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Policy Brief — FfD in the road to COP30

Financing for Development proposals: A revisited version with the Sevilla Commitment in the road to COP3

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2025 has been a year of polarization internationally, but important multilateral consensus was achieved in the development and climate change arena despite the global financing crisis of development cooperation and unilateral threats to the 2030 Agenda.

The Fourth International Conference on Financing for Development (FfD4) in Sevilla, the road to COP30 in Belem, and the G20 summit in South Africa are critical platforms for addressing global financing challenges and aligning financial systems with Sustainable Development Goals (SDGs).

The systemic issues in financing for development are central to understanding the broader challenges and opportunities in achieving the SDGs. Sevilla highlighted several systemic issues that need to be addressed to close the financing gap and ensure effective implementation of the 2030 Agenda for Sustainable Development.

Red Sur has been working in some of these **systemic issues** in the past, such as **global financial architecture**, **debt sustainability, domestic resource mobilization and climate finance** among other, this Policy Brief refers to Red Sur research and proposals related with FfD systemic issues, some of their links with COP30, and reflects on the achievements and challenges emerging from Sevilla and road ahead.

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Global Financial Architecture: The current global financial architecture is fragmented and often biased against developing countries. Red Sur calls for a more equitable financial system and public financing for care and reducing poverty and inequalities, and the Compromiso de Sevilla emphasized the need for a more inclusive and equitable financial system that addresses the structural imbalances and unfair biases in the global financial system.

Debt Sustainability: Debt sustainability remains a significant challenge for many developing countries. Red Sur has studied and documented that for Global South countries, where the cost of transitioning towards a sustainable, zero-emission carbon scenario by 2050 stands at 5%/7% of GDP -see Galindo and Lorenzo 2023a- the burden imposed by interest payments further jeopardizes these aspirations (Albrieu et al, 2024).

The Sevilla Platform for Action launched several initiatives to tackle the sovereign debt crisis, including solutions for unsustainable external debt and mechanisms for debt relief and restructuring. But these measures were insufficient. There was a call for more ambitious short-term renegotiation instruments and a permanent institutional mechanism for sovereign debt restructuring. Various research, including research carried by Red Sur and partners emphasized the following **policy proposals**:

> **To modify the Debt Sustainability Analysis (DSA) frameworks** broadening the definition of sustainability to go beyond short-term government finance. This version of "sustainability" incorporates concepts associated with intra-generational equity (e.g. poverty and distribution) and inter-generational equity (e.g. climate and the environment), and explore bi-directionalities (e.g. how climate shocks affect the sustainability of public finances, and how fiscal consolidation cut funding on climate-change policies); if, as it has been proposed by Red Sur, a broader definition of sustainability is taken, then it is possible to find common grounds between the goals of development finance and sustainability finance, and also uncover the necessary trade-offs (for more details on the framework (Galindo and Lorenzo, 2023b, Albrieu *et al*, 2024).

> **The review of low-income country Debt Sustainability Framework (LIC-DSF)** should be extended to the DSA for Market Access Countries (Albrieu et al, 2024).

> **To promote debt-climate swaps and care-swaps**. Based on recent studies (Ekeruche et al, 2023), debt swaps could be a viable way to achieve fund needed projects in areas neglected during times of economic downturn and expand budgetary resources to alleviate debt burdens or make budgetary expenditures vital to economic recovery. Thus, according to Red Sur studies (Albrieu et al, 2024), developing countries should be encouraged to adopt debt swaps in cases where debt risks are elevated. However, they should not be seen as substitutes for a more general green financing strategy.

> **An ambitious short-term renegotiation instrument and a permanent institutional mechanism for sovereign debt restructuring** (Ocampo, 2025). The G20 and COP30 negotiations also emphasize this need, and civil society networks such as EURODAD have called ¨civil society, grass root organizations, labour unions, academics and states from the Global South must continue to use its follow up processes to promote an agreement on an UN-led intergovernmental process that undertakes a comprehensive review of the governance structures, mandates and roles of international financial institutions and multilateral development banks, with an ecosystem approach, including how they interact with regional and national development banks. The objective is to build institutions that are democratic, inclusive, transparent, accountable and oriented to deliver sustainable development outcomes in the Global South¨ (Romero and Saldanha, 2025).

Climate Finance: Mobilizing climate finance is critical for addressing climate change and supporting climate resilience. Red Sur has produced several studies alerting that the structural transformations needed to build a carbon-neutral economy between 2050 and 2070 imply several transition risks that significantly impact the financial system. Evidence shows that the financial system does not properly incorporate the risks of the climate transition. For example, it does not incorporate the risks implied by stranded assets that will transfer into abrupt changes in the value of bank assets and affect their balance sheets. This will result in a carbon bubble.

The '*Compromiso de Sevilla*' reaffirmed the commitment to scale up climate finance commitments and ensure that funds are accessible to vulnerable countries. Just after Sevilla, the International Court of Justice (ICJ) ruled that States have an obligation to protect the environment from greenhouse gas (GHG) emissions and act with due diligence and cooperation to fulfill this obligation limiting global warming under 1,5º C (United Nations, 2025).

