“Making financial flows consistent with climate-resilient development”: The role of international financial institutions and standard setters

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Cover photo: Protesters at COP27 in Sharm el Sheikh, Egypt, in 2022. Credit: Oliver Kornblihtt / Mídia NINJA, Flickr

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Compounding climate, economic and geopolitical crises following the Covid-19 pandemic produced a consensus on the need for far-reaching reform of the global financial architecture to respond to contemporary challenges, including climate change. Amid aid cuts, continued fossil fuel investments, backtracking on climate commitments by private financial institutions, geopolitical turmoil and a brewing debt crisis in the Global South — all while planetary boundaries are crossed irreversibly and climate emergencies accelerate — the core aim of Article 2.1c of the Paris Agreement becomes central to achieving sustainable development in this century: **making financial flows consistent with climate-resilient development, and reforming the international financial architecture to enable this**.

Yet, many of the global institutions with the power to govern, (re-)direct and regulate financial flows away from harmful activities and into climate action and a just transition are failing to do so effectively.

This briefing therefore explores the role of international financial institutions, global economic decision-making fora, and financial standard setters, in setting the conditions for aligning finance with Art. 2.1c in a way that is grounded in justice and equity, both key principles of the Paris Agreement.

To activate its transformative potential, Art. 2.1c must be framed within the principles of common but differentiated responsibilities and respective capabilities (CBDR-RC) and wider tenets of distributive, compensatory, procedural and feminist justice.

Country Parties still lack clarity and consensus on what that operationalisation should look like — who needs to act, by when, for what, and through which channels and institutions. This paper provides a first answer to these questions by making recommendations for a justice-based approach to Art. 2.1c by the UNFCCC, the G20, the Financing for Development process, the IMF, central banks and financial regulators, and the World Bank Group — 'consistency makers' that hold considerable sway over financial flows globally.

As they are, these international financial institutions and decision-making fora are not at the service of climate-resilient development but rather perpetuate injustice. They tend to have executive structures that amplify the voices of the largest and most financially powerful countries (and biggest polluters), while Global South and especially small, climate vulnerable countries have little to no say.

An important step on the way to climate-aligned economic policymaking is to reform these structures to be more representative of vulnerable countries and communities — or to create new ones altogether, such as UN-based tax and sovereign debt framework conventions. The current multilateral system was created for a colonial, post-WWII world, and many of its core institutions are increasingly unfit for purpose to tackle the global challenges of the 21st century.

UN-based negotiation fora like the UNFCCC and FFD follow a more equitable process where countries have equal representation, and they must be empowered to mandate and reform the IMF, WBG, and Financial Stability Board. Ensuring that commitments made under these UN processes, whose foundational principles are rooted in notions of distributive and compensatory justice, are translated into action and accountability will be crucial.

A global justice approach to Art. 2.1c means a fundamental departure from the growing financialisation of development. With the power Global North countries hold in the global financial system, it is on them to regulate their jurisdictions, align their central banks' mandates, and reform the international rules of debt, trade, tax and finance to centre sustainable and climate-resilient development in a way that amplifies the policy and fiscal space of Global South countries to do the same.

Using a new solar irrigation pump in Kitale, Kenya, in 2018.
Photo by Jeffery M Walcott, IWMI.

Introduction

Compounding climate, economic and geopolitical crises following the Covid-19 pandemic produced a consensus on the need for far-reaching reform of the global financial architecture to respond to contemporary challenges, including climate change — resulting in a plethora of initiatives such as the UN Secretary General's Our Common Agenda and Pact for the Future, the Paris Summit for a New Global Financing Pact, the Bridgetown Initiative, UNCTAD proposals for a 'new Bretton Woods' and Global Green New Deal, the Sharm-el-Sheik Dialogue on Art 2.1c of the Paris Agreement coming out of COP27, and a wealth of civil society proposals for a just economic recovery.

2025 is also the year of the COP30 Baku to Belem Roadmap that is meant to illustrate how to scale up climate finance for developing countries to $1.3tn a year, of the last "Global South" G20 in South Africa before the presidency moves on to the USA, as well as the fourth Financing for Development Conference (FfD4), the first such international conference since 2015, when the Paris Agreement, Sustainable Development Goals (SDGs), and Addis Ababa Action Agenda (the outcome of FfD3) were launched.

These initiatives, processes and decision-making fora have put the spotlight on Article 2.1c of the Paris Agreement: **How to make financial flows consistent with and at the service of climate-resilient development, and what structural reforms of the international financial system are required to enable this.** They are taking place in the context of considerable evidence that current approaches are failing:

- With billions of US dollars still flowing into fossil fuels,[1]
- the slashing of official development assistance (ODA),
- similar cuts to funding for multilateral institutions driving a further entrenchment of private finance to 'close the climate financing gap',
- private banks and investors backtracking on their climate commitments[2]
- the USA pushing for the reduction of the climate work within key global financial regulators and supervisors,
- the EU flexibilising the sustainability reporting required from companies,
- amid a debt crisis eating up public budgets in the Global South: the number of countries spending more than 10% of their revenues only on net interest payments skyrocketed to 54 in 2023, and 3.3 billion people now live in countries spending more on interests than health and education.[3]

These cynical dynamics will likely increase disaffection with international institutions, making meaningful reform vital to their own long-term survival. **Large parts of this system still perpetuate fossil fuel-based, extractivist, and environmentally destructive economic dynamics, given neither the climate finance architecture nor the financial system as a whole are rooted in justice principles but rather reflect historical and current power imbalances.** Even financial responses to climate change itself can be reinforcing global injustice, causing further harm in the Global South through actions ostensibly meant to support decarbonisation, such as high-emitting countries and entities grabbing land in poorer countries to be used for carbon offsets, or credit rating agencies downgrading vulnerable countries by properly accounting for climate risk, thus exacerbating their vulnerability.[4]

In this context, many of the institutions with the power to govern, (re-)direct and regulate financial flows away from harmful activities and into climate action and a just energy transition are failing at effectively doing so, for a long time claiming that climate (let alone climate justice) falls outside their "purely economic" mandates. These include global economic decision-making spaces like the G20, standard and rule setters like the International Monetary Fund (IMF) or the Financial Stability Board (FSB), as well as public finance providers and developers of blended finance tools like multilateral development banks (MDBs). Many still insist that they are compelled to remain "market neutral", meaning they refuse to actively steer finance into a just green transition, while some continue to directly channel billions into fossil fuels or promote economic policies that trap countries in extended fossil extraction.

