A 'make or break' moment for multilateralism?

The Fourth Financing for Development Conference is a chance to reboot global partnerships

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Opinion Piece

Keywords:
Financing for Development, Sustainable Development Goals, progressive taxation, sovereign debt management, international financial architecture.

It is 2025 and we live in a world where life expectancy is rising. A world where more children worldwide are going to school, and where more people have access to safe drinking water and sanitation than in 2015. The use of renewable energy has expanded massively: the region of Latin America and the Caribbean now meets 60% of its electricity demand from renewables and in some African countries, such as Kenya and Ethiopia, this share is as high as 90%.[1] These are some remarkable examples of progress that the world community has made in the last decade on the road to achieving the Sustainable Development Goals (SDGs).

But good news like this seems rare these days. All in all, there has been far too little progress on the road towards meeting the goals of the 2030 Agenda. There is still a massive financing gap to achieve the SDGs by 2030 and, on top of that, the current geopolitical tensions are putting multilateral cooperation under immense pressure. Nevertheless, I am convinced that, as a world community, we have the power to shape the future for the better if we cooperate in solidarity. Reforms carried out in recent years, like those within the multilateral development banks, show that international cooperation works, even in difficult times. The Global Solutions

Summit puts a spotlight on how this can be achieved: with its strong insights from research, it aims to identify concrete solutions for tackling global challenges. It builds on the premise that, with more dialogue among the international community, we can open up new entry points for better global governance structures.

More and better development financing

The upcoming Fourth Financing for Development Conference (FfD4) in Seville, Spain, at the end of June is a key forum where the international community can unlock this potential. The summit will bring together United Nations (UN) member states, civil society and other stakeholders to identify joint approaches for improving development financing and helping to achieve the SDGs. It will be preceded by an extensive consultation process. Its outcome document will advance the Addis Ababa Action Agenda (AAAA) adopted at the third FfD Conference in 2015. The fields covered remain urgent: they range from taxation and international trade to sustainability in financial markets and artificial intelligence.

Of course, the backdrop against which the Conference will take place is challenging to say the least. The negotiation processes are complicated by geopolitical tensions. A further complication is the US withdrawal from large parts of the multilateral arena. Even before the advent of the second Trump administration, the mandate of the UN-led FfD process vis-à-vis other fora such as the OECD or the International Monetary Fund (IMF) was already a contentious issue for many. Achieving an ambitious agreement at the FfD Conference will therefore be a tough challenge. But that is no reason to dial down expectations. In my

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view, an ambitious agreement on development finance is more urgently necessary than ever, for two reasons.

A renewed commitment to multilateralism

The first reason relates to the very same issue that makes the process so cumbersome – a commitment to multilateralism. The SDGs were adopted ten years ago with a strong commitment by the world community to international cooperation, recognizing that global challenges require global solutions. Now, ten years later, we are witnessing a retreat towards nationalism in many countries. The international political climate is increasingly being shaped by conflicts and divides, making multilateral engagement all the more difficult.

As a world community, we need to pull together again to reverse this trend and to tackle the global challenges of our time. The FfD Conference is better suited to this than many other fora. Not only does it have a broad mandate that takes a holistic approach towards development financing. Perhaps even more important than that is its inclusiveness: being a UN-led process, all member states can make their voices heard. Countries of the G77 coalition see this as a

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rare opportunity in international negotiations where they can influence decision-making on issues that are highly relevant to them. Having strong links between FfD4 and fora such as the G20 is thus important. Similarly, international financial institutions can gain by actively engaging in the FfD4 process. Despite setbacks due to the multiple crises of the past years, the FfD process has successfully brought about progress. As an international community, we now need to build on the successes already achieved.

The FfD Conference is about more than just the financial basis for the 2030 Agenda: It is about commitment to global partnerships and a spirit of solidarity. It is about renewing trust in the multilateral system. And even if – or precisely because – the US is increasingly withdrawing from multilateral agreements, I see it as very important to foster stronger alliances between Germany, Europe and our partner countries in Africa, Asia and Latin America. This has been a key priority for me as German Development Minister.

