United Nations TD/B/EFD/9/2

United Nations Conference on Trade and Development

Distr.: General
22 September 2025

Original: English

Trade and Development Board
Intergovernmental Group of Experts on Financing for Development
Ninth session
Geneva, 1–3 December 2025
Item 3 of the provisional agenda

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

Note by the UNCTAD secretariat

Summary

Amid a challenging time for financing development, the Sevilla Commitment signals renewed determination to address the widening annual financing gap to achieve the Sustainable Development Goals through a shared framework anchored in the nine action areas of the Addis Ababa Action Agenda. This background note focuses on three critical issues within this framework: creating scalable blended finance mechanisms, enhancing trade-related infrastructure, statistical systems and connectivity, and strengthening developing countries' capacities to engage with financial markets, particularly in Africa. Advancing the Sevilla Commitment requires common but differentiated responsibilities, international cooperation to ensure expanded institutional and technical capacity-building and scalability of solutions across countries.

* Mention of any firm or licensed process does not imply the endorsement of the United Nations.

I. Introduction

1. The substantive topic – advancing the Sevilla Commitment towards a shared framework: enhancing responsibility, capacity and scalability – and associated guiding questions for the ninth session of the Intergovernmental Group of Experts on Financing for Development were approved by the Trade and Development Board through a silence procedure that ended on 7 August 2025.[1]

2. The Sevilla Commitment is the outcome document of the Fourth International Conference on Financing for Development, held from 30 June to 3 July 2025, in Seville, Spain.[2] The Conference took place in a challenging time for financing for development. Major policy shifts, geopolitical tensions, slowing global growth and declining official development assistance are straining the ability of developing countries to service costly external debt and other liabilities. At the same time, according to UNCTAD estimates, the annual financing gap to achieve the Sustainable Development Goals has widened to $4.3 trillion, up from $2.5 trillion just before the adoption of the 2030 Agenda for Sustainable Development.

3. Chapter II of the Sevilla Commitment has the same nine action areas as the Addis Ababa Action Agenda. The guiding questions of this session of the Intergovernmental Group of Experts correspond to three of those action areas, focusing on three critical issues to overcoming the current challenges to financing for development and, therefore, to achieving the 2030 Agenda. The first guiding question, setting effective, replicable and scalable blended finance structures and instruments, falls under the Sevilla Commitment action area, domestic and international private business and finance (A/RES/79/323, annex, section B). In the context of shrinking aid, these structures and instruments can help to staunch the growing financing gap for the Goals. The second guiding question, supporting the development of trade-related physical and digital infrastructure, statistical systems and connectivity, belongs to the action area, international trade as an engine for development (section D). Actions aimed at supporting trade flows are crucial to scale up foreign exchange revenues, improve customs revenue collection and enhance the ability of developing countries to service their external and domestic liabilities. The third guiding question, on the capacities of developing countries, particularly in Africa, to engage more effectively with financial market actors, including credit rating agencies, is part of the action area, debt and debt sustainability (section E). Improving this capacity can help to reduce the high cost of capital facing developing countries integrated into the global capital market.

4. The following three chapters address each of the guiding questions in turn. The last chapter concludes.

II. Requirements to create effective, replicable and scalable blended finance structures and instruments, based on different country contexts, lessons learned, best practices and existing efforts towards harmonization, as appropriate[3]

A. Introduction

5. Scaling up development finance, to allow developing countries to achieve their goals for sustainable development given prevailing constraints on international development cooperation, has renewed attention on blended finance as a way to stretch development financing sources and leverage additional capital. There are stark inequalities in global

[1] Documented in TD/B(S-XXXVI)/2, report of the Trade and Development Board on its thirty-sixth session.

[2] General Assembly resolution 79/323, annex.

[3] As highlighted in the Sevilla Commitment, see A/RES/79/323, annex, para. 33 (i), on creating effective and replicable, scalable blended finance structures and instruments for different country contexts.

investment: 10 countries absorbed 75 per cent of total foreign direct investment to developing countries, while the least developed countries (LDCs) received just 2.4 per cent of global foreign direct investment in 2024.[4] These figures underscore both the urgency of blended finance and its limitations if not directed towards underserved economies and sectors.

6. Yet blended finance lacks a universally agreed definition, complicating discussion and measurement. The Organisation for Economic Co-operation and Development (OECD) defines the term quite broadly as "the strategic use of development finance for the mobilization of additional finance towards sustainable development in developing countries",[5] while the United Nations emphasizes the "use of public or philanthropic funds to reduce the risk for private investors, so more money flows into sustainable development".[6] One global not-for-profit corporation for blended finance, Convergence, adopts a similar approach, defining blended finance as "the use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development".[7] Three defining features highlighted are: contribution to the Sustainable Development Goals; positive financial returns; and a catalytic role for public and/or philanthropic actors.

7. The long-term goal should be to make the blending element redundant, with projects eventually attracting commercial investment on their own merits. This has implications for project selection. The legal firm Bowmans argues that blended finance components are defined by purpose, rather than source, meaning both can come from public, philanthropic or private/commercial sectors.[8] Crucially, the development finance element should play a catalytic role that is time-bound and confined to a specific transaction or project. The stylized use of blended finance to mobilize commercial finance is illustrated in figure 1.

[4] UNCTAD, 2025, *World Investment Report 2025: International Investment in the Digital Economy* (United Nations publication, Sales No. E.25.II.D.23, Geneva).

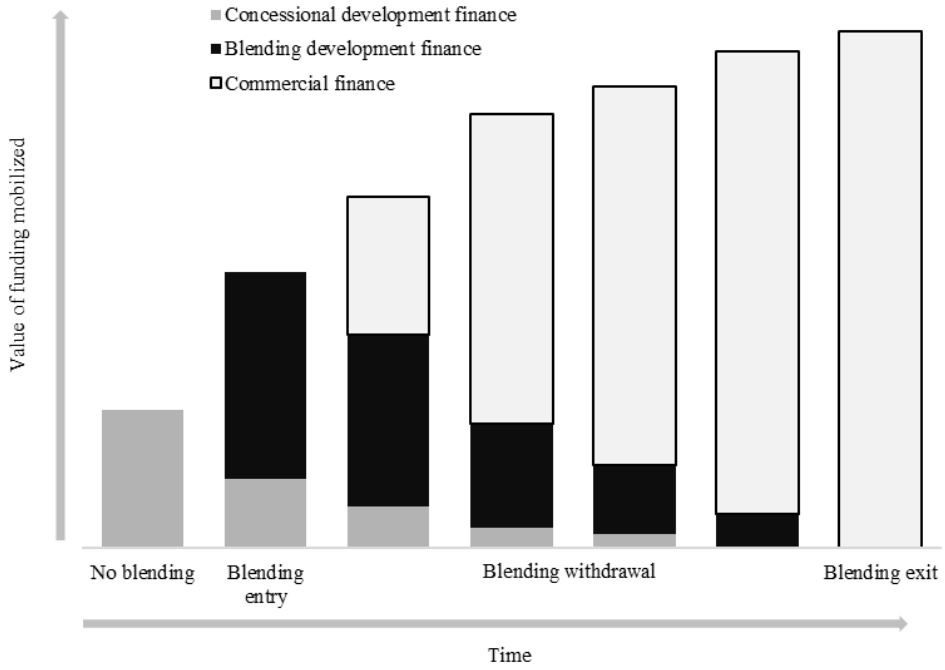
[5] OECD, 2021, The OECD Development Assistance Committee blended finance guidance, OECD Development Co-operation Directorate, Paris.

[6] United Nations, Sustainable Development Group, 2025, Blended finance: From buzzword to real-world results, 11 July, available at https://unsdg.un.org/latest/stories/blended-finance-buzzword-real-world-results.

[7] Convergence, 2025, Blended finance, available at https://www.convergence.finance/blended-finance#definition (accessed 28 August 2025).

