UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Intergovernmental Group of Experts on Financing for Development

Advancing the Sevilla Commitment towards a shared framework: Enhancing responsibility, capacity and scalability

9th Session

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Debt and Development Finance Branch

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Context

The Sevilla Commitment is the global outcome document of the **Fourth International Conference on Financing for Development** (30 June–3 July 2025).

This renewed framework seeks to bridge the growing financing gap for sustainable development and guide collective action across the nine priority areas defined in the Addis Ababa Action Agenda.

Since the AAAA:

- **Widening annual financing gap to $4.3 trillion**
- **Declining official development of 11 % in 2024, with the decline in flows to Africa and Asia most marked**
- **Only 17% of the SDGs are likely to be met by 2030**

Context

The 9th session of the IGE FfD focuses on three critical issues to overcome current financing for development challenges. It highlights 3 of the 9 action areas of the Sevilla Commitment:

IGE focus issues		Sevilla Commitment action areas
1. Scalable blended finance	→	Domestic and international private business and finance
2. Trade infrastructure, digitalization and connectivity	→	International trade as an engine for development
3. Capacities for financial market engagement, especially in Africa	→	Debt and debt sustainability

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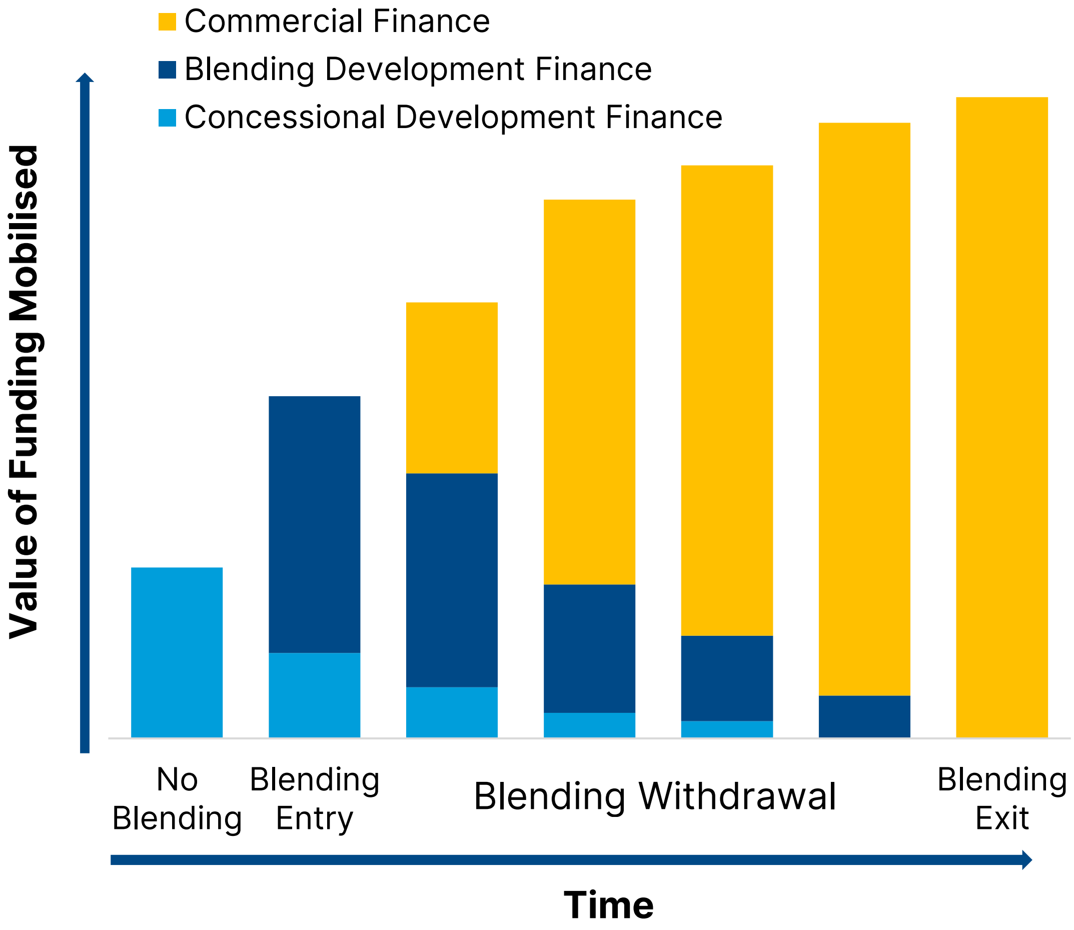
Blended finance