The second reason why the upcoming FfD Conference comes just at the right moment is the urgency of boosting development financing and further reforming the international financial architecture. There is a massive financing gap that has been one of the reasons for the sluggish progress on the 2030 Agenda so far. And there are too many obstacles for low- and middle-income countries to create fiscal space for investments in a more sustainable future. The FfD process provides a real opportunity to embark on pathways to tackle precisely those structural barriers. Let me highlight three core policy fields of negotiation that are key to the FfD process to illustrate this point.

More progressive taxation is a global challenge

First, the field of taxation. Domestic resource mobilization (DRM) – which includes tax policy and administration – remains a cornerstone of the FfD agenda. For governments around the world, tax revenues are the most important source of funding for public goods and services. But in many of our partner countries in Africa, Asia and Latin America, tax ratios remain far too low to provide for core public services. This undermines the social contract and the stability of societies. Weak tax administrations and policies as well as tax evasion and harmful tax competition between countries are among the most important reasons for this. Improving capacities to collect taxes and other revenues is thus certainly key for DRM, and we in German development cooperation remain committed to continuing to support our partner countries in achieving these goals.

But it is just as important to drive reforms at the international level. As Professor Gabriel Zucman has clearly shown in his report[2] to the G20 last year, the super-rich – or high-net-worth individuals (HNWIs) as they are known – pay far lower effective rates of tax than average income earners like their secretaries or drivers. These HNWIs are people who have assets worth several hundred million dollars and more. They generate their income primarily from wealth, not from work – and this leaves them with ample options for avoiding taxes quite legally. In addition, many countries tax capital gains at lower rates than they tax income from labour, the frequent argument being that wealth is mobile and can easily be shifted to low-tax jurisdictions. That is of course correct – and it is happening on a large scale. But surely this cannot be an argument for designing tax systems in such a way that they work in the interest of the richest. Such harmful tax competition between countries, which has already pushed down corporate tax rates in past decades, undermines a country's capacity to mobilize resources. It also increases inequality within societies.

As Development Minister, I am committed to progressive taxation – and in particular the taxation of HNWIs – because I believe that everyone in society should contribute their fair share to financing the common good. Moreover, taxing HNWIs can raise the tax revenues of governments worldwide and create fiscal space for investing in sustainable development and climate protection. And precisely because capital is so mobile, international cooperation is needed. Building an international tax architecture that combats tax evasion and avoidance while enabling countries to effectively tax multinational enterprises and wealthy individuals is crucial. Having ambitious language on progressive taxation in the FfD4 process would be a great success.

Unsustainable debt limits fiscal space for investments in our future

The second field of negotiation where the international community needs to find common ground and move forward is the rising debt challenge. If there is one common demand that citizens around the world are making towards their representatives, it is probably that they put their money where their mouths are. That they use the public money with which they have been entrusted to raise social welfare and provide for the public good. The trouble is that many governments around the world – and all too often those in poorer countries – find their hands tied by unsustainable debt that has risen even further as a result of the multiple crises of the past few years. The COVID-19 pandemic, the cost-of-living crisis as a result of Russia's war of aggression against Ukraine and the climate crisis have not only increased the pressure on public budgets. They have also driven up interest rates, which are on average three times higher for low-income countries than they are for high-income countries.[3] For many low-income coun-

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»Financing the SDGs and providing global public goods are our shared responsibility as a world community.«

tries, the resulting debt service payments severely limit the urgently needed fiscal space to invest more in education, health and the energy transition. In 2024, 92 countries spent more on servicing public debt than on investing in the SDGs.[4] "Debt is killing the SDGs" was the warning call of civil society organizations at the UN's Financing for Development Forum in 2023 that highlighted this imbalance.

Thus, the international debt architecture is rightly receiving much attention in Seville. There is an urgent need for the international community to strengthen mechanisms for preventing and managing debt crises now and in the future. As an inclusive forum, the FfD process involves a wide array of public and private actors and hence provides a real opportunity to develop proposals for these challenges. Germany, as a member of the EU and the G20, is continuing to support efforts to improve debt transparency and to strengthen the Common Framework for Debt Treatments as the key instrument for restructuring public debt.

