with a gender perspective, alongside capacity development.	budgeting (Grown & Mascagni, 2024).	responsive, in line with countries' national strategies, priorities and circumstances. To achieve this, we will prioritize tax equity, including progressive and targeted approaches to the informal economy. develop and enhance methodologies and tools. We will encourage the collection of sex-disaggregated data and analysis on the gendered impacts of tax and public expenditures, to support designing, implementing, monitoring and evaluating tax and budget policies with a gender perspective, alongside capacity development.	budgeting (Grown & Mascagni, 2024).
22h (Alignment of fiscal systems with sustainable development)	h) We encourage the consideration of environment and climate in fiscal programming in line with national circumstances and the stage of economic development. Options may include, but are not limited to, green budgeting,	DRM: We support ICTD's submission on environmental taxes (Occhiali, 2023). Procurement: We identify a gap in green procurement.	We encourage the consideration of environment and climate in fiscal programming in line with national circumstances, the stage of economic development, and nationally determined contributions. Options may include, but are	DRM: We support ICTD's submission on environmental taxes (Occhiali, 2023). Procurement: The First Draft should explicitly include green public procurement as a means to align fiscal systems with climate considerations. Procurement processes can



Item	Existing language	Assessment	Alternative language	Rationale
	<p>taxation and fiscal rules, carbon pricing, and taxes on environmental contamination and pollution.</p>		<p>not limited to, green budgeting, taxation and fiscal rules, carbon pricing, and taxes on environmental contamination and pollution. Acknowledging that these instruments chiefly have environmental objectives, we recognize that while contributing to resource mobilization, they should not be seen as a significant source of climate finance.</p>	<p>demand low-carbon solutions for goods, services, and infrastructure by including sustainability considerations in technical specifications and/or award criteria in the bidding process. Public procurement systems should also encourage the use of performance-based specifications that set targets and create incentives for suppliers/bidders to compete based on CO₂ performance, in addition to price.</p>
<p>22i (Alignment of fiscal systems with sustainable development)</p>	<p>i) We reaffirm the commitment to rationalize inefficient subsidies, and to phase out inefficient fossil fuel subsidies that do not address energy poverty or just transitions, as soon as possible, while taking different national circumstances, pathways and approaches into account.</p>	<p>The word “inefficient” should be removed from the First Draft.</p>	<p>j) We reaffirm the commitment to rationalize inefficient subsidies, and to phase out inefficient fossil fuel subsidies that do not address energy poverty or just transitions, as soon as possible, while taking different national circumstances, pathways and approaches into account.</p>	<p>The term “inefficient” creates a loophole. A better approach would be to clarify that the subsidies to be removed are those that do not address energy poverty or just transitions. Alternatively, commitment could require each country to create a national roadmap for phasing out its fossil fuel subsidies. This would require them to justify any remaining subsidies and identify alternative policy levers to achieve the same objective.</p>



Item	Existing language	Assessment	Alternative language	Rationale
221 (Capacity support)	I) We commit to enhance support for country-led efforts to modernize revenue administration, especially digitalization of tax administrations, investment in information technology systems, improvement of data and statistics and the use of artificial intelligence.	It is critical to see a strong commitment to supporting country-led capacity building of revenue administrations. As this international declaration will form the basis of several capacity-building initiatives, we recommend adding more specificity, which will only encourage and help focus such initiatives, in particular, with regard to tax audits, legal departments, and digitalization.	I) We commit to enhance support to developing countries for country-led efforts to modernize revenue administration. We encourage a whole-of-government approach to developing digital public infrastructure and data sharing, based on strong data governance frameworks to promote public trust, digital inclusion, and the protection of citizen rights.	We support ICTD's submission on digitalization (Diouf, 2024).
Capacity support	Absent		We will provide targeted support for procurement agencies at national and subnational levels on public procurement reform, including digitization/e-procurement, monitoring systems for tracking the progress of public expenditures against SDGs, and training programs to professionalize public procurement.	One of the biggest barriers to public procurement reform for sustainable development is the lack of institutional capacity of procurement agencies/departments to reform and modernize public procurement as a strategic policy tool.