- Use of **public or philanthropic funds to reduce risks for private investors** and mobilize additional commercial capital for sustainable development.
- Goal should be to **make blending element unnecessary** over time, as shown in the graphic.
- **451** transactions in 2016 to **1,476** in 2024.
- Committed financing from **$118 billion** to **$261 billion**. (Range $110k-$8bn/ transaction).
- Compares with a claimed **$10.2 trillion of finance leveraged** by bilateral lenders between 2016 and 2023 – more than half using **simple co-financing**.

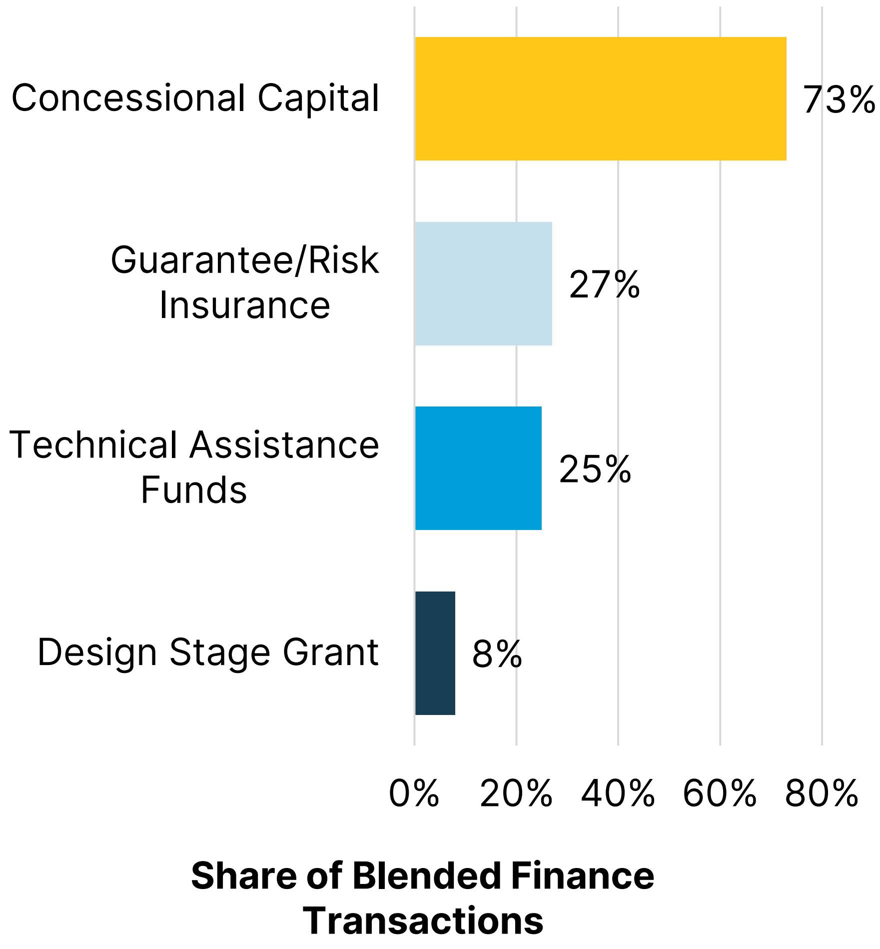
Transaction-level mobilization of financing using blending instruments