[8] See Bowmans, 2021, Guide: Blended finance, available at https://bowmanslaw.com/insights/blended-finance-addressing-the-infrastructure-gap/.

Figure 1
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 Briefs, No. 23, OECD Publishing, Paris.

8. The hesitancy of commercial investors to invest in transactions and projects in many developing countries, particularly LDCs, is often ascribed to the higher perceived risks. Climate change, geopolitical tensions and supply chain disruptions amplify these risks. By using the development finance component to assume some of the financial risks, blended finance seeks to improve the risk–return profile of the additional (typically commercial) component. The latter should assist in demonstrating the viability of the transactions and projects being financed and, ideally, build markets that can attract further commercial capital over the medium- to long-term, without the need for the blending element.

9. As such, blended finance constitutes one of several de-risking mechanisms designed to leverage and scale up additional sources of finance for development purposes. Other de-risking instruments include subsidies and tax incentives, off-take agreements, public–private partnerships, direct and indirect equity participation, political risk insurance, other investment guarantees and currency hedging.[9] These de-risking instruments can be used in isolation, or in combination, depending on the needs of the transaction or project requiring financing.

B. Trends in blended finance

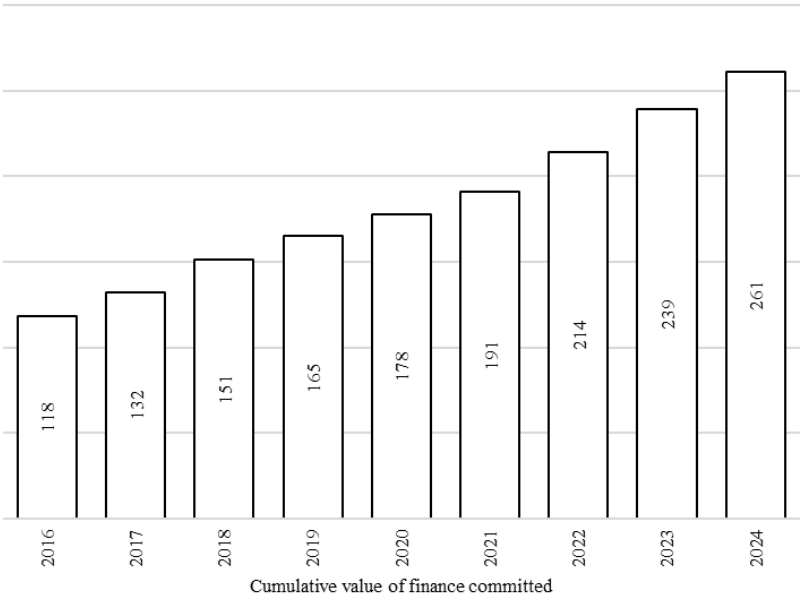
10. As indicated in figure 2 (a), the cumulative value of financing committed using blended finance instruments increased from $118 billion in 2016, to $261 billion in 2024. This reflects an average growth of 10.4 per cent a year. The cumulative number of blended finance transactions closed rose at a faster rate of 16 per cent a year (figure 2 (b)) – from 451 in 2016 to 1,476 in 2024, resulting in a decline in the average value of finance committed per closed transaction (figure 2 (c)) from $262 million to $177 million over this period. Convergence notes also that blended finance transactions have ranged considerably in size,

[9] UNCTAD, 2025, *De-risking Investment for the Sustainable Development Goals: The Role of Political Risk Insurance* (United Nations publication, Sales No. E.25.II.D.15, Geneva).

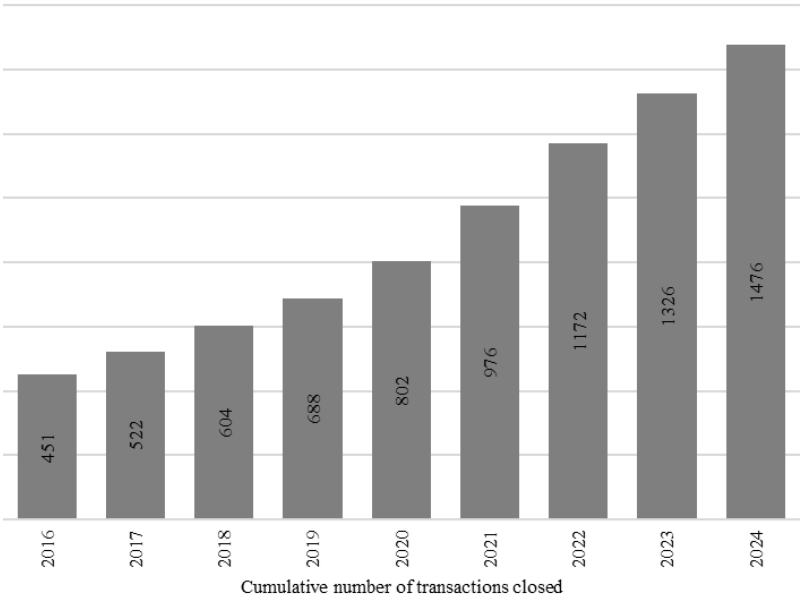
from as little as $110,000 to $8 billion.[10] Given the lags indicated in figure 1 between when blended financing is provided and the progressive mobilization of commercial funding, the value of finance committed can be expected to lag behind increases in the number of transactions closed.

Figure 2
Blended finance transactions

(a) Cumulative value of blended finance committed
(Billions of United States dollars)

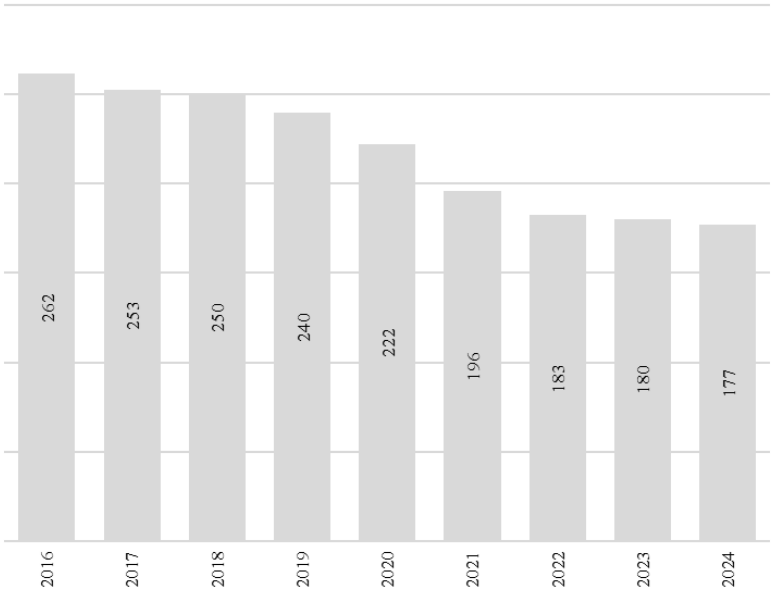


(b) Number of closed blended finance transactions



[10] Convergence, 2025, *State of Blended Finance 2025*, available at https://www.convergence.finance/resource/state-of-blended-finance-2025/view.

(c) Average value of finance committed per closed blended finance transaction
(Millions of United States dollars)

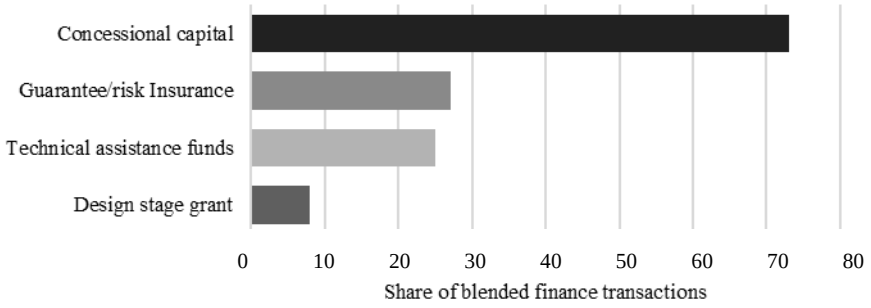


Source: UNCTAD secretariat, based on Convergence data, available at https://www.convergence.finance/blended-finance#market-size (accessed 28 August 2025).