Item	Existing language	Assessment	Alternative language	Rationale
22n (Subnational finance)	n) We will strengthen subnational finance where appropriate by enhancing local authorities' technical, technological and human resource capacities; diversifying revenue and financing sources, including the development of municipal bond markets as applicable; and promoting stable and transparent intergovernmental financial transfer systems and equalization mechanisms.	We support ICTD's submission (Prichard, 2025).	l) We will strengthen subnational finance where appropriate by enhancing local authorities' own source revenue collection through investments in technical, technological and human resource capacities; diversifying revenue and financing sources, including the development of municipal bond markets as applicable; and promoting stable and transparent intergovernmental financial transfer systems and equalization mechanisms.	We support ICTD's submission (Prichard, 2025).
22	Absent	The Zero Draft can be strengthened by addressing not only fossil fuel subsidies, but also other public financial flows to fossil fuels such as international and domestic public finance.	We commit to end new direct public support for the international and domestic unabated fossil fuel energy sector, except in limited and clearly defined circumstances that are consistent with the 1.5°C warming limit and the goals of the Paris Agreement.	International and domestic public finance for fossil fuels totals around USD 100 billion a year in the G20. This suggestion would improve the draft by holistically addressing all sources of public finance for fossil fuels, not only subsidies.
22	Absent	The Zero Draft can be strengthened by addressing not only fossil fuel subsidies,	We commit to align our investments through state-owned enterprises with the	State-owned enterprises provided USD 368 billion to fossil fuels in 2023. This



Item	Existing language	Assessment	Alternative language	Rationale
		but also other public financial flows to fossil fuels, such as capital expenditure of state-owned enterprises.	principles of sustainable development, including ending all new capital investments in the fossil fuel energy sector, except in limited and clearly defined circumstances that are consistent with the 1.5°C warming limit and the goals of the Paris Agreement.	suggestion would improve the draft by holistically addressing all sources of public finance for fossil fuels, not only subsidies.
23g (International tax cooperation and innovative taxes)	g) We will provide developing countries with demand-based technical assistance and capacity-building programs to ensure they benefit from international tax cooperation.	The First Draft is broader than the Zero Draft in that it removes Pillar Two from capacity building, leaving it to be demand-based. It does not, however, mention other solutions to tax the digital economy that are being developed at other forums, such as the UN Framework Convention in Tax .	g) We will provide developing countries with demand-based technical assistance and capacity-building programs to ensure they benefit from international tax cooperation frameworks as well as bilateral or multilateral solutions for the taxation of digital businesses and services.	Developing countries are increasingly interested in solutions for taxing digital businesses and services that go beyond those provided by the Organisation for Economic Co-operation and Development (OECD) and the Inclusive Framework .
39d (Trade in critical minerals and commodities)	d) We stress the importance of providing support to developing countries to negotiate commodity contracts with terms that provide predictability and stability for investment,	This is a very positive addition to the First Draft. Encouraging domestic value addition is important in the development agenda of many resource-rich countries, but equally important is the need to ensure		Government revenue is a key part of the financial benefits of extractive industries for host countries but has not always been prioritized in the mining sector. It will remain important even for countries that are able



Item	Existing language	Assessment	Alternative language	Rationale
	<p>while also providing revenue certainty for governments and flexibility to respond to changes in economic and market conditions. We also encourage developing countries to implement necessary regulatory reforms and to create a business environment that attracts investments aligned with their sustainable development plans.</p>	<p>fair fiscal terms and reliable government revenues. We support this language.</p>		<p>to leverage their resources for domestic value addition.</p>



B. Domestic and International Private Business and Finance

High-Level Asks

Strengthening local capital markets through a domestic institutional investor

base: To deepen domestic capital markets and mobilize long-term financing, negotiators should call for interventions and incentives to build and strengthen the domestic institutional investor base. Local institutional investors, such as pension funds, insurance companies and mutual funds, should be encouraged and potentially incentivized to invest in domestic capital markets. This would enhance financial market stability, broaden the availability of long-term financing for sustainable infrastructure and development projects, and mitigate financial risks associated with external market volatility.