Given Article 2.1c of the Paris Agreement calls for finance flows to be made "consistent with a pathway towards low greenhouse gas emissions and climate-resilient development", scholars have called these institutions 'consistency makers'.[5] The UNFCCC process as a multilateral negotiation space must not only focus on 'internal' consistency makers (the actions of states within their jurisdictions, e.g. the development of nationally determined contributions (NDCs), as well as domestic financial and fiscal policy tools to realise them). **This briefing urges stakeholders to also assess 'external' consistency makers "arising from international regimes or from regulation put in place by other states with transnational effects" that can facilitate or restrain countries' capacity to act.**

What do we mean when we say Global North and Global South?

Using the appropriate terminology when referring to country groupings in the context of climate change and development is challenging, given global reference institutions like the UN, international financial institutions (IFIs), academia, and civil society have developed different classifications. In general, the Global North/South distinction is used to emphasise less of an exact geographic divide, but a shared historical trajectory e.g. of colonial dynamics which have resulted in current differences in income and development. However, there are also significant differences in the power, income, emissions, and ability to tackle climate change between 'Global South' countries today (e.g. small-island states vs Brazil or China), making this term somewhat vague in the context of climate action. Terms like 'developing', 'low income', 'Emerging Market and Developing Economies (EMDEs)' vs 'developed' countries assign a more quantitative criteria to the classification (e.g. GDP/income levels) but can be considered problematic, since they frame 'development' only in GDP terms and as a linear process with Global North industrialised countries as the aspirational endpoint, which reinforces a colonial dynamic.

In the context of the UN Framework Convention on Climate Change (UNFCCC, first adopted in 1992), countries are further grouped into Annex I, Annex II, and Non-Annex I countries, with Annex II being industrialised/OECD countries that are required to provide climate finance to developing countries, which are generally grouped in the Non-Annex I Parties while Annex I includes both OECD and several post-Soviet 'economies in transition' at the time. However, this classification has also come under criticism, since e.g. Non-Annex I Parties now include high-income countries like Singapore, high-polluting, upper-middle-income countries like China (and other BRICS members), and petro-states like Saudi Arabia. The Paris Agreement (PA) uses the 'developed' vs. 'developing' classification, e.g. in assigning 'developed' country Parties the responsibility to provide climate finance to "developing" ones.

This briefing will generally use the Global South/North terminology, acknowledging its challenges around precision, but might use the other terms in their respective institutional context as appropriate.

Civil society calls on rich countries to pay their climate debt at COP29 in Baku, 2024. Photo by David Tong, OCI.

Article 2.1c and CBDR-RC in the Paris Agreement and UNFCCC

This briefing explores the role of different regulatory institutions and global decision-making fora in influencing financing flows to align with Art. 2.1c of the Paris Agreement (PA) in a way that is grounded in the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC) and in complementarity to Art. 9 of the PA.

What is the 'justice' language in the UNFCCC and Paris Agreement?

All five of the core principles spelled out in Art. 3 of the UNFCCC are rooted in CBDR-RC, which means that "The Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, **the developed country Parties should take the lead** in combating climate change and the adverse effects thereof." Following principles confirm that special consideration should be given to the needs of climate vulnerable countries that bear a disproportionate burden, different socio-economic contexts, specific conditions and development needs of each country, and promoting an international economic system that enables development.

Building on the Convention, Art. 9.1 of the PA further stipulates that "Developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention." Thus, Art. 9 obliges Annex II countries to provide climate finance to Global South countries, which means negotiations around climate finance targets fall under Art. 9, whereas Art. 2.1c addresses all finance flows and their potential climate and development impacts, including e.g. the need to tackle those going into harmful, carbon-intensive activities.

Moreover, the preamble of the PA calls on countries "when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of Indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity." Thus, the justice context of these conventions is not just focused on the role of developed vs developing Parties but also anchored in the rights and needs of affected communities.

The significance of Art. 2 of the Paris Agreement

Article 2 can be understood as the core purpose and three long-term goals of the PA. Art. 2.1 explicitly puts the "global response to the threat of climate change" (...) "in the context of sustainable development and efforts to eradicate poverty", keeping global average temperature increases below 2 degrees Celsius above pre-industrial levels and making efforts to limit them to 1.5 degrees Celsius (2.1a), increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas (GHG) emissions development (2.1b), and "Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development" (2.1c). Art. 2.2 states that the PA will be implemented to reflect equity and the principle of CBDR-RC. Art. 2.1c must therefore be read as an enabler for Arts. 2.1a and b "and not as a standalone purpose".[6] Obligations under Article 9 of the PA (see discussions on the New Collective Quantified goal), which directly mentions the UNFCCC, must be therefore grounded in CBDR-RC and equity principles, and are fundamental for 2.1c operationalisation. Art. 2.1c cannot be achieved without Art. 9 in light of their complementarity, and Art. 2.1a and b cannot be achieved without Art. 2.1c.

What counts as climate finance?

The UNFCCC refers to 'climate finance' as "local, national or transnational financing — drawn from public, private and alternative sources of financing — that seeks to support mitigation and adaptation actions that will address climate change". However, there is no agreement on what this means in detail or in practice.

The UNFCCC's Standing Committee on Finance notes a "variety of definitions of climate finance in use" and was therefore tasked by COP28 to "prepare a report on common practices regarding climate finance definitions, reporting and accounting methods".[7] The NCQG decision text excludes a definition.
Without an agreed definition of what can and cannot count as 'climate finance' it is impossible to assess its efficacy and whether it truly helps the world achieve the goals as well as the principles of the Paris Agreement. There are several problems associated with this:

- Firstly, there is no agreement on what types of finance and activities can contribute to climate action. Climate finance is currently dominated by loans, a large share of which are non-concessional, rather than grants. This means that climate finance is worsening the debt crisis in many countries, further undermining their ability to deal with climate change.
- Secondly, transparency is poor and reported finance is often exaggerated.
- Thirdly, the lack of a clear definition also means that what counts as climate finance can include activities that in fact contribute to GHG emissions as well as undermine human, gender, environmental, health, land and Indigenous rights.

Until these issues are resolved, any claims of contribution towards 'climate finance' must be taken with a healthy dose of scepticism. The SES Dialogue and B2B Roadmap (see UNFCCC chapter below) represent a vital opportunity to address these issues, including adopting a clear definition of what climate finance is, as well as an exclusion list for e.g. for fossil fuel investments; enhanced reporting and accountability; and provision of clear targets for grants-based finance.

