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NEWS

A Shared Agenda For People And Planet: Global Leaders Urge Bold Reform Of Global Financial Governance At Club De Madrid's Annual Policy Dialogue 2025

. A more multipolar world demands stronger, more inclusive multilateral cooperation on financing for development. . Renewed political will and collective action are needed to realign global financial systems with shared values.



By Editor_wr

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Former Heads of State and Government, leading experts and international institutions convened in the United Nations Office in Nairobi this week for Club de Madrid's Annual Policy Dialogue (APD25), calling for urgent and transformative reforms to global financial governance to ensure financing for development delivers for people and planet.

Under the theme “Driving Sustainable Futures for All”, the dialogue addressed the widening gap between available financial resources and existing commitments, as well as the growing global challenges in an increasingly hostile international context. The Dialogue delivered a set of policy recommendations aimed at reforming global financial governance and scaling up development and climate finance. These proposals are anchored in a necessary renewed commitment to multilateral rules, shared responsibility, and inclusive leadership.

“Finance must serve development and dignity of people. As geopolitical tensions rise and trust erodes, the decision makers must deliver on their commitments, those of the past and those requiring bold but feasible reforms,” said Danilo Türk, President of Club de Madrid and former President of Slovenia.

Amid rising geopolitical tensions and budgetary constraints in an increasingly multipolar and fragmented world, leaders must recognise that the financing for development agenda is not the concern of a single country, region or institution. They demand a collective global response grounded in shared principles, solidarity, and a renewed sense of common purpose.

Multilateralism at a Turning Point

In this critical year, marked by major multilateral milestones, more than 85% of the Sustainable Development Goals are off track, with climate change, inequality, and debt distress aggravating setbacks, particularly in Africa and other climate-vulnerable regions.

A reformed multilateralism was highlighted as the only credible path forward to meeting today’s challenges. Important upcoming fora –including the Fourth International Conference on Financing for Development (FfD4), the Second World Summit for Social Development, South Africa’s G20 Presidency and COP30– are key opportunities to restore trust and shift the trajectory of global finance.

Main Recommendations Emerging from the Dialogue:

- Multilateral Development Banks must fully implement the G20’s Capital Adequacy Framework (CAF) recommendations and significantly expand financial capacity, delivering at least USD 300 billion annually in long-term finance by 2030. This must be accompanied by reform of global liquidity mechanisms to ensure timely, equitable and countercyclical support.
- A new UN-anchored framework is needed to deliver timely, fair and inclusive sovereign debt restructurings. It must include automatic standstills, independent debt assessments, private creditor participation and tools linking debt relief to climate and development goals.
- Preventing future debt crises also requires scaling up concessional, countercyclical and local currency financing, guided by vulnerability, not income.
- Taxing rights must be rebalanced towards countries where economic activity occurs. A new international framework should apply the principles of unitary taxation and significant economic presence. In parallel, countries should work towards a coordinated global minimum tax on the

world's wealthiest individuals. Club de Madrid calls on governments to adopt whole-of-government approaches to reform and modernise fiscal systems and supports work on the UN Framework Convention on International Tax Cooperation

- All development partners must protect and scale up Official Development Assistance (ODA) and reaffirm their commitment to the 0.7% target –including 0.2% for Least Developed Countries. ODA is not charity, but a strategic tool for peace, resilience, commerce and international trust.
- Climate finance must be an addition to development aid, not a substitute. Private finance has a role to play but must be mobilised responsibly –through transparent de-risking, fair risk-sharing and strong development alignment.
- Digital technologies can accelerate financial inclusion and improve the efficiency and transparency of public finance.

These and other proposals are part of Club de Madrid's contribution to the lead-up to FfD4 in Seville, the G20 discussions and the broader agenda for a renewed global financial architecture.

Turning Dialogue into Action

As the UN approaches its 80th anniversary, leaders must seize this moment –not as another summit cycle– but as a turning point to align financial systems with shared human and planetary goals. This is the time to demonstrate that inclusive and effective multilateralism can deliver meaningful outcomes. The credibility of the international community depends on it.



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