Item by Item

Table 2. Proposed revisions to the First Draft on domestic and international private business and finance

Item	Existing language	Assessment	Alternative language	Rationale
<p>27b (Domestic financial and private sector development and enabling environments)</p>	<p>b) We will accelerate the development of domestic financial sectors and promote a sequential approach, starting with building a domestic savings base and strengthening the domestic banking sector. We will continue with expanding long-term bond and insurance markets, equity markets and institutional investment, as appropriate, and deepening secondary markets.</p>	<p>The First Draft concentrates on expanding the domestic savings base and strengthening the banking sector, followed by broader measures for developing long-term bond, insurance, equity, and secondary markets. However, it does not explicitly address the role of domestic institutional investors.</p>	<p>We will accelerate the development of domestic financial sectors and promote a sequential approach, starting with building a domestic savings base and strengthening the domestic banking sector. In addition, to deepen domestic capital markets and mobilize long-term financing, we call for the introduction of frameworks and incentives designed to build and strengthen the domestic institutional investor base. Local institutional investors, such as pension funds, insurance companies, and mutual funds, should be encouraged and, where appropriate, incentivized to invest in domestic capital markets. This will enhance financial market</p>	<p>Institutional investors are critical for mobilizing long-term financing needed for sustainable infrastructure and development projects. The modifications ensure that this aspect is integrated into the broader strategy, complementing the expansion of other market segments.</p>



			<p>stability and broaden the availability of long-term financing for sustainable infrastructure and development projects. We will continue with expanding long-term bond and insurance markets, equity markets and institutional investment, as appropriate, and deepening secondary markets.</p>	
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C. International Development Cooperation

High-Level Asks (Climate Financing)

The need for countries to efficiently mobilize finance for their climate change priorities is increasing, and, as mentioned in the Zero Draft, it is pivotal to ensure developing countries, especially those highly vulnerable to climate change impacts, have access to sufficient finance for mitigation, adaptation, and resilience building.

Climate change investment planning provides a structured approach for accessing different sources of finance and closing the climate change financing gap. It includes selecting a set of priority investments to be implemented first, identifying different potential sources of climate finance (including domestic and, where possible, international, public, and private finance sources) and the utilization of suitable financing instruments, adapted to countries' specific circumstances, needs, and priorities.

A tailored approach is needed to meet the specific climate finance needs of developing countries:

- A phased approach may be needed in some countries, focusing on enabling factors for efficient climate finance mobilization.
- For least developed countries (LDCs) with limited capacity to expand their fiscal base and attract private sector investment, the emphasis would be on accessing international public sources of finance. Additionally, it is crucial to focus on utilizing appropriate financial instruments, as LDCs often encounter significant challenges in creating the conditions needed for the successful implementation of innovative financial solutions for climate change adaptation and mitigation.
- Other (i.e., higher-income-level) developing countries can explore opportunities to increase domestic resources for climate change purposes and utilize innovative instruments and processes to further engage the private sector.



Item by Item (Climate Financing)