As Minister for Development, I have repeatedly raised these issues at the negotiation rounds of the G20 development ministers. With only a few months left until Seville, it is high time to find common ground between development-oriented ministries and treasuries worldwide. I am also convinced that, over the coming years, we can build on the agreements that will be reached in Seville, and find consensus regarding further improvements to the global debt architecture for which there may not yet be a consensus. This includes for example an international mechanism for state insolvency.

A more effective and inclusive financial architecture

Third, tax policy and debt resolution are part of the international financial architecture. Its core institutions, the IMF and the World Bank Group, were founded in 1944. Organized like credit cooperatives, voice and influence come with financial contributions and thus reflect global economic power. As a result, low-income countries have considerably less clout than in the UN General Assembly, with its one-country-one-vote principle. And while questions like international tax cooperation and debt relief are primarily negotiated among the G20 or the OECD, the perspective of low-income countries is only weakly represented there. As a result, many countries feel that their interests are not being heard and that the system overall lacks legitimacy. This criticism was showcased in the vote for establishing a UN Tax Convention, when the refrain "If you're not at the table, you're on the menu" was the rallying cry for many members of the G77. Recent institutional reforms show that change is both possible and already underway.

FfD4 contributes to this dialogue. The AAAA that resulted from the FfD summit in

2015 already committed to systemic issues such as broadening and strengthening the voice of countries of the Global South in international decision-making and global economic governance. The SDG Summit in 2023 further strengthened this commitment, with the aim of making development finance more accessible and effective. I am convinced that the inclusive FfD process can find common ground for reform and contribute to rebuilding trust in the system. It can for example foster constructive engagement in the development of the new UN Tax Convention and ensure that synergies with existing processes at the OECD or G20 are explored. It can also move forward reforms within multilateral development banks. Their role remains vital in addressing global challenges and financing global public goods such as the protection of our climate and biodiversity, pandemic preparedness and peace. Under my leadership, Germany has successfully pushed for reforms: the new World Bank Group vision represents a fundamental shift as it recognizes that fighting poverty and preserving our planet cannot be dealt with separately. In addition, we brought together key actors at the Hamburg Sustainability Conference (HSC) in June 2024 to renew their commitment and forge alliances to advance reform of the international financial architecture. The upcoming HSC in early June this year will continue this dialogue and will be an important occasion for international partners to come together ahead of the FfD Forum.

A unique opportunity for rebuilding trust in the multilateral system

For me, drawing these different strands together leads to several important conclusions. For one thing, the FfD4 Conference is about more and better development financing. This remains a core prerequisite for providing the SDGs with new momentum and for tackling truly global challenges. The FfD4 Conference also provides an opportunity for rebuilding trust in the multilateral system. Some observers even see it as a "make or break" moment for multilateralism. So the stakes are high and the process holds great potential for shaping the agenda of international cooperation. It can help build a new common understanding that financing the SDGs and providing global public goods are our shared responsibility as a world community – a responsibility with benefits for the countries and the people of both the so-called Global South and Global North alike. In this sense, I see the upcoming FfD Conference as a unique opportunity for exactly that – fostering more inclusive international dialogue and decision-making as the basis for tackling global challenges.

[1] United Nations (2024): The Sustainable development goals report 2024. New York: United Nations.

[2] Gabriel Zucman (June 25, 2024): A Blueprint for a Coordinated Minimum Effective Taxation Standard for Ultra-High-Net-Worth Individuals. Report to te Brazilioan G20 presidency.

[3] Spiegel, Shari and Schwank, Oliver (2022): *Bridging the great finance divide in developing countries*, Brookings Institution. United States of America. Retrieved from https://coilink.org/20.500.12592/gct77w

[4] OECD (2025), *Global Outlook on Financing for Sustainable Development 2025: Towards a Resilient and Inclusive Architecture*, OECD Publishing, Paris, https://doi.org/10.1787/753d5368-en.