11. The use of concessional guarantees and risk insurance has been increasing since 2022 and appeared in 34 per cent of transactions in 2024.[11] Figure 3 (a) shows that most blended finance transactions (73 per cent) used concessional capital (both debt and equity) as the mechanism for de-risking. Guarantees and technical assistance funds were each used in around one quarter of transactions. These blending archetypes are contrasted with the leveraging instruments used by Development Assistance Committee countries to leverage private finance (figure 3 (b)), which indicates that simple co-financing accounted for over half the private finance leveraged. A different set of structure archetypes that apply specifically to blended finance funds, together with a scorecard that focuses on the development rationale, appropriate structures and stakeholder alignment, was recently published.[12]

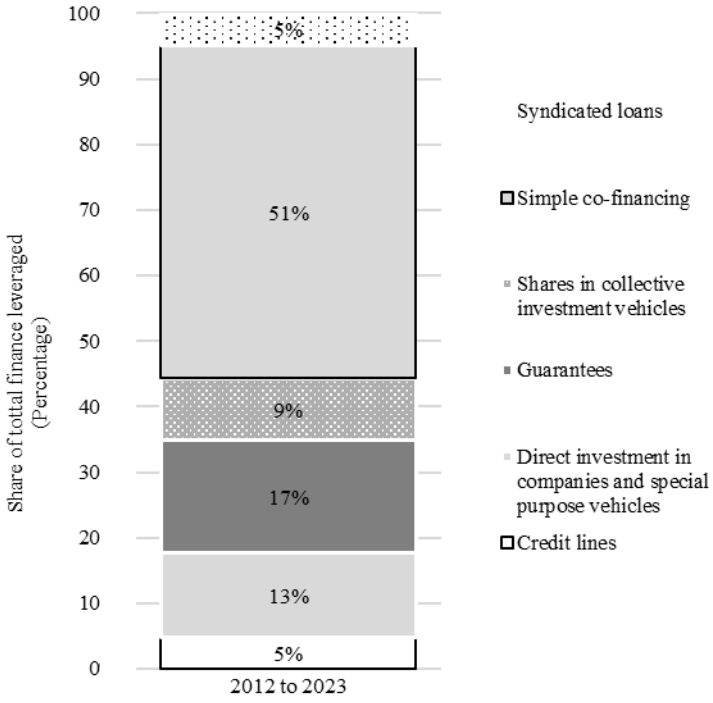
Figure 3
Blended finance archetypes and leveraging instruments

(a) Share of blended finance archetypes
(Percentage)



[11] Ibid.
[12] British International Investment and Boston Consulting Group, 2025, Scaling blended finance: Practical tools for blended finance fund design, London.

(b) Composition of leveraging instruments used by Development Assistance Committee countries to leverage private finance



Sources: Convergence data, available at https://www.convergence.finance/blended-finance#market-size (accessed 28 August 2025), and UNCTAD secretariat calculations, based on OECD provider perspective database.

Note: Some blending transactions used more than one type of blending archetype.

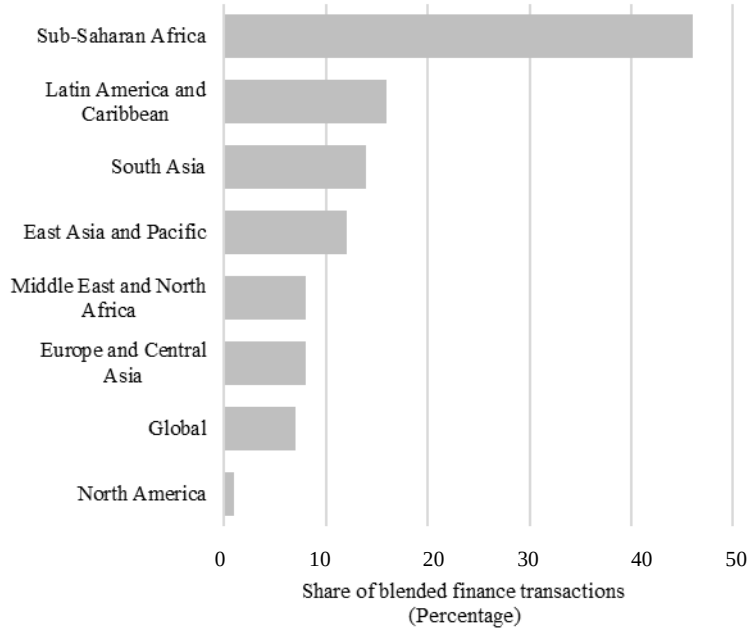
12. As reflected in figure 4 (a), sub-Saharan Africa was the principal target region for blended finance transactions (46 per cent of total transactions). Latin America and the Caribbean and South Asia followed with significantly smaller shares, at 16 per cent and 14 per cent, respectively. UNCTAD notes that, while blended finance flows have increased, they are highly unequal across LDCs and tend to be concentrated in sectors capable of revenue generation, such as energy, banking and financial services and, more recently, some industrial sectors.[13] Convergence finds that 30 per cent of blended finance transactions were targeted at the financial services sector (figure 4 (b)), followed by energy (27 per cent), agriculture (19 per cent) and non-energy related infrastructure (13 per cent).[14]

[13] UNCTAD, 2023, *The Least Developed Countries Report: Crisis-resilient Development Finance* (United Nations publication, Sales No. E.23.II.D.27, Geneva).

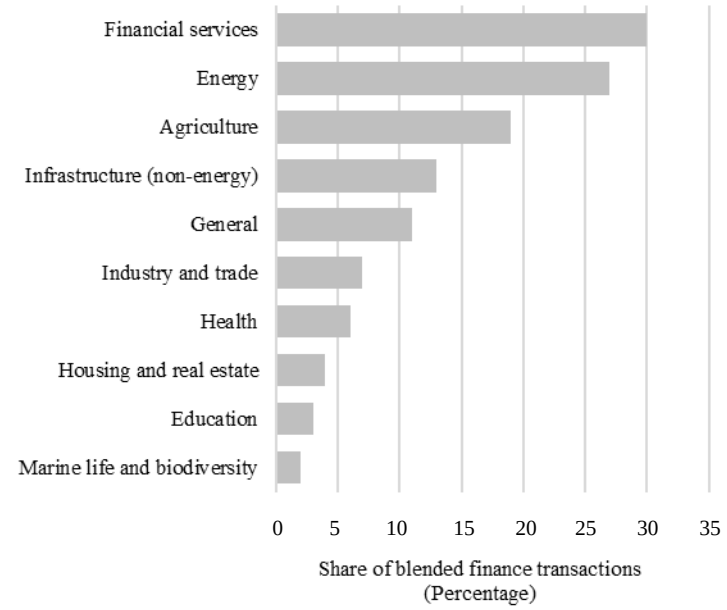
[14] See https://www.convergence.finance/blended-finance#market-size (accessed 28 August 2025).

Figure 4
Blended finance transactions by region and target sector

(a) Regional share of blended finance transactions



(b) Target sector share of blended finance transactions



Source: UNCTAD secretariat, based on Convergence data, available at https://www.convergence.finance/blended-finance#market-size (accessed 28 August 2025).
Note: Some transactions were targeted at more than one region and/or more than one sector.