Table 3. Proposed revisions to the First Draft on climate financing

Item	Existing language	Assessment	Alternative language	Arguments
39d	<p>d) We commit to ensure that developing countries that are particularly vulnerable to the adverse impacts of climate change 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 and mountain economies, and commit to increase capacity building at the country level to access climate finance.</p>	<p>To effectively scale up the use of innovative financial instruments for climate change adaptation and mitigation in LDCs, a phased approach may be required. This approach should initially focus on building the foundational elements needed for the implementation of these instruments, such as enhancing legal and regulatory systems, ensuring strict enforcement, developing robust governance and transparency standards, and establishing transparent and robust reporting frameworks, among others.</p>	<p>We commit to ensure that developing countries that are particularly vulnerable to the adverse impacts of climate change receive have access to sufficient climate finance to support mitigation, adaptation and resilience building, including via the 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 and mountain economies, and commit to increase capacity building at the country level to access climate finance. We acknowledge that a phased approach may be required to help LDCs effectively mobilize sufficient climate finance, including increasing domestic</p>	<p>The word "receive" seems contradictory in the context of using instruments such as carbon finance, catastrophe bonds, and so on, which usually imply mobilizing climate finance within developing countries themselves, not "receiving" climate finance from developed countries. If the focus is on ensuring that the most vulnerable developing countries "receive" sufficient climate finance from developed countries, we must use the right instruments in the right way. However, if the focus is on ensuring sufficient climate finance is available for vulnerable developing countries, we suggest rephrasing the sentence and removing the word "receive."</p> <p>Additionally, the appropriateness of these instruments can vary based on countries' national circumstances and capacities, not just their "needs and priorities."</p>



			<p>resources and engaging private sector finance.</p>	<p>For instance, high levels of debt and institutional weaknesses make it difficult for LDCs to issue catastrophe bonds, and the absence of appropriate regulatory frameworks and market infrastructure hinders the implementation of biodiversity credits. Establishing a carbon credit market requires strong compliance mechanisms, including independent emissions evaluations, strict enforcement, and transparent regulators, which necessitate significant capacity and public investment. In 2024, there were no carbon credit trading mechanisms in LDCs. Some financial instruments could be more attractive to LDCs. For example, the Climate Vulnerable Forum and Vulnerable Twenty Group (2025), which includes 25 LDCs, has called for debt-for-nature swaps to address both debt and climate change issues.</p>
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D. International Trade as an Engine for Development

Overall Assessment

The draft identifies the major challenges in trade policy and highlights the key areas where changes in structures and additional support are required to help developing and least developed countries benefit from global trade. We welcome the balance of focus between trade in goods, industrialization, and value addition on the one hand, and the importance of digital trade (both its infrastructure and its regulation) on the other. We particularly welcome the commitments in the text to policy capacity building, both for building domestic regulation and for participation in international trade negotiations, which we view as crucial if developing country governments are to participate effectively in the international governance of trade.



Item by Item

Table 4. Proposed revisions to the First Draft on trade

Item	Existing language	Assessment	Alternative language	Arguments
35	<p>There are also concerns about the implications of unilateral trade-related environmental measures on sustainable development.</p> <p>[Refer also 36I We call for discussion in the relevant multilateral forums and agencies on trade-related environmental measures and their impact on the trade and development prospects of developing countries.]</p>	<p>The First Draft appropriately reflects the concerns around unilateral trade measures functioning as market access barriers and calls for discussion about their impact, but the text could be worded to send a message about key principles that should guide the design of these measures.</p>	<p>Where countries use unilateral trade-related measures to advance environmental protection, they should be consistent with all relevant international obligations and ensure these measures are designed and applied to support a transformation toward sustainable production everywhere.</p>	<p>Concerns around the impact of unilateral trade measures are justified, but the Paris Agreement also asks countries to move at different speeds in their climate ambitions. Unilateral trade measures that address the competitiveness effects of domestic environmental action are probably inevitable. What is not inevitable is how they are designed.</p> <p>This statement is an opportunity to indicate they should be designed to support a levelling-up of production standards.</p>
36c) (Multilateral trading system through the World Trade Organization)	<p>c) We urge the finalization of pending agreements, including the one on Fisheries Subsidies.</p>	<p>The language in the First Draft is accurate but could more clearly reference the importance of the agreement in the context of the SDGs framework.</p>	<p>We urge the finalization of pending agreements, including the additional provisions to the Agreement on Fisheries Subsidies, thereby fulfilling SDG target 14.6, before MC14.</p>	<p>The World Trade Organization (WTO) Agreement on Fisheries Subsidies concluded in 2022 (WTO, 2022) reflects partial completion of target 14.6 under the SDG framework. Negotiations to complete the</p>



