

“Driving Sustainable Futures for All”

Club de Madrid Annual Policy Dialogue on Financing for Sustainable Development

The policy dialogue will be structured as an interactive and inclusive roundtable, gathering approximately 50 participants around a single table to foster an environment conducive to open dialogue and collaboration. Each session will feature thematic remarks by Members of Club de Madrid, African and international experts who will act as catalysts to spark an interactive discussion. Emphasis will be placed on facilitating a dialogue, an exchange, rather than a series of formal presentations, ensuring that all participants have the opportunity to contribute their perspectives and insights.

Day 1

OPENING/WELCOME REMARKS

SESSION I: *The Challenge of Global Financing for Development*

This session aims to outline the critical landscape of development finance, identifying the primary challenges and opportunities that lie ahead. It will provide participants with an initial overview of key issues, including the evolving nature of global finance, the impact of recent global events and discussions on funding, and the pressing need for sustainable and equitable financial solutions. By setting the stage with a comprehensive understanding of the current context, this session seeks to frame the subsequent dialogue in a way that ensures focused and productive discussions on how best to address these complex challenges.

PRESENTATION on the *International Financial Architecture (IFA) Reform Tracker by United Nations University Centre for Policy Research*

The United Nations University Centre for Policy Research (UNU-CPR) is developing an International Financial Architecture (IFA) Reform Tracker, an innovative tool that aims to compile and analyse ongoing international proposals focused on reform of the global financial architecture, bringing this information into a single, comprehensive, and accessible document. The IFA Reform Tracker is designed to provide policymakers, researchers, and stakeholders with a clear overview of the landscape of financial system reforms. The tracker seeks to facilitate informed discussions, identify synergies between proposals, and highlight gaps in the current reform efforts.

COFFEE BREAK

SESSION II: *MDBs in Focus: Scaling up Financing*

The session on the reform of Multilateral Development Banks (MDBs) will tackle the critical challenges these institutions face in the current global landscape. The discussion will centre on the need for enhanced effectiveness, greater transparency, and stronger alignment with sustainable development goals. We will explore recommendations for increasing the financial capacity of MDBs to support developing nations more effectively, improving governance structures to ensure more equitable representation, and integrating innovative financing mechanisms.

SESSION III: *Liquidity and Equity: Advancing International Monetary Reform*

The session is poised to address the critical role of monetary policy in achieving sustainable development and equitable growth globally. The discussion will spotlight the system's existing limitations, notably the incapacity of ensuring liquidity during financial crises and the failure to correct imbalances caused by the dominance of a few reserve currencies. Participants will explore specific recommendations for reform, including the revitalised utilisation of Special Drawing Rights (SDRs) and the development of robust mechanisms for crisis prevention and resolution. This topic stands as a cornerstone for meaningful discourse on development financing and the evolution of an international financial system that will support equity and sustainable growth.

LUNCH

SESSION IV: *Rethinking Sovereign Debt Sustainability*

The session will navigate the complexities of sovereign debt restructuring within the global financial system. The focus will be on the shortcomings of existing mechanisms in providing timely and comprehensive solutions, especially in periods of financial crises. Part of the discussion will be dedicated to examining the role and impact of rating agencies and the possibility of establishing a more permanent, equitable, and efficient framework for sovereign debt renegotiation. These discussions are crucial not only for bolstering global economic stability but also for facilitating sustainable development across nations.

COFFEE BREAK

SESSION V: *Unlocking Private Financing and International Investment*

The session aims to address the evolving landscape of global finance, identifying challenges such as the need for sustainable investment practices and the alignment of private capital with long-term development goals. Participants will explore the barriers to mobilising private finance for development, including regulatory hurdles, market imperfections, and the lack of suitable financial instruments. The discussion will aim to propose specific recommendations to enhance the effectiveness of private financing in driving international investment towards sustainable development. These will include fostering innovative financing models, improving regulatory frameworks to incentivise sustainable investment, and enhancing public-private partnerships.

Day 2

SESSION VI: *Forging Consensus: Improving International Tax Cooperation for Sustainable Development*

This session will address the need for international tax cooperation, an essential element in the financing for development agenda. Discussions will focus on rectifying the imbalances present in the current global tax framework, and on the need of achieving consensus among diverse international stakeholders, guaranteeing that reforms in the tax system adequately reflect the diverse economic, social and environmental imperatives of nations at varying developmental phases. The session will contribute to identifying mutual objectives and areas of agreement, setting the stage for a tax system reform that addresses the demands of the 21st century, supports sustainable growth, and bridges the financing shortfall essential for realising the Sustainable Development Goals (SDGs).

SESSION VII: *Aligning Sustainable Development Goals Funding with Climate Finance*

The discussion will focus on the need to adopt a holistic approach to ensure that investments contribute effectively to both sustainable development and climate goals. Key challenges to be addressed include the fragmentation of financing sources, the need for enhanced coordination between different funding streams, and the creation of innovative financial instruments that can bridge gaps between climate and development financing. Specific recommendations will aim at improving policy coherence, increasing the effectiveness of blended finance, and fostering public-private partnerships to leverage resources efficiently.

COFFEE BREAK

SESSION VIII: *Financial Inclusion and the Potential of Technology*

In this session, participants will address the critical barriers to accessing financial services faced by underrepresented populations and explore effective strategies to enhance financial inclusivity. The discussion will encompass the pivotal roles of microfinance, digital banking solutions, and targeted policy interventions in closing the financial access gap. Key challenges such as the digital divide, regulatory obstacles, and the need for financial literacy will be examined. Our aim is to formulate specific recommendations to foster an inclusive financial ecosystem, including advocating for supportive regulatory frameworks, promoting technology-driven solutions to expand financial access, and enhancing collaboration between financial institutions and fintech companies.

LUNCH

SESSION IX: *Financing for Social Development*

This session will tackle the pressing need to mobilise global financial resources to advance social development goals, with a focus on fostering synergies between financing agendas and social development priorities. Discussions will highlight pathways to align funding mechanisms with essential social needs such as education, healthcare, and poverty alleviation, ensuring investments are inclusive, sustainable, and equitable. With the upcoming International Conference on Financing for Development (FFD4) and the Social Development Summit as key milestones, this session will explore how these agendas can converge to drive transformative progress.

FINAL STATEMENT AND CONCLUDING WORDS