C. Lessons learned

13. Convergence notes that one of the most significant constraints on bolstering blended finance is the lack of a private sector mobilization plan by the providers of blended finance.[15] Local investors, particularly institutional investors, are also significantly underrepresented in blended finance transactions. A lack of transparency and public reporting by the providers of

[15] Convergence, 2025.

concessional finance limits the evidence available to demonstrate the potential of blended finance to support development. Finally, the project pipeline of Sustainable Development Goal-related investments is too limited and the scale of the projects, too small, and there are limited repetition and standardization within the market. This limits the potential for increasing the scale and number of blended finance transactions.

14. UNCTAD argues that development finance providers seeking to mobilize higher levels of blended finance flows to LDCs need to ensure that they are aligned with national priorities.[16] This view is echoed in five key lessons that emerge from the use of blended finance in developing countries.[17]

(a) Development of a pipeline of ambitious, Sustainable Development Goal-related projects that can generate a positive financial return is a critical first step. Blended finance requires viable revenue streams and quantifiable risks that financial instruments can address.

(b) While often dependent on external donor funding, blended finance programmes should be rooted in country ownership, with Governments shaping the strategy, aligning policies and contributing to define the risk–reward balance. Providers of blended finance should ensure that flows are aligned with national development plans and priorities to increase the likelihood of successful and sustainable transactions.

(c) Its relative novelty requires that blended finance is applied creatively and flexibly, and that users demonstrate a willingness to adapt and work with financial market actors.

(d) Early and consistent engagement with the financial sector is essential to building trust in a blended finance programme, people and institutions. The credibility, convening power and neutrality of the United Nations can assist in building this trust.

(e) As illustrated in figure 1, while initiatives may start with concessional and non-concessional finance from public and philanthropic sources, these should give way to commercial capital, once the risks are better understood and reduced.

D. Recommendations and principles to apply to the design of blended finance

15. Blended finance (and other public instruments to leverage private capital) should be a complement to, not a substitute for, public financing for achieving the Sustainable Development Goals.[18] Providers of development finance wishing to increase the volumes of blended finance to developing countries should seek to align those flows with the recipient country's priorities and national development plan. At the same time, developing countries need to ensure that private investments contribute to sustainable development, without causing negative spillovers, by establishing clear rules and regulations that mitigate potential environmental and social risks, promote transparency and protect local communities.

16. According to the OECD[19] principles on the topic, blended finance needs to be:

(a) Anchored to achieving the 2030 Agenda.

(b) Designed to increase the mobilization of commercial finance.

(c) Tailored to the local context.

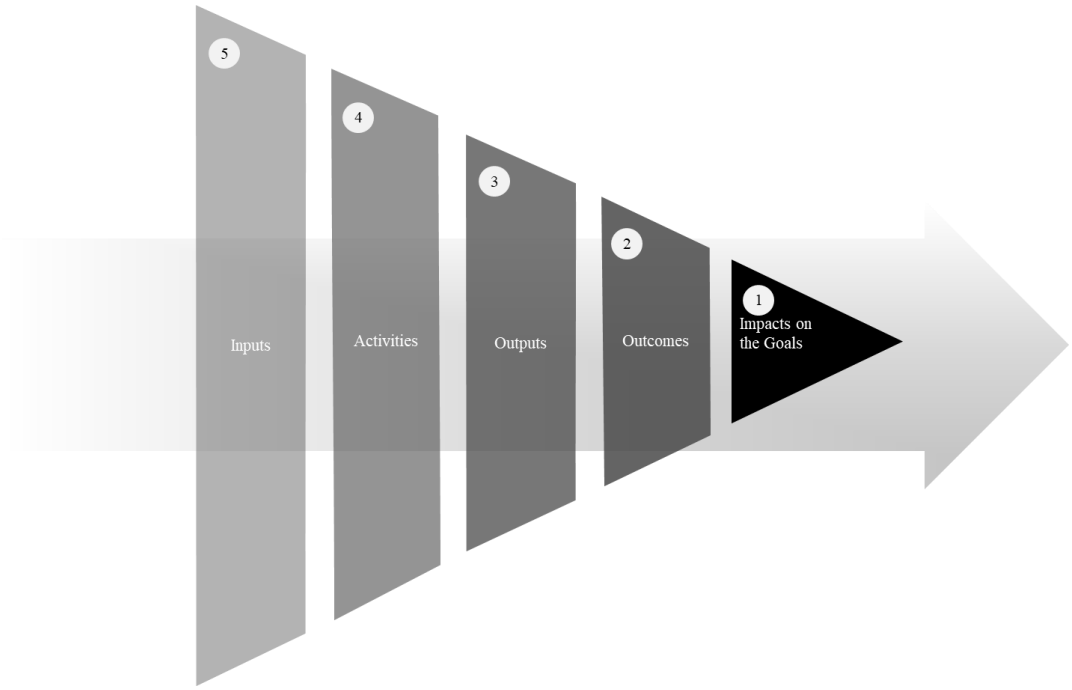
(d) Focused on building effective partnerships.

(e) Subject to ongoing monitoring to ensure transparency and increase its impact.

[16] UNCTAD, 2023.
[17] United Nations, Development Cooperation Office, 2025, Blended finance: From buzzword to real-world results, 11 July.
[18] UNCTAD, 2023.
[19] OECD, 2021.

17. Application of the lessons and principles above has significant implications for the design of blended financing structures. First, they should incorporate a robust theory of change that leads to outputs, outcomes and impacts aligned with the Sustainable Development Goals, as illustrated in figure 5. The need for a positive financial return means that not all Goals will be equally suited to blended finance. Its use should be focused on sectors where maximum development impact can be achieved, where other more effective financing options are not available, and where a clear need for commercial finance has been established.

Figure 5
Theory of change applied to the Sustainable Development Goals



Source: UNCTAD secretariat.

18. Second, the highest levels of additionality in both development impact and funds mobilized will tend to be in countries with less sophisticated or illiquid financial markets, new or untested sectors and projects in the early, higher risk stages of development. Use of blended finance structures needs to be innovatively aligned with an appropriate portfolio of projects and programmes that serve to maximize additionality in both these areas. Providing sufficient funding for early-stage project preparation, possibly as part of a pipeline approach, and building the necessary skills and capacities within the host country's public sector are essential to the identification and development of high-quality projects and programmes, enhanced outcomes and building trust with stakeholders.

19. Third, blended finance provides an opportunity to attract local investors, including pension funds, investment funds, national development banks and individual investors. Such inclusion not only promotes local currency financing and enhances financial sustainability, it also serves to reassure potential foreign investors. It should likewise ensure that relevant national authorities, civil society organizations, local communities and beneficiaries have vested interests in the outcomes of blended finance projects and programmes and are co-owners in the process.

20. Fourth, designing appropriate blending instruments that incorporate minimum levels of concessionality requires that the mandates, objectives and risk-return expectations of each party to the transaction are well understood and that the different types of country-, context- and sector-specific risks are identified and assessed The levels of concessionality of the blending elements can be adjusted (and typically reduced) as a project advances along the project life cycle.

21. Fifth, high levels of transparency, data availability, communication and knowledge-sharing can aid scalability and promote replication and innovation in the use of blended finance instruments. This also supports learning and promotes the appropriate, and more effective, use of blended finance instruments.

22. Finally, from the outset, all stakeholders should agree on monitoring and evaluation metrics, reporting processes and responsibilities that conform with international best practice. Dedicated resources should be allocated for this purpose.

III. Next steps to be taken to support the development of trade-related physical and digital infrastructure, statistical systems and connectivity to ease trade bottlenecks and support trade facilitation and connectivity, in particular for landlocked developing countries and small island developing States[20]

23. Trade is a key driver of economic growth and provides a critical source of finance for sustainable development and poverty reduction, particularly in developing countries. However, trade and transport barriers increase costs and impede integration into global value chains. Removing trade bottlenecks and supporting trade facilitation necessitates well-developed physical and digital infrastructure, statistical systems and reliable connectivity. The Sevilla Commitment reaffirms the need to strengthen these areas. For landlocked developing countries (LLDCs) and small island developing States (SIDS), this holds particularly strong development potential and merits greater attention. UNCTAD is working closely with developing countries to identify key challenges, promote best practices and provide technical support in these areas.[21] In this chapter, key challenges are set out in several interrelated areas: sustainable transport and logistics systems; digital trade facilitation; and climate resilience and disaster response, as well as recovery for ports and other critical infrastructure, with an emphasis on the needs of LLDCs and SIDS. Actionable steps conclude the chapter.