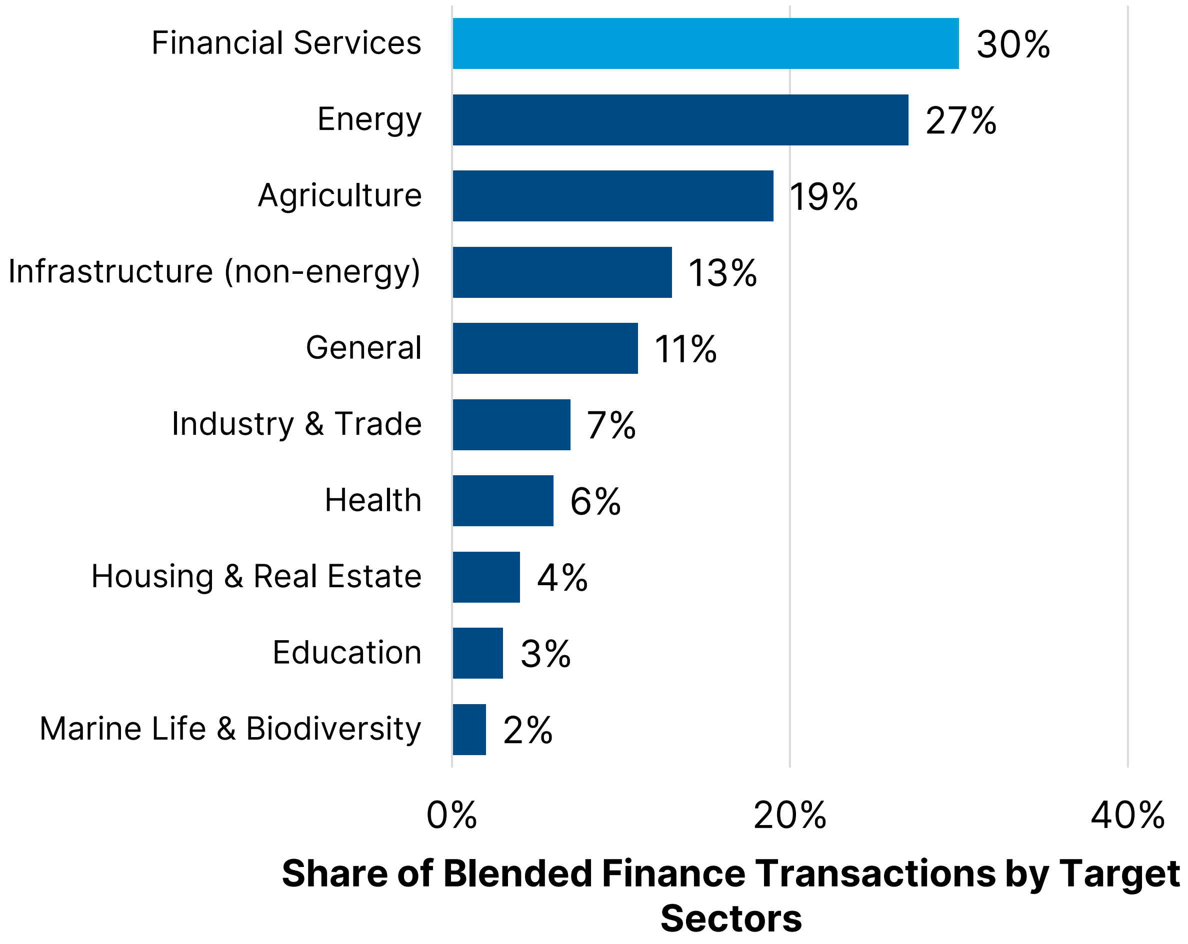
Source: UNCTAD secretariat, adapted from OECD, 2025, Increasing development finance efforts to scale private finance mobilized and its impact, *Policy Brief*, No. 23, OECD Publishing, Paris.

Blended finance

Concessional capital is the dominant blending instrument



Target sector: A consequence of development stage?