Read more: Recourse (2024): A safe pair of hands? How the multilateral development banks fail to live up to expectations on climate finance

The PA prescribed the conduct of a 5-year Global Stocktake (GST) starting in 2023, which assesses progress on the three core goals including Art. 2.1c. The first 2023 report highlighted that "*a wide range of actors needs to engage in systematic reform efforts to improve the international finance architecture" (…) "including governments, ministries of finance, central banks, commercial banks, institutional investors, and other financial and regulatory actors*." It calls for *"new institutional arrangements, including to reduce existing structural inequalities and make them more capable of addressing climate change in the context of sustainable development and efforts to eradicate poverty."* **The GST thus recognises the need for systems-level reform involving many consistency makers that may not have traditionally seen themselves as climate actors.**

However, there is currently no agreement between countries on the exact scope of Art. 2.1c and what this justice-based implementation would look like — for example, what changes exactly are required (in policies, frameworks, standards, decision-making processes etc.) to achieve that consistency, through which actions, by when, and by which actors. The lack of shared accounting standards makes it difficult to track the 'consistency' of finance flows, since there is no universally accepted definition of what counts as 'consistent' with climate-resilient development.

This is aggravated by two dynamics:

- One, only countries are Parties to the Paris Agreement, which makes it challenging to directly mandate institutions central to the financial architecture like the IMF or the FSB through the UNFCCC. The same applies to the private sector, where most financial resources are held and directed, outsizing the GDP of most countries.[8]
- Two, Global South countries are weary that Global North Parties are interpreting[9] Art. 2.1c in a way that is focused on creating 'enabling environments' to attract private finance, dissecting domestic finance flows in Global South countries (e.g. forcing them to divest from fossil energy before having been able to establish renewable alternatives, thus hampering development) and imposing unilateral trade measures (such as the EU's Carbon Border Adjustment Mechanism, CBAM) and further conditionalities to access public climate finance that should be provided regardless under Art. 9 of the PA, thus using the broad scope of Art. 2.1c as a means to dilute their responsibility for that provision and putting the onus back on developing countries.

In this regard, it is crucial to understand Art. 2.1c as a means, for which obligations of developed countries under Art. 9 is a necessary condition, and not as a goal in itself. A world with minimal financial flows, all of them 'consistent' with the Paris Agreement goals, will most likely not deliver on Articles 2.1a and b. The financial system must be at the service of "a pathway towards low greenhouse gas emissions and climate-resilient development", and Art. 2.1c should be used as an opportunity to advance structural reforms of the international financial architecture to achieve this.

‘Enabling environments’ and ‘private finance first’ — what does justice have to do with it?

The idea that international and domestic public finance is scarce and insufficient for development and climate needs and Global South countries are therefore responsible for creating an ‘enabling (business/investment) environment’ to attract private finance has been promoted since the structural adjustment programmes of the 1980s and 1990s, which championed a market-led approach to development. In recent years, especially led by the World Bank through its 2004–2020 Doing Business rankings and its From Billions to Trillions and Maximizing Finance for Development agendas since 2015 have made this discourse hegemonic in the development space, promoted across multilateral spaces by Global North countries looking to diminish their ODA and climate finance obligations.

The ‘private finance to the (climate/development) rescue’ narrative is hugely problematic from a justice lens. Given most private capital is concentrated in the Global North, developed countries have a historic responsibility to provide sufficient public finance for climate-resilient development, and private financial institutions are not accountable to UNFCCC or the Paris Agreement COP.

Global South countries are expected to implement policies to ‘attract’ the finance urgently needed for mitigation and adaptation, handing out extra-favourable conditions (to ‘de-risk’ private investments in their countries with special incentives, tax breaks, guarantees etc.) that channel profits to Northern financial institutions, while the very same institutions continue to finance carbon-intensive companies and projects. The limitations of this approach have been exposed by civil society in recent years. Some of the main arguments include:

- Private investments will only flow into those projects that can create profits, therefore prioritising mitigation over adaptation: According to the OECD, in 2022 28% of the climate finance from developed to developing countries was for adaptation, but when analysing the disaggregated figures only 10.8% of the mobilised private finance went to adaptation.[10]
- If the main motivation is for investment, leverage or derisking of an energy project for private profit, it is likely that priority will be put on projects like largescale (often damaging) hydro, geothermal, wind or solar farms; fossil fuels projects; or export driven projects, such as for green hydrogen, rather than those which deliver diverse, community based renewable schemes, energy efficiency or energy access.[11]
- There is also a fundamental lack of transparency and accountability linked to the ‘private sector first’ approach: For example, in the amount of information published about investments through financial intermediaries and the subprojects that these investments support.[12]
- It simply has not worked: Leverage ratios of blended finance for development are consistently far below expectations, reaching between 70 to 85 cents for every public dollar invested — far from the promised ‘trillions’.[13] External private finance to developing countries would need to increase 15 to 18-fold by 2030.[14]

Read more: Recourse (2024). A safe pair of hands?; Eurodad (2024). Blended finance for climate action: good value for money?; Bretton Woods Project et al. (2023). Civil Society calls for rethink of World Bank’s ‘evolution roadmap’ as part of wider reforms to highly unequal global financial architecture.

Justice framing

'Climate-resilient development' requires the simultaneous consideration of sustainable development, adaptation and mitigation, while recognising there are trade-offs between these policy objectives.[15] What does 'justice' mean in the context of Art. 2.1c implementation? How would we apply equity principles such as CBDR-RC in this context, and what implications does this spell for policy and 'consistency' makers in the Global North, Global South, and international fora?

UN human rights treaty bodies have explicitly framed climate change as a human rights and justice issue, invoking principles such as the obligation to provide remedy and reparation, avoid retrogression of rights, and extraterritorial obligations.[16]

There are different aspects to justice: **Compensatory** (e.g. civil society has called for loss and damage to be framed under Global North countries' responsibility as a form of reparations for the colonial legacy of pollution and resource extraction[17]), **distributive** (since the Global North has a higher capacity to pay and the Global South is more in need and vulnerable, global climate-related resources should primarily be allocated from the North to the South), and **procedural** (those most affected by climate change should have a voice in related decision-making — both in relation to vulnerable countries and communities).[18] **CBDR-RC** embodies compensatory and distributive aspects, while the unequal and exclusive nature of decision-making at many of the consistency makers investigated here imply the need to invoke the procedural dimension.

In the Global North therefore, a global justice framing implies a historical responsibility to take the lead in regulating their jurisdictions and reforming the 'external consistency makers' they dominate to align financial flows with climate goals, and to implement climate and financial policies in a way that broadens and does not harm the policy and fiscal space of countries in the Global South, nor rely on green extractivist practices that enable the North to 'decarbonise' at the detriment of the South.

