



ANNUAL POLICY DIALOGUE 2025

# DRIVING SUSTAINABLE FUTURES FOR ALL

Website



3 – 4 April  
Nairobi, Kenya

## Driving Sustainable Futures for All

2025 Annual Policy Dialogue  
on Financing for Sustainable Development

Call to Action

Club de Madrid-2025



*Nairobi, April 4, 2025*

Ten years ago, all United Nations Member States unanimously adopted the 2030 Agenda for Sustainable Development—a bold commitment to advance peace, prosperity, dignity, and sustainability for all. This Agenda was not a partisan vision but a collective roadmap, forged through multilateral consensus and reflecting the shared aspirations and values of humanity.

Converging crises have increasingly eroded social resilience and exposed deep structural injustices in an era already deeply marred by inequality, polarisation and disinformation. As democratic former Heads of State and Government it is our duty to stand against those who seek to undermine the vision and commitment to Agenda 2030. We must remind leaders everywhere of their responsibility to implement and safeguard this global commitment.

### **The Financing Crisis Undermining Development**

The global system's inability to respond effectively and at scale is reflected in the growing distrust of multilateralism. This failure is primarily due to a persistent and increasing financing gap. Estimates show a yearly shortfall of over USD 4 trillion to achieve the SDGs, and climate finance commitments clearly unmet. Without sufficient, affordable, and accessible financing, countries cannot achieve inclusive growth, climate resilience, or transformative change. Therefore, our task is not to revisit our goals but to realign global financial systems with these goals—equitably, consistently, and at scale, putting the people these systems are meant to serve at the centre.

### **Multilateralism as the only way forward**

As the United Nations approaches its 80th anniversary, Member States' ability to deliver tangible results for people and the planet is under increasing scrutiny and has never been more critical. In the face of rising geopolitical tensions and waning trust, progress on financing sustainable development and climate action is vital to restoring confidence in multilateral cooperation. Countries committed to a rules-based international order founded on equity, solidarity, and shared responsibility must step up and show that progress remains achievable through inclusive dialogue and shared responsibility.

Multipolarity offers an opportunity to diversify global leadership and prioritise development needs too often limited by narrow interests and geopolitical inertia. However, without a robust and inclusive multilateral framework, multipolarity risks deepening fragmentation and further eroding trust. A world of diverse centres of power must be grounded in common principles, shared commitments and strong institutions, with the United Nations at its core. Strengthening, rather than weakening, the UN system is essential to ensure global stability, coherent action, and long-term solutions over short-term politics.

Club de Madrid underscores the urgent need to reform global economic governance—including the international financial architecture and the multilateral trading system—ensuring they are fit for purpose in the 21st century and fully aligned with sustainable development, environment and climate goals. The United Nations must leverage its legitimacy, universal reach and convening power to shape and steer a more inclusive and equitable global financial system. The organisation must lead in championing a systems coherence approach—one that pursues resilient prosperity for all within planetary boundaries. This means aligning resource allocation, governance, and financial systems with social needs and ecological sustainability. Development must be guided by long-term, regenerative planning that accounts for feedback dynamics and ecological interdependence, integrates natural capital into financial decision-making, and mobilises mission-oriented strategies to reverse the degradation of people, nature, and planet.

## Strategic Moments for Transformative Change

The Fourth International Conference on Financing for Development (FFD4) in Seville, the Second World Summit for Social Development (WSSD2), and COP30 in Brazil represent historic opportunities to reshape the global financing landscape. South Africa's G20 presidency offers a powerful platform to elevate the voice and priorities of the Global South and enhance its influence in global decision-making. Together, these processes must go beyond lip service—they must deliver concrete policy solutions and demonstrate that multilateral cooperation can be inclusive, effective, and action-oriented.

We urge political leadership across the G20, the United Nations, and international financial institutions to act on the following seven priorities:

### 1. Transform Multilateral Development Banks (MDBs) and Unlock the Power of Financial Innovation

MDBs must fully implement the recommendations of the G20 Independent Panel for Review of MDBs' Capital Adequacy Frameworks (CAF) to optimise their balance sheets and scale up hybrid capital, including the strategic use of Special Drawing Rights (SDRs), to expand lending by 2030. Regular resource needs reviews across the MDB system are essential to demonstrate a credible path toward delivering at least \$300 billion annually in affordable, accessible, long-term sustainable development finance, aligned with debt sustainability. This must be accompanied by a phased increase in concessional financing, including fulfilment of the \$100 billion IDA21 pledge, an ambitious replenishment of the African Development Fund in 2025, and sustained support to concessional lending arms based on demonstrated needs.