A. Sustainable and resilient transport and logistics systems

24. Transport is the lifeline of trade and development. Around 80 per cent of world merchandise trade by volume is carried by sea, underpinning supply chains, market integration and socioeconomic development. LLDCs and SIDS, however, continue to face disproportionately high transport costs, limited connectivity and heightened vulnerability to disruptions.

25. According to the UNCTAD liner shipping connectivity index, a key benchmark of countries' access to global shipping networks, LLDCs and SIDS remain among the least connected economies globally. The average shipping connectivity index of SIDS (excluding the four big hubs, the Dominican Republic, Jamaica, Mauritius and Singapore) is 22, considerably lower than the average of 125 for non-SIDS. Moreover, SIDS connectivity, as measured by the index, has remained stagnant for two decades, with a small decline of 8 per cent over the past decade.[22]

26. Similarly, for LLDCs, weak transit connectivity to maritime infrastructure combines with logistic inefficiencies, constrained market access and rising costs, limiting their participation in global trade and value chains.

[20] As called for in the Sevilla Commitment, see A/RES/79/323, annex, para. 44 (a), on the development of trade-related physical and digital infrastructure, statistical systems and inclusive equitable and affordable connectivity.

[21] See https://unctad.org/topic/transport-and-trade-logistics/infrastructure-and-services (accessed 15 September 2025).

[22] UNCTAD, 2024, *Review of Maritime Transport 2024: Navigating Maritime Chokepoints* (United Nations publication, Sales No. E.24.II.D.19, Geneva) and UNCTAD liner shipping connectivity index, available at https://unctadstat.unctad.org/datacentre/dataviewer/US.LSCI.

27. Recent crises, from the COVID-19 (coronavirus disease) pandemic to the Red Sea and the Panama Canal disruptions, have exposed systemic vulnerabilities in global transport systems, which threatens the global economy, as well as food and energy security, particularly for LDCs, LLDCs and SIDS. This underscores the importance of building sustainable and resilient transport and logistics systems, including through enhanced connectivity, infrastructure, operations, collaboration and access to finance.

B. Digital trade facilitation and connectivity

28. While transport infrastructure forms the cornerstone of trade, it must be complemented by streamlined and digitized border and clearance procedures that reduce delays and costs. In this context, trade facilitation reforms, supported by digital tools, play an important role in unlocking the trade potential of LLDCs and SIDS.

29. Trade facilitation focuses on simplifying, standardizing, harmonizing and modernizing cross-border procedures for import, export and transit. LLDCs and SIDS face challenges in integrating into global trade due to their geographical situation. Thus, it is important for SIDS and LLDCs to simplify trade procedures through digital infrastructure and connectivity.

30. The Agreement on Trade Facilitation of the World Trade Organization, ratified by 166 members, sets out minimum obligations, which were re-emphasized in the Sevilla Commitment. The implementation rates of the Agreement for LDCs (63 per cent), LLDCs (76 per cent) and SIDS (75 per cent) are all lower than the world average of 85 per cent. The obligation with the lowest level of implementation is the trade "single window". Around 65 per cent of developing countries have implemented this, but the implementation rate by LDCs is only at 30 per cent.[23] A trade "single window" is a centralized digital platform that allows businesses to submit at the same time, and in sequence, all necessary clearance information to multiple government agencies and receive a corresponding digital approval that allows for electronic payments of duties and taxes. Trade "single windows" make clearance procedures more efficient in terms of cost, time and compliance, increasing trade efficiency and national revenues, and potentially provide for better assurances on the safety of products brought to markets. This compelling option has driven the implementation rate of developing countries from an initial level of 25 per cent eight years ago to the current 65 per cent. Establishing a single window is a multi-stakeholder approach that requires public and private sector collaboration to successfully establish, operate and optimize the platform. UNCTAD assists countries in building single window and cross-border data exchange systems (box).

Automated System for Customs Data: Contribution to trade-related digital infrastructure and connectivity

ASYCUDA World. The Automated System for Customs Data (ASYCUDA), the UNCTAD flagship customs management system, has replaced outdated manual processes with automated platforms that significantly reduce shipping clearance times, lower transaction costs and enhance transparency. Examples of use of ASYCUDA World software include the reduction of digital signatures and online payments processing from 4–6 hours to 15–30 minutes in Sri Lanka, and a reduction in medicine import authorizations from over one week to under 48 hours in Burundi using an ASYCUDA-based single window.

Connectivity. For LLDCs and SIDS, where geographic isolation or reliance on transit corridors creates significant constraints, ASYCUDA has strengthened digital connectivity and integration into global trade networks. Examples include enhanced compliance with international standards and collection of reliable trade statistics across 15 island States in the Pacific. In Turkmenistan, the simultaneous integration of 22 partner government agencies into a comprehensive electronic single window was facilitated through the ASYCUDA programme, creating a unified digital trade environment

[23] See World Trade Organization, Trade Facilitation Agreement database, available at https://www.tfadatabase.org/.

ASYHUB. The ASYCUDA data communication and integration platform, ASYHUB, represents a new stage in digital cooperation across borders. Through its support for multiple forms of conveyances, ASYHUB enables the pre-arrival and pre-departure exchange of cargo information between shipping agencies, airlines, postal operators and customs administrations. This innovation supports faster clearance, better risk management and transparency, while lowering logistics costs. For SIDS and LLDCs, ASYHUB reduces dependence on physical infrastructure by creating secure "digital corridors" that link economies to global supply chains even when transport connectivity is limited.

Statistical systems, policy support and capacity-building. Beyond facilitating trade, ASYCUDA strengthens statistical capacity by generating reliable and timely trade data. This enhances Governments' ability to formulate policies, monitor fiscal performance and combat fraud. Many beneficiary countries report customs revenue increases of between 10 per cent and 50 per cent following ASYCUDA implementation. The availability of real-time data also strengthens fiscal transparency and accountability, aligning with the call in the Sevilla Commitment for more resilient and equitable systems.

Capacity-building remains central to the ASYCUDA programme mandate and hybrid learning methods have further expanded access and ensured national ownership, equipping Governments and private sector users alike to manage complex digital systems.

ASYCUDA supports resilience and environmental sustainability through paperless customs clearance, green logistics and platforms that align with international conventions.

Source: UNCTAD.

C. Climate adaptation, resilience and disaster recovery

31. Trade-related infrastructure must be designed for resilience to the growing risks posed by climate change. Seaports are crucial to the network of global supply chains and vital to trade and development, providing critical access to global markets as well as the ocean economy. Ports and other critical transport infrastructure assets are also highly exposed to climate change and extreme events. Related impacts can result in significant damage, costly disruption and delays across supply chains with far-reaching consequences for international trade and the sustainable development of the most vulnerable countries, including SIDS and LLDCs.

32. SIDS depend on their seaports as lifelines for trade, energy, food, tourism and disaster response and recovery. In the absence of adaptation measures, key coastal transport infrastructure in SIDS is at high and growing risk of coastal flooding and disruption.[24]

33. LLDCs, many of which are also LDCs, rely on transit transport to access global shipping networks and markets and are indirectly affected by climate change impacts on ports. Critical land transport infrastructure assets along international transport and transit corridors, on which these countries depend for their external trade, are also increasingly exposed to climate change impacts and extreme weather.