The ICJ referred to Member States' commitments to environmental and human rights treaties to justify this decision linking climate and human rights violations. This is an important shift making climate change obligations and not mere commitments. In fact, it ¨elevates 1.5º C from an aspirational goal to a definitive legal benchmark governing the ambition, scope, and due-diligence duties of every state under both the Paris accord and general international law¨ (Dugal, 2025). Thus, states' discretion in formulating their Nationally Determined Contributions (NDCs) is not unlimited (Dugal, 2025) and is linked to the obligation of the 1.5º C and Human Rights standards.

Red Sur studies highlight the **fiscal and financial challenges of climate transition in Latin America** (Galindo & Lorenzo, 2023) and **the need to step up and innovate in fiscal instruments for the transition and revisit NDCs ambition to meet Paris Agreement** commitments, and in the road to **COP30** several proposals were developed in this sense:

Domestic Resource Mobilization (DRM): Strengthening domestic resource mobilization is crucial for achieving SDGs and implement the Paris Agreement. This includes improving tax systems, combating illicit financial flows, and enhancing public financial management.

The '*Compromiso de Sevilla*' emphasized the importance of domestic resource mobilization and announced several initiatives to support countries in this area. DRM emerged as a priority at FfD4, with many countries viewing it as a necessary response to shrinking development cooperation and Official Development Aid (ODA) budgets. Red Sur has proposed through several studies and Policy Briefs the **need to advance towards new fiscal and financing policies consistent with a profound decarbonization of the economy**. This is essential to implement the **structural transformations required for the current style of development**. These fiscal and financing strategies should not only consider the preservation of current fiscal balances but also build a new fiscal and public debt management paradigm.

Private Sector Engagement: Leveraging private sector investment is necessary to fill the financing gap for sustainable development. However, this promise has not been translated into reality despite all international efforts since the launch of the SDGs (The Economist, 2025). The '*Compromiso de Sevilla*' highlights the need for creating an enabling environment for private investment and fostering public-private partnerships. New partnerships and tools were announced to unlock private capital and boost domestic resource mobilization within countries.

Gender Equality and Care Society: The '*Compromiso de Sevilla*' includes references to women, girls, and gender equality. It commits to investing in the care economy and redistributing unpaid care and domestic work. It also reaffirms the imperative of achieving gender equality and the empowerment of all women and girls, including eliminating gender-based violence and promoting entrepreneurship among women and youth.

Red Sur studies and other authors have shown how i**nvesting in the care economy has significant implications for economic growth, productivity, decent work and poverty and structural inequalities**. By prioritizing care, countries comprehensive care policies and systems, enhance labor force participation, education and professionalization particularly among women, who continue to be primary caregivers. Gender-responsive budgeting and taxation can further support building care societies by ensuring that financial resources are allocated to address gender inequality. By addressing structural inequalities and adapting to demographic changes, employment trends, and skill requirements, policies can create a more stable and sustainable economic environment. Strategic investments in the care sector can help mitigate fiscal risks and ensure long-term economic stability (World Economic Forum, 2024).

Although the Sevilla Consensus included references to gender equality and the care economy, these commitments were not strong enough. There was a need for more concrete actions and resources to support the care society and promote gender equality. The lack of detailed plans and funding commitments in this area was seen as a missed opportunity (Pham, 2025) and even if the mention of care is stronger that the first commitment made in Monterrey in 2002, the gender equality agenda did not advance substantially compared with the previous FfD outcome documents.

In sum, the FfD4 and the Sevilla Consensus made important strides in addressing global financing challenges, but several critical areas remain unaddressed. The withdrawal of the U.S., the lack of commitment to phase out fossil fuel subsidies, insufficient focus on debt sustainability, challenges in domestic resource mobilization, and limited progress on gender equality and the care economy are key areas where the conference fell short.

The lack of a clear commitment to phase out fossil fuel subsidies, was seen as a major regression from the Addis Ababa Action Agenda and a missed opportunity to address climate change more effectively. Without addressing fossil fuel subsidies, the goals of the Sevilla Consensus would be difficult to achieve (Readhead et al., 2025).

Possibly, some of these challenges will be also present in the road to COP30 and beyond. However, under the Brazilian leadership of the negotiations, and the recent International Court of Justice decision on climate change and human rights obligations, some of these issues may advance in the ongoing negotiations.

The intersections between care, climate change and financing have been revealed by Red Sur studies (Galindo and Lorenzo, 2023b) and should be properly recognized as part of COP30 advances in relation to the Gender Action plans and the need to prioritize green and climate financing that is conducive to long term solutions, while increasing communities and women's empowerment and leadership in locally-led solutions and policy innovations. There is enough evidence on how not including a gender equality perspective or a care perspective can lead to maladaptation and malmitigation. It is time to **go beyond climate and gender plans**, and advance **alignment and policy coherence financing climate and care** in the **short term and towards 2030, 2050 and 2070** scenarios and meet states obligations agreed at the Paris Agreements.

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