The rechanneling of SDRs must be strengthened to deliver long-term, transformative and fit-for-purpose development and climate finance at scale. This includes enabling the use of SDRs as hybrid capital for MDBs and advancing systemic reforms to allow more frequent and effective issuances in the future. Eliminating the IMF's dual accounting system is essential to unlock the full potential of existing SDRs. At the same time, Regional Monetary Arrangements—particularly in Africa—must be expanded and empowered to reinforce the global financial safety net where it is most fragile, ensuring timely and regionally led crisis response.

MDBs can help unlock new value pools—particularly the **economic value of nature**—by supporting the integration of natural capital into development finance. This approach can enhance both the volume and quality of finance while incentivising conservation.

Strengthening partnerships between MDBs and **National Development Banks (NDBs)** is essential to scale high-impact, long-term finance aligned with national priorities. This requires coordinated planning, integrated networks, and joint capacity-building efforts. A system-wide approach to MDB–NDB collaboration can amplify development impact and unlock transformative investment.

Finally, MDBs—especially the World Bank—must take the lead in closing the chronic financing gap for **civil society**. Civic participation must be embedded in development operations, and dedicated funding platforms established to support civil society actors as full and essential partners in the sustainable development process.

## 2. Establish a Fair, Multilateral Sovereign Debt Resolution Framework

Existing mechanisms—such as the **G20 Common Framework for Debt Treatment**—must be significantly improved to ensure faster, fairer and more comprehensive debt treatments.

A permanent, multilateral and rules-based mechanism for sovereign debt restructuring is urgently needed to deliver timely, fair and effective solutions. This mechanism should take the form of an independent body tasked with coordinating restructurings, providing technical and logistical support, and overseeing debt sustainability analyses to inform negotiations.

Located preferably within the UN system, or within the IMF with full independence from its Executive Board and Governors, such a mechanism must ensure equitable treatment of all creditors, including the private sector, and incorporate instruments that align debt relief with climate and development objectives. It should also include participatory processes that reflect the needs, rights and priorities of affected populations.

## 3. Deliver Global Tax Justice and Strengthen Domestic Resource Mobilisation

Taxation will be central to mobilising international and domestic resources for sustainable development. The proposed UN Convention on International Tax Cooperation marks a historic step toward a fairer, more inclusive global tax system, ensuring the full and equal participation of developing countries. But global progress cannot wait. Countries must act now to ensure **fair taxation of multinational corporations** by adopting unitary taxation and formulary apportionment, taxing profits where real economic activity occurs. This requires a nexus rule based on significant economic presence, coordinated taxation of windfall and excess profits, strong anti-avoidance measures and a 21%-25% global minimum effective corporate tax. Countries should avoid granting tax benefits to multinational enterprises extracting natural wealth. Fiscal regimes should combine income taxes with royalty payments, robust regulatory frameworks and targeted environmental taxation, including green taxes on carbon emissions and pollution.

Common principles and minimum standards must be adopted to ensure the fair taxation of **the world's ultra-wealthy**, including a global minimum income tax, complemented by equitable taxation of wealth, inheritances, and capital gains. These measures, potentially advanced through a UN Convention protocol and a G20 agreement, must form the backbone of global efforts to reduce inequality and restore fiscal fairness.

These efforts must go hand in hand with a renewed political commitment to strengthen **domestic resource mobilisation**, especially in developing countries, through progressive fiscal reform, tax base expansion, enhanced transparency and institutional capacity building, including to avoid illicit financial flows.

## 4. Reaffirm ODA as a Strategic and Predictable Investment

All development partners must reverse recent aid cuts and uphold the long-standing commitment to allocate **0.7% of GNI to ODA, including 0.2% for Least Developed Countries**. ODA must be predictable, accessible, long-term and counter-cyclical, fully aligned with nationally defined priorities, with increased focus on building resilience in fragile, conflict-affected and climate-vulnerable contexts. In an era of rising geopolitical tensions and eroding trust, it is vital to reaffirm that development finance is not charity—it is a strategic pillar of peace, global stability and shared resilience. ODA must support an enabling environment for civic actors, including through predictable and dedicated resources that recognise their role in service delivery, accountability and social cohesion.