34. Current global port-specific risk from natural hazards has been estimated at $7.5 billion per year, with 32 per cent of the risk attributed to tropical cyclone impacts. An additional $63.1 billion of trade is estimated to be at risk.[25] However, a single extreme weather event can cause losses equivalent to a significant share or multiple of gross domestic product (GDP) (in 2017, for example, over 200 per cent of GDP in the Dominican Republic). For land transport infrastructure, estimates suggest about 27 per cent of all global road and railway assets are exposed to at least one hazard, and about 7.5 per cent of all assets are exposed to a 1-in-a-100-year flood event, with LLDCs particularly affected. Global expected

[24] Monioudi IN, Asariotis R, Becker A et al., 2018, Climate change impacts on critical international transportation assets of Caribbean small island developing States (SIDS): The case of Jamaica and Saint Lucia, *Regional Environmental Change*, 18:2211–2225.

[25] Verschuur J, Koks, EE, Li S et al., 2023, Multi-hazard risk to global port infrastructure and resulting trade and logistics losses, *Communications, Earth and Environment*, 4(5):(2023).

annual damage due to direct damage to road and railway assets is estimated to range from $3.1 to $22 billion.[26]

35. Significant acceleration of investment in climate change adaptation and resilience-building for ports and other critical transport infrastructure is needed to avert, minimize and mitigate damages (and therefore costs) and safeguard supply chains, as well as improve human health and safety. However, according to the OECD,[27] in 2022, only $32.4 billion (28 per cent) of total climate finance provided and mobilized for developing economies was for climate adaptation, and only a fraction of this amount is earmarked for ports and other critical transport infrastructure.

D. Recommendations and next steps

36. The discussion above has highlighted the need for several interrelated, actionable steps, namely:

(a) Increase investment in transport infrastructure and logistics, including enhancing connectivity, supporting logistics hubs and transport and trade corridor development and upgrading and investing in green, resilient and technology-driven transport and logistics systems.

(b) Integrate transport and logistics priorities into national strategies, development plans, nationally determined contributions and voluntary national reviews, aligning with broader sustainable development and climate commitments.

(c) Strengthen statistical and digital systems, including through expanding trade and transport data collection, improving information exchange, and promoting the use of Information and Communications Technology, digital platforms (such as ASYCUDA) and early-warning systems.

(d) Establish national trade facilitation committees, as required under the Agreement on Trade Facilitation of the World Trade Organization, and border committees to facilitate, implement and monitor trade facilitation reforms; the UNCTAD empowerment programme on trade facilitation and the UNCTAD digital reform tracker can assist countries to achieve these objectives.

(e) Implement the transparency provisions of the Agreement on Trade Facilitation, focusing on creating predictability for traders, in particular for microenterprises and small and medium-sized enterprises; the UNCTAD trade information portal can assist countries in creating a cost-effective and easy-to-use tool fulfilling these requirements.

(f) Provide financial support from multinational development banks and public development banks directed at implementation of trade facilitation reforms, including the Agreement on Trade Facilitation of the World Trade Organization, within national and regional frameworks.

(g) Increase adaptation finance and prioritize grant finance for critical transport infrastructure in SIDS and LLDCs, which should include financial support for related human and institutional capacity-building and policy development.

(h) Support LDCs, LLDCs and SIDS through project preparation facilities, capacity-building, best-practice sharing and strengthened multistakeholder, public–private and regional collaboration.

[26] Koks EE, Rozenberg J, Zorn C et al., 2019, A global multi-hazard risk analysis of road and railway infrastructure assets, *Nature Communications*, 10(2677):(2019).

[27] OECD, 2024, *Climate Finance Provided and Mobilised by Developed Countries in 2013–2022*, Climate Finance and the USD100 Billion Goal, OECD Publishing, Paris.

IV. Necessary capacities for developing countries, particularly in Africa, to engage more effectively with financial market actors, including credit rating agencies[28]

37. The urgency of addressing the persistently high debt premium faced by developing countries has been a growing topic in the context of rising debt servicing costs, with debt servicing absorbing an estimated 21.6 per cent of the export revenue of sub-Saharan Africa in 2024.[29] Elevated borrowing costs are not a temporary challenge but rather a structural impediment to sustainable development as they limit fiscal space, constraining the ability of Governments to invest in Sustainable Development Goal-related investments, and exacerbate vulnerabilities to external shocks. This challenge is more pronounced for African countries, which consistently pay more to borrow than peers in other regions with similar credit ratings or macroeconomic indicators.[30] The Sevilla Commitment recognizes that, without tackling this systemic imbalance, aspirations for achieving the 2030 Agenda and the African Union's Agenda 2063 will be undermined.

A. The high capital premium challenge

38. Three principal challenges concerning external financial flows to developing countries need to be addressed to allow them to achieve sustainable development. First, external financial flows are highly volatile; second, they are insufficient in scale; and third, they are not affordable enough.[31]

39. In 2023, total external financial inflows[32] to all countries amounted to just under $5 trillion, down from almost $6.3 trillion in 2014. Developing countries received $1.1 trillion (22.3 per cent) and African countries $120 billion (2.4 per cent) of these flows in 2023 (figure 6 (a)). As indicated in figure 6 (b), flows are subject to significant volatility, with annual changes ranging from -55 per cent to +49 per cent in the case of all developing countries and from -33 per cent to +100 per cent in the case of Africa.

[28] As called for in the Sevilla Commitment, see A/RES/79/323, annex, para. 51 (c), on action to address the high debt premium of borrowing countries.

[29] A/80/220.

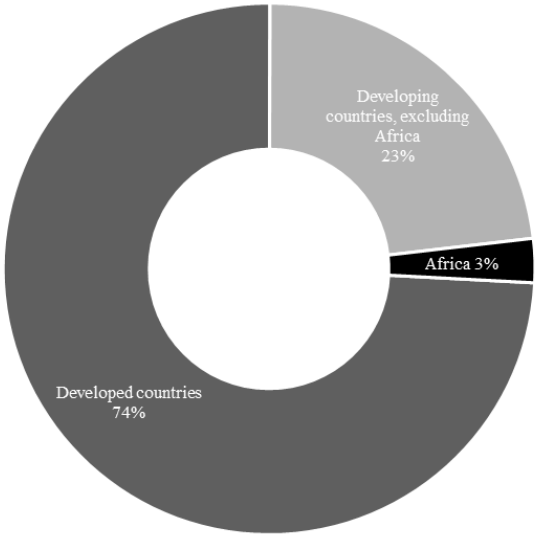
[30] UNCTAD, 2025, *Credit Rating Agencies, Developing Countries and Bias* (United Nations publication, Sales No. E.25.II.D.3, Geneva).

[31] Ibid.

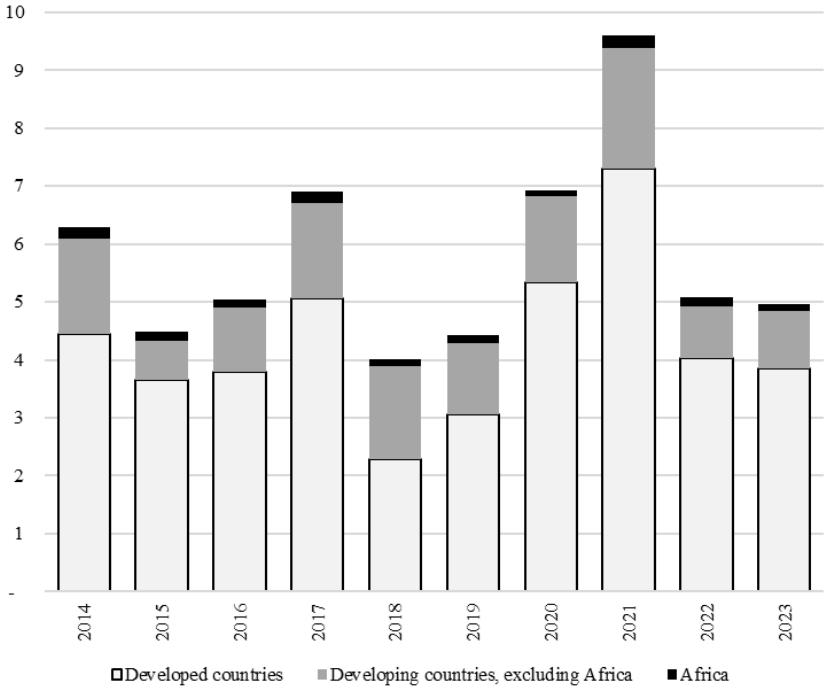
[32] This includes direct, portfolio and other investment inflows recorded in the financial account of the balance of payments and transfers/grants made by other Governments through secondary income and capital transfer accounts.

