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The Reconfiguration of the Centers and Margins of Development Finance:
The Roles and Agendas of Multilateral Development Banks and International Development Cooperation at the FdD4 in Seville

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Introduction

The issue of "how" to finance development has been a central concern for the global community, particularly for countries in the Global South, and began to be addressed explicitly within the United Nations agenda at the start of this century with the launch of the Financing for Development (FfD) process.

The FfD was conceived as a multilateral mechanism to foster dialogue on the global economic and financial system, mobilize resources, and align diverse stakeholders around the collective imperative of advancing global development, particularly concerning the priorities of developing countries.

What distinguishes the FfD process is its inclusive architecture, which involves all UN member states and agencies, and incorporates a wide range of actors, including International Financial Institutions (IFIs), civil society, and the private sector. For the Global South, the Financing for Development process represents a rare institutional space where their voices can be expressed on an equal footing with those of advanced economies, unlike forums such as the G8 or G20.

The first international FfD conference, held in Monterrey, Mexico, in 2002, culminated in the "Monterrey Consensus," which committed signatories to expanding Official Development Assistance (ODA), improving its effectiveness,

Highlights

The Fourth International Conference on Financing for Development (FfD4) in Seville is part of the United Nations financing for development process, which began in 2002 in a global context marked by multiple crises and the fragmentation of multilateralism.

The "Seville Commitment" marked a turning point in the roles and agendas traditionally assigned to the Multilateral Development Banks (MDBs) and International Development Cooperation (IDC).

MDBs are repositioned as central actors with a strengthened mandate to mobilize resources, manage more risks, and diversify their financial instruments.

IDC faces institutional deadlock, with no financial commitments or substantive reforms capable of responding to the growing demands of the Global South.

In conclusion, FfD4 marks a discursive advance for the MDBs; however, the effective implementation of the proposals and the revitalization of the IDC will be crucial in achieving more equitable and sustainable financing for development.

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reforming IFI governance, and exploring innovative financial instruments. The second conference, held in Doha, Qatar, in 2008, reinforced these commitments while introducing three key dimensions: gender equality, environmental sustainability, and national development strategies. The third conference, held in Addis Ababa, Ethiopia, in 2015, marked a significant evolution: it launched a comprehensive framework for sustainable development financing, recognized the role of public development banks, emphasized the importance of international tax cooperation, introduced mechanisms to monitor financing policies, and reaffirmed the central role of the United Nations in implementing the post-2015 development agenda.

Ten years later, in a complex scenario where the Sustainable Development Goals (SDGs) are significantly off track, the landscape of international development cooperation (IDC) is increasingly fragmented, the alignment between private and official financial flows is weakening, and the very spirit of multilateralism is under strain, the Fourth International Conference on Financing for Development (FfD4) took place in Seville, Spain.

In a context marked by the erosion of multilateral consensus, the fragmentation of the international financial order, and the worsening of multiple crises (climate, food, humanitarian, and fiscal), FfD4 represented an effort to revitalize the global institutional framework for sustainable development financing. It partially reclaimed the spirit of Monterrey, reaffirming the role of the United Nations as a legitimate space for promoting a more fair, inclusive, and effective financial architecture (UN DESA, 2025).

The preparatory process for FfD4 was led by the United Nations Department of Economic and Social Affairs (DESA) and the Economic and Social Council (ECOSOC), with co-facilitation by the permanent representatives of Mexico, Norway, Nepal, and Zambia. The outcome of this process and the deliberations of the 193 participants at the conference, held from June 30 to July 3, 2025, was embodied in the "Seville Commitment."

In light of the above, this insight brief examines the agreements reached at FfD4 to strengthen development financing mechanisms, with a particular focus on Multilateral Development Banks (MDBs) and International Development Cooperation (IDC) from the perspective of Latin America, a region that requires new approaches to thinking about and financing development to overcome the traps of external debt, inequality, and poverty.

The Seville Commitment

In June 2025, the international landscape was characterized by acute geopolitical and financial instability. The 12-day war between Iran and Israel heightened tensions in the Middle East, with immediate implications for energy markets and regional security, reactivating alignments within the UN and the Arab League (Hafezi & Rasheed, 2025). Concurrently, the G20 revealed deep divisions regarding the reform of the international financial architecture, particularly concerning the use of Special Drawing Rights (SDRs), the conditionality of multilateral financing, and the representation of countries from the Global South in major decision-making forums. This fragmentation coincided with deteriorating macroeconomic conditions in many heavily indebted countries and the inadequacy of existing relief mechanisms, in a context marked by growing humanitarian crises and the global effects of climate change.