Item	Existing language	Assessment	Alternative language	Arguments
				agreement with additional provisions are very close to being concluded.
36k) (Trade measures which restrict or distort trade)	k) We call on members of the WTO to conclude negotiations on a permanent solution to the issue of public stockholding to address food insecurity.		<p>We call on WTO members to conclude negotiations on a permanent solution to the issue of public stockholding to address food insecurity, and to update WTO rules for global agricultural trade to remove trade distortions that affect producers in developing countries, while addressing the specific needs of LDCs and net food-importing developing countries.</p> <p>Refer, also, to para. 36e: “take steps to provide precise, effective and operational special and differential treatment) to net food-importing developing countries.”</p>	Agriculture makes up a substantial component of many developing countries’ economies, and the WTO negotiations on the topic have been stuck for many years. Public stockholding is a priority, but a broader update of the rules is also necessary.



E. Debt and Debt Sustainability

High-Level Asks

The document should not imply that a debt-relief initiative is solely needed for countries facing liquidity constraints and high debt-servicing costs but not for countries in debt distress. The binary is difficult to uphold in practice, and, rather, the FFD4 should call for a debt-relief initiative for both sets of countries. The FFD4 should call for the establishment of a commission with key experts, and representation of debtors, creditors, relevant UN organizations, as well as the G20 and Paris Club, to propose and build consensus toward a debt-relief initiative. This commission should also make recommendations with regard to where the institutional home should be for such a facility.

The expression of "support" should come hand in hand with funding commitments (i.e., for entities such as the African Legal Support Facility, capacity building for greater parliamentary oversight, etc.).



Item by Item

Table 5. Proposed revisions to the First Draft on debt and debt sustainability

Item	Existing language	Assessment	Alternative language	Arguments
41a	a) We request the United Nations Secretary-General to create an independent expert working group to consolidate and develop guiding principles on responsible sovereign borrowing and lending, building on the UNCTAD Principles on Promoting Responsible Sovereign Lending and Borrowing, the G20 Operational Guidelines for Sustainable Financing, and other relevant principles and guidelines, and to design tools for continuous monitoring and assessment of their implementation across different stages of the sovereign debt cycle, including issuance, management, sustainability, repayment and restructuring.	The establishment of the working group is to be welcomed. However, the working group’s main task should be making the principles monitorable and enforceable.	We request the United Nations Secretary-General to create an independent expert group to consolidate and develop guiding principles on responsible sovereign borrowing and lending, building on the UNCTAD Principles on Promoting Responsible Sovereign Lending and Borrowing, the G20 Operational Guidelines for Sustainable Financing, and other relevant principles and guidelines. The working group’s main focus should lie on designing tools for continuous monitoring and assessment of their implementation across different stages of the sovereign debt cycle, including issuance, management, sustainability, repayment and restructuring.”	The alternative language proposed focuses the attention of the international community on the core problem with principles (their weak implementation, so far), making them a more powerful tool for developing countries in recognizing shared responsibility with their creditors throughout the debt cycle.
41b	b) We commit to enhance parliamentary oversight and strengthen public investment	Parliamentary oversight is central and its inclusion in the outcome document vital.	We commit to enhance parliamentary oversight and strengthen public investment	While commitment to scaling up capacity building is crucial, a commitment to scale up bilateral