Source: UNCTAD secretariat, adapted from Convergence data.

Blended finance

Recommendations

- Incorporate a robust theory of change aligned with the achievement of the SDGs as embodied in country priorities and plans. Commercial return requirement means **blended finance is not suited to all SDGs and all contexts**.
- Highest additionality in countries with **less sophisticated financial markets, new or untested sectors and early-stage development;** provision of funding for early-stage project preparation can be required.
- Must also **target local investors** including pension funds, investment funds, national development banks and individual investors
- Incorporate **minimum levels of concessionality**, adjusted and reduced along project life-cycle; necessity of understanding the risks.
- High levels of **transparency and data availability are necessary and effective communication** and knowledge-sharing are required.

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Trade, infrastructure, digitalisation and connectivity

- Trade is a key driver of growth, foreign exchange revenues and poverty reduction, but LLDCs and SIDS face **high transport costs**, **limited connectivity and vulnerability to disruptions**.
- The UNCTAD liner-shipping connectivity index shows that SIDS (excluding the four hubs) have an average score of **22**, far below the **125** average for non-SIDS.
- Implementation rates of the **WTO Trade Facilitation Agreement** are lower than the world average (85%) in **LDCs (63%), LLDCs (76%), SIDS (75%).**

The **single window obligation** (which allows businesses to submit only once and in sequence all supporting documentation) is implemented by only **30%** of LDCs.

Trade-related infrastructure must be designed for **resilience to the growing risks posed by climate change**. Seaports, land ports and other critical transport infrastructure assets are highly exposed to climate change and extreme events especilly in SIDS and LLDCs.

Trade infrastructure, digitalization and connectivity

Recommendations

- **Strengthening trade-related systems** is essential to easing bottlenecks and supporting facilitation and connectivity.
- **Increase investment in transport infrastructure and logistics**, including green, resilient and technology-driven systems;
- **Integrate transport and logistics priorities** into national strategies and development plans;
- **Strengthen statistical and digital systems**, expanding trade and transport data collection and promoting ICT and digital platforms such as ASYCUDA;
- **Establish national trade facilitation committees** and border committees;
- **Implement the transparency provisions** of the Agreement on Trade Facilitation;
- **Provide financial support** from multinational and public development banks for trade facilitation reforms;
- **Increase adaptation finance** and prioritize grant finance for critical transport infrastructure in SIDS and LLDCs;
- Support LDCs, LLDCs and SIDS through **project preparation facilities, capacity-building and best-practice sharing**.