For the Global South, it implies that policymakers have to be given the widest possible policy and fiscal space and support through external consistency makers and by those (Global North) countries most responsible for climate change, to build institutional capacity to actively steer finance into just, community-centred climate-resilient development, e.g. through fiscal-monetary coordination, industrial policy, and climate finance that prioritises locally-led solutions over large-scale projects.

On a multilateral level, the international governance of debt, trade, tax, finance and business rules which condition and delimit domestic action needs to be reformed to centre the SDGs and climate-resilient development[19] and to be more representative of Global South countries' interests and voices.

A feminist lens on economic & climate justice

"In the last few years, the UNFCCC — the only one out of three Rio Conventions that lacked mandates on women's rights and gender equality from the outset — has made major strides in integrating gender across all thematic areas in the negotiations. In 2014, the Lima Work Programme on Gender launched, and in 2015, the Paris Agreement integrated gender equality as a preambular principle for all climate action, as well as in relation to adaptation and capacity building. In 2017, the first Gender Action Plan was adopted, followed in 2019 by the adoption of the enhanced Lima Work Programme on Gender and its Gender Action Plan. Additional decisions have aimed to enhance gender equality via both policy and practice, encouraging gender balance in decision-making as well as responsiveness to gender issues in the development, implementation and monitoring of climate change policies and actions."[20]

In 2025, a new Gender Action Plan will be developed, starting at the sixty-second session of the Subsidiary Body for Implementation (SB62) in Bonn in June to be adopted at COP30 in November.[21]

A feminist lens on justice in climate (finance) may include elements such as:

- **Integrating gender in climate finance and delivery:** Tracking the share of climate finance that has gender focus/targeting;[22] integrating linkages with women's rights in NDCs; strengthening gender expertise/capacity in national finance/implementing teams;[23] assessing and addressing the gendered impacts both of climate and environmental change and of what gets and doesn't get financed, e.g. gendered impacts of green transition and industrial transformation on jobs, care work, and vulnerable communities, and the effectiveness of climate solutions in addressing women's needs (e.g. around energy, land, water);[24] as well as safeguards so gender inequalities are not exacerbated.
- **Participation:** Integrating local and women's rights organisations' (WROs) expertise and knowledge in climate finance delivery; positioning women and WROs as active stakeholders in processes that determine funding priorities;[25] ensuring equitable participation in global climate (finance) negotiation spaces.[26]
- **Centring communities:** Operationalising locally led resilience building by shifting power and decision-making in climate finance delivery to frontline communities, particularly women, Indigenous peoples, and grassroots organizations, as well as local government and business entities.[27] Ensuring their access to high quality, long-term climate finance (non debt-creating, accessible, without conditionalities).[28]
- **Aligning with macro demands of the feminist movement:** Feminist economists and activists have long been at the forefront of developing and championing alternatives to the prevailing extractive and carbon-based form of globalised capitalism, such as the Women and Gender Constituency at the UNFCCC, organisations coalescing in the Feminist Action Nexus for Economic and Climate Justice, and eco-feminist movements and scholars. Their structural reform demands encompass the global trade, tax, debt, corporate, and governance system, to enable investment in climate action and gender-responsive public services and transition towards a feminist decolonial green new economy. On climate finance, they have called for[29] reforming multilateral financial institutions and funding structures towards flexible, gender-transformative, localized mechanisms; dramatically scaling up finance for adaptation and loss & damage; and ending support for false solutions like carbon trading and offsets, "net zero", and nature-based solutions.

Lastly, see here for an extensive list of resources on gender and climate assembled by the UNFCCC.

IMF Managing Director Kristalina Georgieva participates in a roundtable discussion on the subject of "Building a Resilient and Inclusive Future: Supporting Africa's Climate Agenda" in Kigali, Rwanda, 2023. Photo by IMF/Kim Haughton.

Institutions and processes

External consistency makers can encompass a wide range of institutions, fora and frameworks e.g. on debt, tax, trade, fiscal, financial, investment, industrial, and monetary policy.[30] In this briefing, we have selected a group of institutions that are key for setting rules and conditions within whose parameters many of these policy areas operate. These include:

- Multilateral economic and climate negotiation and decision-making processes: The UNFCCC, the G20, and FFD.
- Standard and rule setters: The IMF, as well as a group of different fora that shape the scope of central banks and financial regulators, such as the FSB and BCBS (where standards are set) and the Network for Greening the Financial System (NGFS) (a forum for exchange and peer learning).
- Implementers that not only provide finance directly but shape wider finance flows through agenda setting and influencing other financial actors: The World Bank (as the foremost MDB).

These actors were selected due to their global reach and agenda setting power, their crucial role in the financial and climate architecture, and the opportunity to build knowledge between civil society strands and make different institutional spaces accessible for wider engagement. Several of them also present significant opportunities for influencing in 2025/26, such as the South Africa G20, the fourth Financing for Development Conference, the UNFCCC's Baku to Belem Roadmap and Sharm el Sheikh Dialogue, the IMF's reviews of key functions (like surveillance, conditionality, and its climate strategy), and the ongoing World Bank and MDB Triple Reform Roadmap process.[31]

Given the diversity of spaces and established advocacy groups that have developed long-standing demands in each, this briefing will draw on the outputs and statements from these groups to take stock of and elevate those existing demands, rather than develop new ones.

Multilateral and intergovernmental processes

UNFCCC

How does the UNFCCC process impact the climate-development alignment of financial flows?

The UNFCCC is the prime multilateral forum and negotiation process on action to tackle climate change, encompassing the 1992 Convention and subsequent Kyoto Protocol and Paris Agreement, a secretariat and governing bodies that advance the implementation of these treaties, and the annual Conference of the Parties (COP)[32] where major decisions are taken by signatory countries — including on amounts, forms, and mechanisms of climate finance, for which a Standing Committee on Finance (SCF) was established in 2010. The SCF provides a biennial assessment of climate finance flows and a report mapping the needs and costs of national action plans and strategies every four years.

At COP15 in 2009, developed countries committed to mobilise $100bn annually towards developing countries' needs by 2020, which was extended to 2025 in Paris, by which time a New Collective Quantified Goal (NCQG) would be set. In light of the lack of definition of climate finance, OECD countries themselves defined the extent to which the goal was fulfilled or not. Assessments by civil society have challenged this, showing that the real value of support was only about a quarter of the claimed amount, three-quarters of public finance came in the form of loans, and bilateral climate finance was overreported up to 30%.[33] In 2009, countries had also agreed that 'a significant portion' of the $100bn would flow through the Copenhagen Green Climate Fund, an operating entity of the Financial Mechanism under the Convention and Paris Agreement. However, in the last few years the role of MDBs has dramatically increased at the expense of multilateral funds.[34]

The 2024 NCQG negotiation at COP29 resulted in a $300bn outcome widely considered a 'betrayal' of the Global South, falling far short in terms of quantity as well as quality of the finance (i.e. public and grant based vs private and/or debt creating) and justice considerations, and pushed through with bad faith negotiation tactics by Global North countries.[35] This outcome excluded any trackable public finance provision to which UNFCCC Parties are accountable, and explicitly enshrines in the text the prominent role MDBs will have.