Despite this turbulent international context and a certain dismissive attitude toward the process, particularly from the United States, which abandoned dialogue during the last preparatory meeting after rejecting the negotiated draft declaration, the participating states managed to reach a consensus on the final document of the FfD4.

The "Seville Commitment" expresses the international community's primary concerns regarding the global debt crisis and the widening financing gap for the SDGs, which reaches $4 trillion for developing countries (UNRIC, 2025). It proposes a framework for action structured around eight pillars: a. domestic public resources; b. domestic and international private financial and commercial activity; c. international cooperation for development and development effectiveness; d. international trade; e. debt and debt sustainability; f. international financial architecture and systemic issues; g. science, technology, innovation, and capacity building.

Presented as "a renewed global framework for development financing," the "Seville Commitment" seeks to reaffirm the Addis Ababa agreements and provide fresh impetus to the SDGs. Although it is a non-binding intergovernmental agreement and perhaps not ambitious enough regarding the reform of the international financial architecture (Olivié et al., 2025), its value lies in its guiding role in mobilizing public and private resources, reviewing debt mechanisms, and, above all, incorporating the perspectives of the Global South.

To begin implementing the proposed roadmap, the "Seville Action Platform" was launched. This platform encompasses over a hundred initiatives, such as Brazil and Spain's proposal to tax the ultra-wealthy or the joint proposal by Colombia, Ecuador, Uruguay, Paraguay, and Bolivia to establish a Latin American mechanism for financing resilient human development. In line with the outcomes of the process, initiatives related to debt stand out, including the establishment of a debt-for-development swap center and the creation of the "Seville Debt Forum," which aims to facilitate the exchange of knowledge and experiences on managing external debt (DESA, 2025).

From the Margins to the Centre: The Strategic Repositioning of Multilateral Development Banks in the Global Financial Architecture

The Seville Conference marked a turning point in the international financial architecture by repositioning MDBs as central actors in mobilizing resources to achieve the SDGs. Unlike previous conferences, where their role was treated as marginal or subsidiary, this edition assigned them a strategic role as catalysts for long-term structural financing (Kaul, 2025).

FfD4 reaffirmed the need to strengthen the operational and financial capacities of MDBs. In particular, it set a goal of tripling their lending capacity by 2034 as part of a broader strategy to expand access to affordable financing for low- and middle-income countries (Reyes et al., 2025). This call was accompanied by strong political support for channeling SDRs to MDBs to multiply their impact through hybrid instruments and guarantee mechanisms (Gallagher, 2025).

It also promoted the adoption of innovative financial tools, such as blended finance and debt pause clauses in crisis contexts, measures aimed at improving borrowing conditions for the Global South and fostering fiscal resilience in a context marked by high levels of external vulnerability (Reyes et al., 2025). The inclusion of these tools in the operational framework of MDBs represents progress toward a financial architecture more responsive to systemic risk.

It is worth noting that the "Seville Action Platform" envisions strengthened coordination among banks through a monitoring and evaluation mechanism co-led by the MDBs. This platform encompasses initiatives aimed at managing exchange rate risks, promoting sustainable debt relief, and enhancing tax collection systems (Walle, 2025). Its implementation, however, will depend on the political will of major shareholders and institutional alignment among global, regional, and subregional banks.

A key issue was the need to align the mandate of MDBs with the priorities defined by borrower countries themselves. To this end, the strengthening of spaces like the Seville Borrowers' Forum was promoted, which seeks to give a greater collective voice to Global South countries in defining the terms of financing and the institutional governance of the banks (HuffPost, 2025). This dimension of agency and representation was considered central to enhancing the legitimacy of the system.

Likewise, FfD4 provided a significant opportunity to advance the internal reform of MDBs, particularly in terms of their governance, operational efficiency, and transparency. Calls were made to modernize fiduciary frameworks, facilitate accountability, and link financial flows to verifiable outcomes in sustainable development, especially in sectors such as infrastructure, health, education, and energy transition (Walle, 2025).

In discursive terms, the draft of the "Seville Commitment" already foreshadowed this shift in the treatment of MDBs: they are mentioned over forty times, compared to scant references in the Addis Ababa Action Agenda. This increased visibility reflects a growing call for MDBs to play a role in providing global public goods and building a more equitable financial system (Reyes et al., 2025).