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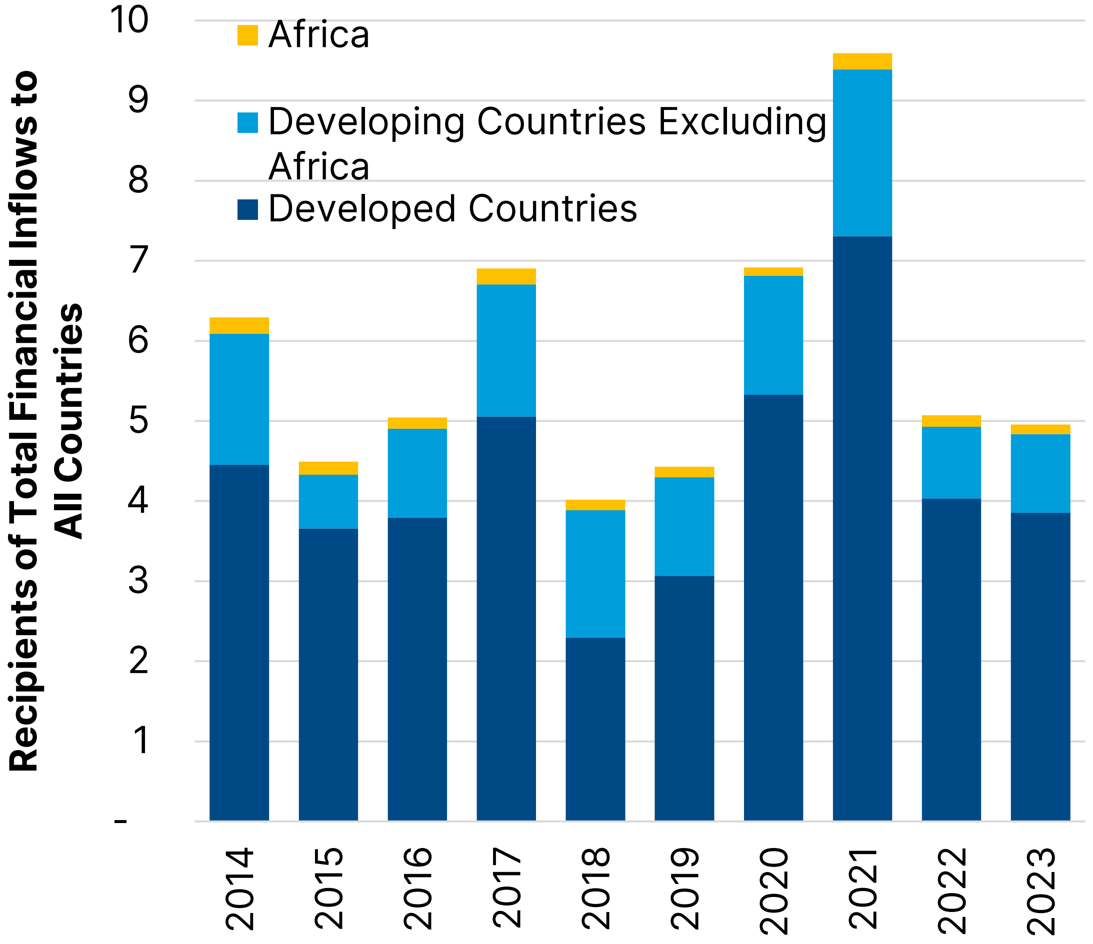
Capacity-building for financial market engagement

- External financial flows to developing countries are **volatile, insufficient, and costly**.
- High borrowing costs represent a structural impediment. In 2024, external debt servicing absorbed **21.6% of export revenues** in sub-Saharan Africa.
- In 2023, Africa received only **USD 120 billion**, equivalent to **2.4%** of global inflows.
- From 2014 to 2023, **developing countries averaged 26%** of global external inflows.

Scale and volatility of total financial inflows, by recipient

(Trillions of USD)



Source: UNCTAD secretariat calculations, based on IMF, 2025, Balance of payments and international investment position data.

Capacity-building for financial market engagement

Recommendations

- Rating agencies ascribe significant importance to **economic strength**, **institutions and governance and fiscal strength** in their scorecard-indicated rating outcomes, but **subjective factors and other considerations** also feature strongly in determining final ratings.

- Improving **statistical systems**, adopting IMF **data standards**, **transparency** on debt composition and contingent liabilities, and integrating climate-related risks into fiscal frameworks is critical to reducing borrowing costs.

- **Investor Relations Units** are effective institutional innovations to engage with financial markets potentially reducing yield spreads and enhancing market access. They require:
    - **Dedicated human resources** with expertise in finance, economics and communication.
    - **Sustainable financing**, as investor engagement requires continuous resources for publications, events and travel.
    - **Access to high-quality data**, supported by strong links between the unit, debt management offices and national statistical agencies.

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Conclusion

- The Sevilla Commitment provides renewed **determination to address the widening annual financing gap to realize the Sustainable Development Goals** and achieve **sustainable development**.

The ongoing challenge requires individual and multilateral responses:

i. **Common but differentiated responsibilities**

ii. **International support for national development efforts by enabling a conducive international economic environment and expanding institutional and technical capacity-building**

iii. **Capacity to enable scalable solutions are replicated across all countries.**

Thank you

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