Given the universal outcry and rejection of the result, a 'Baku to Belem Roadmap to 1.3TN' (B2B Roadmap, from COP29 in Baku to COP30 in Belem) was initiated to facilitate a year-long process through 2025 to find ways to scale up climate finance to developing country Parties to at least $1.3tn per year by 2035, "including through grants, concessional and non-debt-creating instruments, and measures to create fiscal space"[36] – somewhat closer to science-based estimates of financing needs,[37] but still far from climate reparations owed,[38] and set too far into the future. The B2B process is overseen by the COP29 and COP30 Presidencies, with input from different Ministries. The Brazilian Ministry of Finance has set up a 'Circle of Finance Ministers' to provide input, who are keen to align the Roadmap with the work advanced under Brazil's 2024 G20 presidency e.g. on country platforms and MDB reform.

In addition, at the 2022 COP27 in Egypt, countries decided to set up the 'Sharm-el-Sheikh Dialogue' (SESD) to enhance understanding of the scope of Art. 2.1c and its complementarity with Art 9. This process is run by two co-chairs who organise two multi-stakeholder workshops per year to exchange views. Currently, the SESD is scheduled to wrap in 2025 at COP30, after which discussions on Art. 2.1c might take a new format.[39]

Beyond the SCF and the GST, these are the two major avenues where the operationalisation and implementation of Art. 2.1c and its complementarity with Art 9 will be hashed out within the UNFCCC this year, which is why this briefing will focus on them specifically.

What policies does it currently pursue in that regard?

The SESD (Art. 2.1c) and B2B Roadmap (Art. 9) have clear divergences, but also elements that present challenges to both where demands are similar. The B2B Roadmap is part of the NCQG negotiation over climate finance to be delivered from North to South, whereas Art. 2.1c and the Sharm el Sheikh Dialogue are about all finance flows from all actors, their (good and bad) impacts, and the systemic changes needed to align the broader financial system with climate-resilient development. While the Roadmap is a COP Presidency driven process, discussions on Art. 2.1c are Parties-driven and do not need to remain limited to the SESD format. The scope of the Roadmap is still being developed, and a wide range of submissions was received during an open call for consultations in March, with starkly diverging visions from a negotiated outcome document over a clear action and implementation plan to a mere collection of ideas.

The SESD is currently set up as a discussion forum whose output summarises the views of whichever stakeholders happened to be invited on a given topic, without providing clear guidance towards an action plan, concrete take-aways, policy recommendations or agreement of scope and definition of crucial issues like climate finance. The previous workshops did cover several crucial issues around the lack of adaptation finance, debt and fiscal space constraints, and the need for a proactive, public-driven approach to resilience; and the 2024 summary report made clear that there is a need — and desire from participants — to explore the linkages between Art. 2.1c and the international financial system more in-depth. However, given the lack of agreement over its scope and wariness from Global South countries over its potential instrumentalisation towards more market- and investor-friendly approaches and conditionalities,[40] the SESD has been less prominent and not yet led to a decision on a structured process or forward-looking plan for action. Its (erstwhile) conclusion in 2025 could be an opportunity to re-set the Dialogue and define its evolution into a more actionable format post-COP30.[41]

Recommendations

Unless otherwise linked, the policy recommendations discussed here represent those assembled in the March 2025 B2B and SESD submissions of Climate Action Network International, a global network of 1,900 civil society organisations in over 130 countries.

There are several overarching recommendations that apply to both SES Dialogue on Art. 2.1c and moving forward Art.9:

1. **Actionability:** Both processes need to focus not only on the 'what' but also on the 'how': What role public actors, coordination forums, regulatory channels, and accountability mechanisms should play, with the aim of establishing a **global transition finance framework** anchored in targets and transition plans for governments, central banks, IFIs, and other global institutions. This framework should set the backdrop for enabling fiscal, monetary, industrial, and development policy coordination. For the SES Dialogue, this means to start channelling the discussions towards more concrete recommendations that are ambitious and actionable on how to operationalise Art. 2.1c. For the Roadmap, it means space in the UNFCCC and COP30 agenda to adopt an action plan for scaling finance to developing countries, rather than just having it be a report. Both should result in targeted milestones and a monitored implementation phase — this might be easier to establish for the Roadmap for now, given the differences in formats, but the experience from the Roadmap could then feed into initiating a similar process on the Dialogue next year.

2. **Justice:** Anchoring both processes in **CBDR-RC** principles is crucial — including Global North countries' responsibilities both in providing high quality public finance and creating an enabling environment for climate-resilient development through their actions in international fora to address the structural inequalities (for example in debt, tax and trade) which tilt the playing field against developing countries. Neither process should end up in putting the onus on developing countries to create enabling environments to 'attract' investments — instead, they should put the spotlight on how Annex II countries alone can raise (over $5) trillions in public finance for climate action annually with measures toward tax justice, the redirection of public finance away from fossil fuels, and debt cancellation.[42] These trillions in exclusively public finance could then be channelled both into funding an adequate NCQG towards developing countries and into taking the lead on fossil phase out, radical emissions cuts, and green transformation in their own economies.
3. **Accountability and accounting:** To effectively monitor the implementation of Arts. 2.1c and 9, streamlined **accounting and reporting frameworks** are required for each. For example, by giving a mandate to the UNFCCC to develop definition criteria and establish consistent reporting approaches and two sets of accounting frameworks (for what counts as 'climate finance' and what not, e.g. excluding commercial loans, and what counts as 'finance consistent with climate-resilient development'), as well as setting clear metrics to track private sector contributions to credible climate actions and their alignment with e.g. the GST. These frameworks would allow measuring progress towards clear, time specific goals, with Annex II countries moving first.
4. **Quality and the role of public finance and the private sector:** Both processes should champion the key role of **public, non-debt-creating finance and measures to create fiscal space.** They should also be embedded in a realistic assessment of the role that private finance can (not) play, given decades of evidence of poor blended finance leveraging ratios,[43] as well as fundamental limitations and justice implications (e.g. the primacy of profit over development outcomes, the creation of further debt in a context of high distress, the volatility of markets and capital flows vs need for long-term patient investment, investors suing countries if climate regulation threatens their investments,[44] and lack of democratic accountability).