Item	Existing language	Assessment	Alternative language	Arguments
	<p>management systems, with the aim of increasing transparency and accountability over domestic and external debt issuance and use. We will scale up capacity building to support developing countries to enable them to better manage their public debt, improve debt data transparency, and effectively invest borrowed resources.</p>		<p>management systems, with the aim of increasing transparency and accountability over domestic and external debt issuance and use. We will scale up bilateral and multilateral funding for capacity building to support developing countries to enable them to better manage their public debt, improve debt data transparency, and effectively invest borrowed resources.</p>	<p>and multilateral financing for that specific aim has more teeth from a developing country perspective.</p>
41c)	<p>c) We urge the streamlining and consolidation of existing debt databases into a single global central debt data registry, housed in the World Bank, to harmonize and strengthen debt data reporting, enhance debt transparency, and reduce reporting burdens. We commit to improve debt disclosure by both borrowing countries and creditors.</p>	<p>Although greater debt data transparency is highly relevant and a joint responsibility of debtors and all creditors, it is mostly debtors, and increasingly bilateral official creditors (with the rise of non-Paris Club creditors) who have been held accountable.</p>	<p>Fostering greater debt data transparency to inform responsible lending and borrowing decisions is a joint responsibility of debtors, and all creditors, including private creditors. We urge the streamlining and consolidation of existing debt data bases into a single global central debt data registry, housed in the World Bank, to harmonize and strengthen debt data reporting, enhance debt transparency, and reduce reporting burdens. We commit to improve debt</p>	<p>Private creditors have not made comparable efforts to increase transparency, and the main initiative aimed at private creditors (the OECD's Debt Transparency Initiative [OECD, 2022]) is both unambitious and meagre in results.</p> <p>Greater debt data transparency is not only a valuable end in itself, but also a necessary condition for more prudent lending and borrowing decisions (<i>ex ante</i>), and for a less protracted restructuring negotiation and debt crisis resolution (<i>ex post</i>).</p>



Item	Existing language	Assessment	Alternative language	Arguments
			disclosure by both borrowing countries and creditors.	
41g	g) We will strengthen platforms for borrower countries to coordinate approaches and share information and experiences.	Greater information exchange and coordination between debtors is crucial to level the playing field both in debt restructuring negotiations, and in shaping the international debt and financial architecture (see Power in sovereign debt markets: Debtor's coordination for more competitive outcomes [Guzman et al., 2024]).	We will strengthen platforms for borrower countries with a permanent secretariat to coordinate approaches and share information and experiences.	Existing language is very vague on what “platforms” entails. A permanent secretariat—analogue to the one created by the Paris Club—is much more powerful language, which—in a concise manner—sets a very clear and concrete expectation.
42	To significantly lower the cost of borrowing and to provide more comprehensive and systematic support for countries that, while solvent, face high debt-servicing costs.	The solvency versus liquidity distinction is difficult to uphold in practice. Support should be provided to all countries facing debt vulnerabilities.	To significantly lower the cost of borrowing and to provide more comprehensive and systematic support for countries facing debt vulnerabilities.	There is a developmental case to be made about debt relief for all countries facing debt vulnerabilities, regardless of whether they are insolvent or “merely” illiquid. The new language highlights the need for such an initiative, regardless of which side of the binary a country falls in.
42a	Absent	A debt-relief initiative is paramount for both heavily indebted countries and those whose high debt-servicing costs	We call for the operationalization of a debt-relief initiative for heavily indebted countries and those whose high debt-servicing costs make investment	The new language makes clear that both heavily indebted countries and those facing high debt-servicing costs urgently require debt relief. While the Debt



Item	Existing language	Assessment	Alternative language	Arguments
		<p>make investment in development difficult.</p> <p>A call for the establishment of a commission that develops a debt-relief initiative, in coordination with the South African G20, could also be made.</p>	<p>in development difficult. We call for the establishment of a commission, with key experts, and representation of debtors, creditors, relevant UN organizations, as well as the G20 and Paris Club, to propose and build consensus toward a debt-relief initiative.</p>	<p>Sustainability Support Service is a welcomed initiative, it only targets a subset of countries and needs to be complemented with a broad-based debt-relief initiative, adopted by the G20.</p>
42c	Absent	<p>No mention of the G20 South African "cost of capital" commission (G20, 2024).</p>	<p>We support the establishment of the G20 South African Cost of Capital Commission.</p>	<p>The diagnosis that pushed the South African Presidency to propose such a commission is similar to the diagnosis regarding high debt-servicing costs and limited fiscal space in this section.</p> <p>Additionally, institutional silos should be broken down, and greater coordination and cooperation should be fostered between the International Conference on Financing for Development and the G20.</p>
43d	<p>d) We 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</p>	<p>The African Legal Support Facility (and similar entities) provide crucial advice. What is required is not only the expression of support, but financial commitments to finance them.</p>	<p>We 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</p>	<p>A mere expression of support does not help these crucial entities in what they do. What is primarily required is financial support.</p>