## 5. Scale Up Climate Finance and Align Private Investment with Public Purpose

Addressing climate change, environmental degradation, and biodiversity loss is not an environmental agenda, it is a matter of survival and for trust in international cooperation. A resilient global economy depends on healthy ecosystems, clean air, and stable access to food, water, and energy. **Public and concessional flows must be urgently scaled up**, with increased contributions to the Loss and Damage Fund, Green Climate Fund, and Adaptation Fund. These resources must be balanced between mitigation and adaptation, and aligned with country-led strategies and Nationally Determined Contributions (NDCs), especially in climate-vulnerable nations. MDBs must embed climate and environment in their core mandates, using their balance sheets to catalyse sustainable investment through instruments like sustainability-linked bonds, green bonds, carbon taxes and climate-resilient debt instruments.

At the same time, mobilising private capital is critical—but not at the expense of development priorities. **De-risking** must be transparent, equitable and accompanied by safeguards that ensure risk-sharing mechanisms, promote equity, national ownership and genuine development impact. Private finance must serve the public interest—not replace it. All financial flows—public and private—must be aligned with low-emission, climate-resilient development pathways to ensure the achievement of the SDGs in the context of a changing climate.

## 6. Advance Inclusive and Accountable Financing

Inclusive financing is fundamental to development justice and democratic governance. Governments and partners must invest in **data architectures and public digital infrastructure** that expands equitable access to financial services for women, youth, informal workers, and rural communities. These systems must be interoperable, rights-based, and universally accessible. Regulatory frameworks must uphold data privacy, consumer protection, and fair competition, while guaranteeing universal digital access as a public good. Digital finance must be integrated into national development strategies and designed to close gaps, empower individuals, and strengthen public accountability—not deepen inequality or exclusion.

## 7. Defend a fair multilateral trading system against fragmentation and protectionism

The threat of a new **global trade war** looms large—and it benefits no one. At a time when solidarity and shared solutions are urgently needed, escalating trade tensions are a dangerous distraction from our collective priorities. Protectionism undermines investment, fuels inequality, and risks fracturing the foundations of global cooperation. The costs will be borne by all. We need a decisive course correction—one that repositions trade as a platform for cooperation, upholds a fair and inclusive multilateral system, and enables the structural transformation that sustainable development demands. The **World Trade Organization** must be revitalised, its dispute settlement mechanism urgently restored, and existing tariff commitments upheld. Developing countries must retain the policy space to industrialise, diversify and lead a just, green transition. In this moment of uncertainty, defending a universal, rules-based trading system is not optional—it is a political imperative.

## A renewed political contract for financing sustainable futures for all

This document is a collective call to action, grounded in the belief that multilateral cooperation remains the most effective and legitimate path to address today's systemic challenges. The converging crises we face—economic, ecological, social, and political—are global in nature and demand global responses rooted in equity, solidarity, and trust.

The Fourth International Conference on Financing for Development (FFD4), together with South Africa's G20 presidency, the Third United Nations Oceans Conference, COP30 in Brazil and the Second World Summit for Social Development (WSSD2) must be more than routine milestones in the multilateral calendar. They are rare and vital opportunities to rebuild confidence in international cooperation, reshape the trajectory of global finance, and deliver tangible progress to people, nature and planet. Their success demands that countries commit to the basic principles for international cooperation in the 21<sup>st</sup> century: the collective responsibility to invest where it is needed, the collective resolve to ensure fair, transparent, people-centred and inclusive decision-making, and the willingness to share the benefits and the burdens in doing so.

Club de Madrid, drawing on the collective voice and experience of its Members - democratic former Heads of State and Government, urges the international community to act with the resolve the moment demands. Bold yet viable reforms are within reach and the cost of inaction is growing. As geopolitical tensions deepen and trust erodes, delivering on long-standing commitments—from Monterrey and Doha to Addis Ababa, the Paris Agreement and the 2030 Agenda—is no longer only a matter of policy. It is a test of international credibility and shared responsibility.

Now is the time to show that a reformed, inclusive and effective multilateral system can deliver meaningful results for all. Finance is not an end in itself—it is a means to dignity, opportunity and sustainability. Let us seize this moment to renew the political contract for financing sustainable futures, and build a global financial system that truly serves everyone, everywhere.