For the B2B Roadmap

Beyond the quantum, the Roadmap should also focus on quality of finance and demonstrate **how** the needed (public) finance for implementing the Paris Agreement goals, including developing countries' NDCs[45] and National Adaptation Plans (NAPs) will be provided and its provision monitored in alignment with the GST. It should also set a clear indication on how to scale up loss and damage finance, including through the Fund to Response to Loss and Damage (FRLD). In line with the justice recommendation above, the $1.3tn target should be focused on accessible **high quality finance** — the $300bn NCQG should not be seen as the 'public finance component' of the $1.3tn. Recognising the need for clearer definition of climate finance, the Roadmap should ensure that most of the $1.3tn is grants-based, non-debt inducing, and excludes non-concessional loans from being counted. The Roadmap should not create a race to the bottom on quality of climate finance just to claim that the numeric target was reached through a mere accounting exercise. Lastly, a significant proportion of the $1.3tn annual climate finance should be allocated to Indigenous peoples, local communities and most affected groups — including those with a gender and women's rights focus — through dedicated and simplified channels.

For the SES Dialogue

To truly succeed in enabling climate resilience and sustainable development, the implementation of Art. 2.1c must lead to a **transformational shift in the role of public policy** and financial institutions to end harmful finance flows, shape markets, steer and discipline finance, and remedy power imbalances in economic decision-making in the context of global financialised capitalism.[46]

The SES Dialogue complements the Roadmap by enabling an **additional focus on reducing harmful financial flows** (not only mobilising climate finance) and the need to equitably phase out fossil fuels and end their financing based on just transition principles. Discussing what, how, and when this phase out should take place, what regulation is required (including penalties and safeguards for harmful financial flows) and how it can be designed in a just, non-regressive way needs to become much more central to the Dialogue's discussions. The Dialogue should be much clearer on **what changes** (in policies, frameworks, standards, decision-making processes etc.) are necessary to address financial flows that undermine Paris Agreement objectives, as well as the role of institutions that are part of the international financial system and have crucial influence over operationalising Art. 2.1c (external consistency makers), but do not yet consider climate-resilient development their primary mandate (several of which are covered in this briefing, e.g. the IMF, central banks, or the G20).

The wider remit of the SESD should also enable the development of clear recommendations on the **avenues for international financial architecture reform** that should be explored, including trade rules, debt architecture, tax architecture, governance reform, and a more just global financial safety net, linking the UNFCCC to parallel processes like FfD4. Given the current global debt landscape, it should put a spotlight on the **debt-climate vicious cycle**, the harmful role of debt in contributing to continued fossil expansion (to generate foreign currency for debt repayment), and how debt workout can open up crucial fiscal space for climate action.[47]


The Articulation of Indigenous Peoples of Brazil (APIB) hold a peaceful protest in Rio di Janeiro, ahead of the G20 Summit 2024. Photo by APIB

Group of 20 (G20)

How does the G20 impact the climate-development alignment of financial flows?

Founded in 1999 in the wake of a series of major financial crises, the Group of 20 (G20) comprises countries that produce 85% of global GDP, over 75% of trade, and about 80% of global GHG emissions.[48] It is not an official international organisation or negotiation process that makes binding decisions, but a mechanism for informal dialogue, with an annually rotating presidency organised in two tracks: The political or Sherpa Track is led by senior foreign affairs and government officials working on a wide range of issues (e.g. agriculture, education, energy, health, trade, tourism …), while the Finance Track is run by finance ministers and central bank governors and includes work on sustainable finance, financial architecture reform, and international taxation, among others. The G20 closely collaborates with the IMF, World Bank, FSB, OECD, Bank for International Settlements (BIS), UN, and World Trade Organization (WTO). It also includes a host of engagement groups including for civil society (C20), think tanks (T20), business (B20) and others which develop recommendations and represent the formal channel for external input.

The informal nature of the G20 means that there is no implementation or accountability mechanism, and priorities change with every new presidency, so commitments and expert inputs are not tracked and consistently followed up on. The domestic agenda of the hosting country also matters: While Brazil put a spotlight on inequality, poverty, wealth taxes and climate in 2024, South Africa in 2025 is focusing on industrial transformation, food security, AI and cost of capital, given Africa's critical debt situation.

Due to their collective size in terms of GDP and emissions, G20 countries have major influence over climate and finance outcomes — changes made in those countries could radically lower emissions, raise considerable funds for climate action, and have spillover effects around the globe on the policy scope for a just transformation. The G20 can start initiatives and agreements on the global financial architecture, such as on debt workout (e.g. the 2020 Common Framework), reforming and financing IFIs (like the 2023–24 MDB Triple Agenda), or taxation (e.g. Brazil's wealth tax proposal), which significantly impact the institutional and macro enabling environment for the implementation of Art. 2.1c. While the G20 itself lacks formal accountability, its agenda provides visibility to issues and can lend them 'legitimacy' in the eyes of global media and developed countries, which advocates can use to advance them in other domestic or international fora. About half of the G20's members are also Annex II Parties, a — theoretical — opportunity to demonstrate CBDR-RC in action, in particular since the G20 prides itself on 'getting things done' more swiftly than cumbersome UN negotiation forums.

What policies does it currently pursue in that regard?

However, since the G20 works by consensus, outcomes usually represent the smallest common denominator,[49] and while it has increasingly recognised the urgency of climate action and finance scale-up since 2009, including developing various reports, action plans, and financing commitments, this has not translated into sufficient ambition. The 2023 India Leaders' Declaration called to "align all relevant financial flows" with the PA and set an ambitious NCQG, noting developing countries needing $5.8–5.9tn until 2030 and initiating the MDB Triple Agenda reform process meant to anchor climate in MDBs' mandates and massively scale up their financing, which was formally outlined in the 2024 G20 Roadmap towards Better, Bigger, and More Effective MDBs. Yet, climate finance and fossil fuel subsidy phase-out pledges remain unfulfilled, and the focus has remained on attracting private capital and voluntary contributions.[50] The Common Framework has barely delivered any debt relief,[51] and the MDB reform remained framed within the Banks' existing 'private finance first' agenda, thus reinforcing the anti-justice 'enabling environment' narrative.[52] As a result, civil society has long criticised the G20 for being less a forum for effective global leadership on critical challenges and more a space for a few countries to gatekeep exclusive decision-making power — and to protect capital interests.[53]