Item	Existing language	Assessment	Alternative language	Arguments
	<p>transactions and workouts with creditors; and/or will utilize the above facility for this purpose.</p>		<p>transactions and workouts with creditors; and/or will utilize the above facility for this purpose. We commit to providing new financing to support these entities.</p>	



F. Addressing Systemic Issues

Overall Assessment

The five main headings of the sub-section (II-F45-50) seem appropriate and cover the most important areas of reform.

Whereas section II.F.45 is concerned with increasing the voice of developing countries in global economic governance, section II.F.46 aims at strengthening the global financial safety net. While both are desirable, the First Draft currently does not address the interaction of these two reform agendas—the economic governance and the global safety net agenda—and the extent to which they positively support each other, trade-offs arise, and/or require setting priorities.

An example is the evaluation of the need for a new issuance of special drawing rights (SDRs) (item 47h), in combination with the call for further IMF quota realignment (46b). Since SDRs are allocated based on each member's quotas, a quota reform will necessarily affect any new SDR general allocation. In principle, a quota realignment is likely to entail more SDRs being allocated to developing countries. While this seems to be in accordance with the spirit of the Zero Draft, an alternative might be to call for delinking SDR allocations from member quotas. This is one example that elucidates the interactions between items 46 and 47, which should be considered during the negotiation.

A de facto division of labour exists between different international organizations and international financial institutions regarding the topics they follow and cover. Most of the items covered in this section currently fall in the domain of the IMF, multilateral development banks, the G20 (including the Financial Stability Board), and Basel institutions. While the First Draft points at concrete instances for the latter institutions to coordinate with UN institutions and processes, a more explicit call to break down institutional silos and coordinate would be welcome.

While ambitious in several items, the language remains vague in terms of how the asks will be implemented, operationalized, and/ or enforced. Concrete steps are not sufficiently recognized throughout the section.

G. Data, Monitoring and Follow-Up

High-Level Asks (Beyond GDP)

The First Draft's calls for **using and developing beyond GDP measures**, found in paragraphs 31q and 57g, should be retained.



Item by Item (Beyond GDP)

Table 5. Proposed revisions to the First Draft on data, monitoring, and follow-up

Item	Existing language	Assessment	Alternative language	Rationale
31q	q) We will 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, including access to concessional financing.	<p>The use of complementary measures that go beyond GDP to inform development cooperation policies will ensure these decision-making processes are based on more holistic considerations than GDP provides on its own.</p> <p>The text in 31q, along with the text in paragraph 57g, goes beyond the existing SDG target 17.19, which calls for “building on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product” (SDSN, n.d.).</p>	Retain as is.	<p>The use of GDP is well established, even though it is an incomplete measure of the impact of economic activity within a country.</p> <p>The use of “beyond GDP” measures in discussions on development cooperation paired with the call to “advance the process on measures of progress” can help build trust and knowledge about how these complementary measures can support decision-making processes and enhance decision-making outcomes.</p>
57g	g) We commit to advance the process on measures of progress on sustainable development that complement or go beyond GDP, as agreed in the Pact for the Future.		Retain as is.	The fact that paragraph 57g is embedded in the SDGs is important, as this links the call for “advancing the process” to an agreed global framework. It also gives it urgency, given that we have only 5 years left to achieve the SDGs.



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