Figure 6
Share and total of financial inflows to all countries

(a) Share of total financial inflows, 2014–2023
(Percentage)



(b) Scale and volatility of total financial inflows, by recipient
(Trillions of United States dollars)

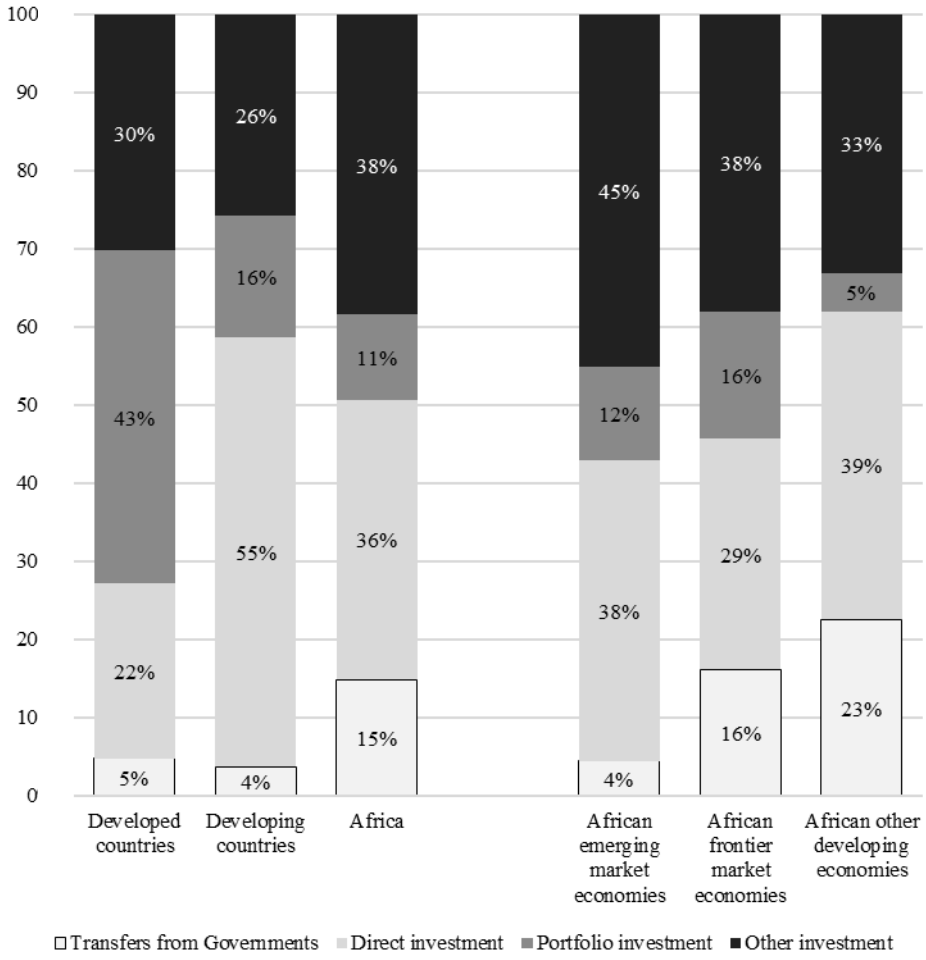


Source: UNCTAD secretariat calculations, based on International Monetary Fund, 2025 balance of payments and international investment position data.

40. Figure 7 indicates the composition of financial flows to different country groupings. African countries – particularly those that are less integrated into global capital markets – are significantly more dependent on transfers from other governments and receive smaller

contributions from portfolio investment inflows. However, capital costs for African countries are not uniform; they vary according to income level, market access, and creditor composition.

Figure 7
Average composition of financial inflows into different country groupings, 2014–2023
(Percentage)



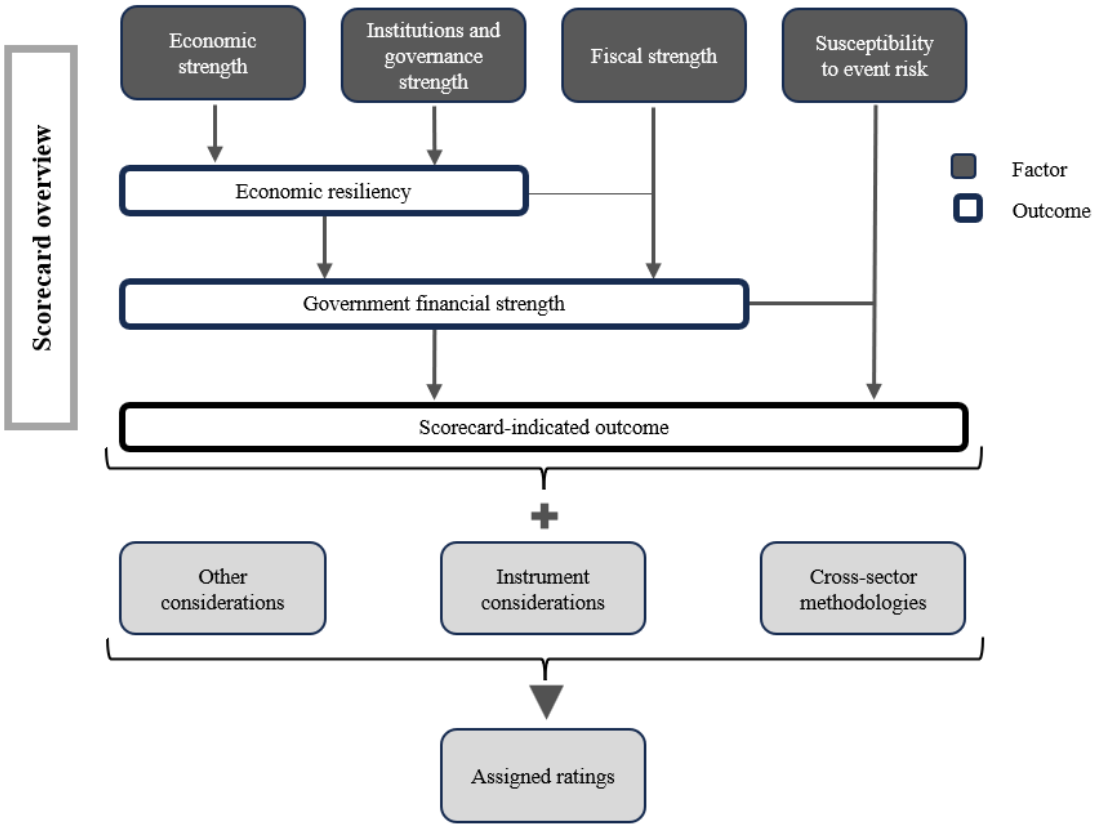
Source: UNCTAD secretariat calculations, based on International Monetary Fund, 2025 balance of payments and international investment position data.