The 2024 Brazil G20 created new momentum, setting up a specialised task force (TF Clima) and expert group which produced a report that challenged G20 inertia, championed green industrial strategy, and pushed for significant action including on debt relief, financial regulation, and central bank mandates.[54] The initial ambition for TF Clima to 'reset' action and finance was high, meant to target the "entire financial ecosystem and its structures and processes, engaging governments, central banks, regulators, commercial and development banks, international financial institutions, institutional investors, and other financial actors" and to set "principles and priorities for accelerating structural changes in the financial sector, with a view to its full alignment with Article 2.1(c)".[55] Despite positive elements in the eventual outcome documents (e.g. on embedding climate action into SDG strategies and supporting local communities), wording around finance once again fell heavily on de-risking and creating an enabling investment environment, and strong language in the initial draft around the G20's responsibility to act on the climate emergency became vague and non-binding by the time the document was finalised, while fossil fuels were not mentioned at all in the end. Commitments to financial architecture reform, revived multilateralism, the GST and the UAE consensus in the Leaders' Declaration were welcome but remained equally voluntary and high-level — while the NCQG negotiations at the COP, concurrent to the G20 Leaders' Summit in November 2024, demonstrated Global North countries' real willingness to act when the rubber hit the road. With the change of presidencies to South Africa in 2025, TF Clima was discontinued[56]

The 2025 South African G20 and its presidency's concept note call for a "paradigm shift" that "requires G20 countries to situate inequalities at the heart of economic policy making". It discusses many issues relevant to Art. 2.1c and with a justice element such as debt relief, fiscal space, wealth taxes, IFA reform, mobilising finance for a just energy transition (e.g. through MDBs and country platforms), critical minerals, disaster resilience, food security (and financialisation of the food system), and "climate-responsible industrialisation strategies". As G20 host, South Africa is also now co-chair of the Global Sovereign Debt Roundtable (with the IMF and World Bank), has made plans to establish a Cost of Capital Commission (CoCC) to tackle issues of credit ratings and macro-prudential regulation,[57] and in February, eight former African presidents launched the African Leaders Debt Relief Initiative demanding "comprehensive debt restructuring" explicitly framed within the climate and environmental crisis. In May, the African Union, which became a permanent G20 member in 2023, called for a UN Framework Convention on Sovereign Debt.

The Finance Track's Sustainable Finance Working Group agenda note highlights an annual $6tn climate financing gap until 2030 and sets out three priorities:

1. strengthening the finance architecture (especially cooperation between MDBs, national development banks (NDBs), vertical, climate and environmental funds (VCEFs), development finance institutions (DFIs), and private finance),
2. scaling up financing for adaptation and just transitions, integrating adaptation into private sector transition plans, and addressing insurance gaps, and
3. improving the infrastructure for carbon markets.

Concrete outcomes from these initiatives remain to be seen. The geopolitics in 2025 are particularly challenging, with many finance ministers not attending the inaugural meeting in February, which ended without a communique and hardly radical proposals full of qualifiers in the chair's summary: Improving the Common Framework and compiling 'lessons learned',[58] working on MDB capital adequacy and some IFI governance reforms, tasking the FSB with reviewing the implementation of existing financial reforms, emphasising the G20/OECD as the relevant body to work on global taxation, while doubling down on blended finance and creation of 'enabling conditions' for private capital. The CoCC was not mentioned.

Recommendations

Recognising the challenges of setting priorities ahead of a likely disruptive US G20 in 2026 and being the last of four "Global South G20s" (after Indonesia, India and Brazil), **South Africa should build both on the important momentum of South-led reform initiatives** created by Brazil — and sustained due to its 2025 COP and BRICS presidency — as well as the Africa Group's leadership in advancing the UN tax convention, the African leaders' debt relief initiative, and the African Union's ascension to the G20 and recent call for a UN sovereign debt framework convention.

Especially on debt, given the urgency and close linkage with climate, **the G20 must rise above clinging to the barely effective Common Framework** and to mobilising private finance flows to EMDEs, and instead put their weight behind a more holistic and permanent UN-based debt workout solution as currently proposed under the FFD process, where many G20 members are acting as detractors.[59]

The same applies to the **UN tax convention**, a clear response to the highly unequal and insufficient G20/OECD framework,[60] and advancing concrete commitments on wealth and other progressive taxes building on Brazil, such as using fiscal tools to steer finance out of fossil fuels. Most importantly, G20 countries must recognise that **it is their responsibility to advance real, bold action on finance flow alignment that goes beyond the failed 'private finance first'** mantra,[61] e.g. by picking up the recommendations of the TF Clima expert group on fiscal-monetary coordination and those made by UNCTAD and the NGFS on central banks and financial regulation[62] in order to develop a roadmap on actively aligning the financial sector with 1.5°C. **The G20 needs to recognise that delivering high-quality public, not only private, climate and development finance should be its imperative**, and pursue reforms at scale rather than the incremental proposals currently on the table. The country platform model championed by the G20 should result in strategic visions that align climate and sustainable development goals and support economy-wide just transition targets — not only investment frameworks.[63]

Lastly, although the current format of the G20 lends itself to increasingly broad and therefore often diluted agendas with no formal way to challenge unfulfilled pledges,[64] nothing prevents G20 countries from **going beyond the usually vague and voluntary language of their consensus-based outcome documents and making credible and specific commitments individually or as 'coalitions of the willing'.** One such commitment should be **phasing out all fossil fuels** (not only "inefficient fossil fuel subsidies" as promised but never delivered for the past twelve years)[65] with a justice-oriented, clear timetable in which developed countries and major emitters take the lead.[66]

Civil society groups call for climate finance at the COP29 summit in Baku, 2024. Photo by Bianka Csenki, Artivists.

Financing for Development (FfD)

How does FfD impact the climate-development alignment of financial flows?

The Financing for Development (FfD) Conferences constitute a unique intergovernmental decision-making space to advance systemic normative and governance reforms of the global economy to enable equitable, sustainable and rights-based development.[67] The first of these conferences was held in Monterrey, Mexico, in 2002,[68] resulting in the landmark Monterrey Consensus which established FfD's six main areas of work: Domestic financial resources, foreign direct investment and other private flows, international trade, international financial cooperation, debt, and systemic issues such as global economic governance. This was followed by conferences in Doha (2008) and Addis Ababa (2015), which resulted in the Addis Ababa Action Agenda (AAAA) and the constitution of an annual Forum on Financing for Development Follow-up (FfD) taking place at the Economic and Social Council of the United Nations (ECOSOC) the week after the IMF Spring Meetings. At the same time, the Civil Society FFD Mechanism formed as the main platform facilitating CSO engagement. Not only is the upcoming 4th conference in Sevilla in June 2025 (FfD4) the first in a decade and takes place in the context of the ongoing 'polycrisis', the AAAA was established in conjunction with the SDG Agenda 2030 and the same year as the Paris Agreement. Conferences result in a negotiated outcome document, which, while not legally binding, sets norms and expectations for future treaty-based negotiations and resulting initiatives, e.g. on a UN Tax Framework Convention or a multilateral debt workout mechanism.