However, the qualitative leap in institutional discourse does not necessarily imply a structural transformation in practice. Without additional capital or substantive reforms in eligibility criteria, the capacity of MDBs to effectively respond to the demands of the Global South will remain limited (IDOS, 2025). The challenge, therefore, lies in operationalizing the guidelines agreed upon in Seville, overcoming the inherent inertias of the multilateral credit system, and securing concrete financial commitments from major shareholders.

In summary, FfD4 established MDBs as strategic actors in the new cycle of global financing, though effective outcomes will depend on the willingness of shareholders to implement the necessary structural reforms. The conference generated a robust discursive architecture but left pending definitions regarding capital contributions, SDR redistribution mechanisms, and binding commitments for governance reform. In this context, the role of Southern regional and subregional banks, often overlooked in these agendas, must be highlighted as part of a more inclusive and plural financial architecture.

From the Centre to the Margins: The Stagnation of International Development Cooperation in the Global Financial Architecture

One of the "white elephants" of the Fourth International Conference on Financing for Development (FfD4), as highlighted by Klingebiel (2025), was the issue of ODA. While total ODA amounts increased in the 21st century following the "big push" of the Millennium Development Goals (MDGs), the reality is that in 2024, major donors drastically cut aid budgets and increasingly aligned development programs with their national interests.

Both the failure of most Development Assistance Committee (DAC) countries to allocate 0.7% of GDP to external aid and the "financialization" and "securitization" of aid—manifested in the concentration of resources in regions tied to donors' specific security interests, often linked to migration and refugee control—are trends that have been ongoing for several years.

Parallel to the decline in ODA, South-South and Triangular Cooperation have gained prominence in the development cooperation ecosystem. However, they are still far from filling the economic and institutional void left by developed countries. In this regard, the Seville final document notes that "development cooperation has not evolved at the pace of the growing and changing needs of developing countries" (DESA, 2025).

In this challenging scenario, Latin American countries brought to FfD4 an agenda focused on horizontal cooperation, regional public goods, and alternative approaches to partnerships and, in particular, metrics, arguing that middle-income status does not imply low vulnerability or reduced need for support. On the contrary, it highlights the limitations of income-based allocation and calls for a transition to multidimensional indicators (Malacalza & Morasso, 2025).

The debate on metrics was also driven by members of the International Forum on Total Official Support for Sustainable Development (TOSSD), the United Nations Conference on Trade and Development (UNCTAD), and the Ibero-American General Secretariat (SEGIB), alongside efforts to foster synergies among various multi-stakeholder forums and platforms, such as the Global Partnership for Effective Development Cooperation and the International Aid Transparency Initiative.

The "metrics agenda" was thus incorporated into the "Seville Commitment," alongside the need to increase concessional financing for developing countries, with particular emphasis on the significant role that MDBs must play. Beyond this, the debate appeared stalled, offering little novelty regarding the governance of IDC and failing to challenge its actors on the type of development being promoted. This reinforces the idea that revitalizing and updating political discussions on the IDC system is more necessary than ever to prevent its stagnation.

Conclusions

In a context marked by overlapping policrisis, challenges to multilateralism, geoeconomic fragmentation, and growing demands for fiscal and climate justice, the FfD4 provided continuity to the process initiated in Monterrey, revaluing the Global South as a normative actor and highlighting the need for more symmetrical international cooperation aligned with the fiscal, social, and environmental realities of developing countries. The active participation of G77 countries, along with those from Latin America, Africa, and Asia, as well as Southern regional banks such as the Inter-American Development Bank and the African Development Bank, contributed to the discussion of a more contextualized agenda, where South-South cooperation, progressive tax reforms, and debt relief were recurring themes.

From the reading of the "Seville Commitment" regarding MDBs and IDC, it is possible to identify a process of reconfiguration of technical and political consensus on development financing, with financial institutions gaining prominence. Likewise, ambitious goals can be observed to establish the operational foundations for a more resilient, coordinated, and long-term-oriented financial architecture, such as tripling the lending capacity of MDBs and addressing the growing fragmentation and lack of coordination in IDC.

Nevertheless, the advances in normative and action proposals face structural limitations. The conference did not secure immediate commitments, for instance, in terms of additional capital from the principal shareholders of MDBs, nor did it resolve power asymmetries in the governance of IDC. This disconnect between rhetorical ambition and effective implementation capacity poses a latent risk to the credibility of the process, particularly if it is not accompanied by institutional reforms in global financial centers.

In summary, the impact of FfD4 will depend on the collective ability to translate the consensuses reached into institutional transformations, sustainable investments, and more equitable global rules. The history of development financing shows that the success of these conferences lies not only in their declarations but in the sustained implementation they manage to generate.

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