B. Macroeconomic and governance variables

41. The category of "economic strength" accounts for roughly 25 per cent of the rating weight for Moody's[33] (figure 8) and is also a significant component in the methodologies of other rating agencies. Similarly, prudent fiscal policies and the maintenance of sustainable debt levels are central to avoiding excessive risk premiums. "Fiscal strength" typically carries another 20–25 per cent weight in sovereign rating models.

[33] See https://ratings.moodys.com/api/rmc-documents/395819.

Figure 8
Illustrative sovereign rating methodology



Source: Moody's Investors Service.

42. Strength of governance, data quality and transparency, perceived political stability and vulnerability to exogenous shocks also influence yield spreads. Governance, broadly defined, accounts for around one quarter of the overall rating in most rating agencies' methodologies. This makes improvements in governance and institutional quality central to any strategy to improve ratings, which can contribute to lowering the cost of external borrowing.

43. Rating agencies use the World Bank's Worldwide Governance Indicators to assess governance performance. Understanding how these indicators are compiled and working proactively to influence relevant components can be an important part of sovereign engagement strategies. Governments can strengthen statistical systems to provide reliable data on governance reforms, enhance transparency to reduce reliance on perception-based proxies and directly engage with the institutions that contribute to the Worldwide Governance Indicators to accurately reflect improvements in their countries' institutions. Reliance on external perceptions can create a vicious cycle: poor governance scores feed into weaker ratings, raising borrowing costs, which in turn constrain fiscal space and investment in governance reforms.

C. Information needs and statistical infrastructure

44. Robust statistical systems and high-quality data are the foundation of effective policymaking in all countries and a critical element in the engagement with financial markets. They are also a strategic imperative for lowering the cost of capital.

45. The demand from investors for comprehensive, timely and transparent information has grown considerably over the past two decades. Sovereigns are now expected to provide detailed data on not only traditional macroeconomic indicators, such as GDP, inflation and fiscal balances, but also on debt stocks, contingent liabilities and exposure to exogenous risks.

The credibility of this information is often judged by whether it conforms to internationally recognized standards, such as the Special Data Dissemination Standard or the General Data Dissemination System of the International Monetary Fund. Research shows that countries adopting the first standard experience reductions in borrowing costs, as investors interpret adherence to it as a signal of transparency and commitment to sound policies.[34]

46. Debt statistics are a particular area of concern. Investors and rating agencies require granular information on debt composition by currency, maturity and instruments, and on contingent liabilities, such as State-owned enterprise debt and guarantees. Developing countries should therefore prioritize investment in debt recording and management systems, such as the Debt Management and Financial Analysis System (DMFAS) 7,[35] for real-time reporting, integration across institutions and improved investor communication.

47. Many developing countries face challenges in coordinating between finance ministries, central banks and national statistical offices. Inconsistent figures across institutions undermine credibility and raise doubts about reliability. Therefore, establishing mechanisms for inter-institutional coordination and data harmonization are also needed to strengthen engagement capacity.

48. Beyond debt and fiscal data, environmental, social and governance disclosures are becoming a vital requirement for engagement with financial markets. African countries are particularly vulnerable to climate shocks. Incorporating climate resilience into fiscal frameworks and debt management strategies is thus increasingly essential to reassuring both rating agencies and investors and can help mitigate the perception of vulnerability and reduce risk premiums.

D. The role of investor relations units

49. Countries that are more financially integrated, such as Egypt, Morocco and South Africa, regularly issue Eurobonds and engage continuously with international investors. By institutionalizing communication with investors and rating agencies, investor relations units can help developing countries to break the cycle of high borrowing costs, limited fiscal space and constrained development.

50. Investor relations units have emerged as one of the most effective institutional innovations for strengthening sovereign engagement with financial markets. Over the past two decades, sovereign issuers have created dedicated units within ministries of finance or central banks to serve as structured communication channels with investors and rating agencies, providing timely, transparent and consistent information and helping to reduce uncertainty and reassure markets.

51. For African countries, investor relations units represent a critical capacity to reduce informational asymmetries, manage investor perceptions and ultimately lower borrowing costs. Studies have shown that countries with structured investor relations programmes experience lower yield spreads than those without them, even after controlling for macroeconomic fundamentals.[36] They also tend to have more stable market access and have increased resilience in times of crisis. Their role is not limited to information provision but extends to building trust and reputational capital with investors. For African countries, where scepticism and bias often inflate risk premiums, the establishment of these units could be a transformative reform.

52. The functions of an investor relations unit include preparing regular investor presentations, publishing newsletters and updates on economic developments, and maintaining continuous dialogue with rating agencies and investors. Crucially, this unit also

[34] Knight J and Northfield B, 2020, Sovereign investor relations: From principles to practice, Working Paper WP/20/204, International Monetary Fund.

[35] See https://unctad.org/dmfas/DMFAS7.

[36] Ibid. See also Andritzky J, 2012, Government bonds and their investors, Working Paper WP/12/158, International Monetary Fund.

plays an internal coordination role, ensuring that different government agencies speak with one voice when engaging with financial market actors.

E. The role of UNCTAD

53. UNCTAD can play a catalytic role in supporting African and other developing countries to build the capacities required for effective market engagement, while working in collaboration with other multilateral organizations active in this area of work, such as the World Bank, International Monetary Fund, Institute of International Finance and OECD.

54. A critical area of support is the provision of technical briefs that explain complex aspects of financial market engagement, which would assist many policymakers in understanding ratings methodologies, investor expectations and evolving market trends. The organization of regional and national workshops to foster peer learning would allow policymakers to share experiences, discuss challenges and identify best practices in investor engagement, debt transparency and statistical reforms. Regional workshops could be organized in collaboration with bodies such as the Economic Commission for Africa, African Union Commission and African Development Bank.

55. Technical assistance activities to assist in building investor relations units, through development of training modules for these units' staff, debt managers and statisticians, should be envisaged. This work can complement the wider dissemination of modern debt management systems, such as DMFAS 7.

F. Recommendations to enhance capacities

56. Building investor relations units represents an urgent capacity need for developing countries, especially African sovereigns, seeking to reduce their cost of capital and engage more effectively with financial market actors. An effective investor relations unit requires the following:

(a) Establish an investor relations unit with dedicated human resources with expertise in finance, economics and communication. Staffing such a unit with highly trained professionals is essential, as investor engagement involves both technical knowledge and the ability to build trust.

(b) Make provision for dedicated and sustainable financing. Investor engagement is a continuous process that demands resources for publications, events, and travel. Without a secure budget, these units risk becoming inactive during fiscal tightening, which can send negative signals to investors.

(c) Ensure access to high quality data. Building strong links between such a unit, debt management offices and national statistical agencies is therefore essential.

V. Conclusion

57. The Sevilla Commitment provides renewed determination to address the widening annual financing gap to realize the Sustainable Development Goals and achieve sustainable development. The recommendations drawn in the previous chapters offer guidance for member States to advance the Sevilla Commitment within a shared framework on three critical issues that fall under three action areas,[37] respectively: establishing effective, replicable and scalable blended finance structures and instruments; improving trade-related infrastructure, statistical systems and connectivity; and enhancing the capacities of developing countries to engage financial market actors, particularly in Africa.

58. Achieving these goals in the ongoing challenging global environment requires individual country and multilateral responses. First, this requires that countries uphold common but differentiated responsibilities in supporting the Sevilla Commitment. It also

[37] See A/RES/79/323, annex, chapter II, sections B, D and E.

requires that the international community supports national development efforts by enabling a conducive international economic environment and expanding institutional and technical capacity-building, which includes sustained multilateral cooperation, as current global challenges far exceed the capacity of any single State to respond. Finally, this requires the capacity to ensure that scalable solutions are effectively replicated across countries.

59. The work of the ninth session of the UNCTAD Intergovernmental Group of Experts on Financing for Development plays a crucial role in translating the commitments made in Seville (Spain) into meaningful, equitable and sustainable development outcomes, thereby supporting the implementation of the Sevilla Platform for Action.