FfD's areas of work cover many 'external consistency' factors and associated actors that (dis-)enable Art. 2.1c's operationalisation. For example, debt workout, more progressive international tax systems, and sufficient and effective development finance would create fiscal space for climate investments; and the regulation of private and blended finance, Credit Rating Agencies, and investor-state dispute settlement mechanisms impact capital flows and policy space for climate regulation.

Thus, FfD4 is a crucial moment to take stock of the past decade of (lack of) progress on development, climate, and IFA reform. Countries and civil society jaded by the increasingly barefaced blocking of meaningful advancements to make the existing post-WWII multilateral system more equitable and fit for global challenges by Global North countries have been looking to FfD with some hope, given that unlike in most international fora and institutions dominating economic governance (such as the G20, IMF, World Bank, FSB and others), each country has the same voting rights in the UN, making the G77 (with 134 members) a majority. FfD therefore is the only forum in which all Global South countries can participate in negotiations and decisions over global economic policy and the IFA on equal footing. Though the FfD process is a UN activity, it includes IFIs like the IMF and World Bank, the WTO, and recognises the private sector and civil society as stakeholders, making it uniquely inclusive.

What policies are currently being pursued under the FfD framework?

The FfD4 process was kicked off by an Elements paper in November 2024 reflecting the summary of an open public call for inputs, and consists of a series of negotiation sessions (called Preparatory Committee, or PrepCom sessions) and line-by-line negotiations in the interim (intersessionals), resulting in various draft versions of the Outcome Document (Zero draft in January, First draft in March), with consensus on a final draft meant to be sought during the second part of the 4th and final PrepCom in June so that by the time of the conference (30 June–3 July), most if not all the content should have been agreed on. However, the first part of the PrepCom in April/May remained contentious — made worse by the turmoil caused by Northern ODA cuts, US tariffs making the geopolitical backdrop of the supposedly rules-based trade system clear for all to see, and US FfD negotiators aiming to dismantle even the most fundamental concepts such as 'sustainable' development and gender.[69]

The First Draft and negotiations so far reflected dynamics likely to exacerbate in the remaining weeks:[70]

- A search for alternatives to now-slashed bilateral ODA (and related commitments deleted from the text), such as a push for greater MDB and private finance especially from European countries, and more South–South cooperation sought by the G77. The chapter on international development cooperation included a section on climate finance that notes the UNFCCC and PA goals as well as the NCQG targets of $1.3tn and $300bn by 2035 "from a wide variety of sources", but recent negotiations seem unlikely to lead to more concrete commitments.[71]
- Considerable detail on tax and domestic resource mobilisation (DRM), likely a reflection of the same context (an attempt to raise public funds through channels outside ODA). While positives included mentions of the UN Tax Convention process, wealth taxes, and progressive tax systems, DRM is often used by the Global North to put the onus back on developing countries to raise resources rather than focusing on international obligations. Some seem to want to go as far as using FfD to weaken the terms of reference for the UN Tax Convention — a process the US already abandoned, which many hoped they would repeat in FfD rather than take their current destructive position.
- Fundamentally reforming the broken debt architecture is seen by many as the core issue to address to consider Sevilla a success. The draft language currently re-centres the IMF, WB and G20, giving them increased responsibilities rather than developing credible alternatives, in light of the reliance on the failed G20 Common Framework.[72] The first draft suggested creating a UN working group to develop a model law on debt restructuring and another on responsible lending and borrowing principles, as well as initiating an "intergovernmental process at the United Nations (…) with a view to closing gaps in the debt architecture … including but not limited to a multilateral sovereign debt mechanism". The main champions of this have been AOSIS (Alliance of Small Island States, who have brought forward additional language on a debt convention) and Africa Group and other Global South countries, while creditor countries (mostly Northern plus India and sadly South Africa, likely due to its G20-hosting) have been pushing back and instead offering incremental solutions like debt swaps and state contingent clauses, as well as an 'annual dialogue' on debt which are entirely insufficient.[73] Recent decisions adopted by the European Parliament and the African Union endorsed the call for a UN Framework Convention on Sovereign Debt[74] but EU negotiators seem set on preventing this comprehensive solution from making it into the final text.[75]
- A watering down of private finance regulation, especially on climate, such as the deletion of wording on climate transition plans, stress testing, and risk weighting. The drafts have been weak on aligning private finance with development and climate, reflecting the EU's relentless campaign, instead championing blended finance and

other "innovative instruments" including through MDBs.[76]

- Particularly disappointing in the section on systemic issues and across the document is the consistent re-affirming of existing institutions already dominating decision-making (e.g. the OECD, G20, MDBs, and WTO), despite some language on reviewing their governance, instead of bolstering more equitable UN bodies (e.g. UNGA, UNCTAD, or ECOSOC) or developing new (UN-based) structures which would re-affirm the UN's role as a norm-setter on economic governance and international development cooperation.[77]

Recommendations

Civil society demands are long-established, and many of them are now a central part of Global South countries' demands, such as calling for a UN Framework Convention on tax (now on the way), a UN Framework Convention on sovereign debt, a UN-based credit rating agency, a UN Convention on International Development Cooperation, a UN multilateral agreement to terminate Investor State Dispute Settlements and regulate transnational corporations, a UN global technology assessment mechanism, a UN review of the systemic risks of an inadequately regulated financial sector and of the development outcomes of the 'private finance first' approaches, and cross-cutting priorities on ensuring fiscal space, decent work, human rights, and gender equality.

Given the urgency of the current debt crisis, the Jubilee Year 2025 and appointment of expert commissions on debt both by the Vatican and the UN Secretary General, and the prominence of debt on the agenda of other key global fora and institutions (e.g. in the G20, the African Union, and various country coalitions), **laying the groundwork for an intergovernmental process towards a UN debt workout mechanism and a Framework Convention must become the focus at Sevilla**.[78] Just as the Tax Convention was for years regarded as a long shot, FfD4 can set important foundations for a future process on debt that moves this issue out of the G20's and IMF's primary purview and under UN auspices.

FfD is a unique lever to reflect on, change, and mandate other institutions covered in this paper, such as the IMF, MDBs, or the FSB. From an Art. 2.1c lens, re-focusing on the systemic issues part to change monetary and financial consistency makers is key, such as mandating a (UN-based, not G20) review of IFIs and MDBs to democratise them and re-orient them towards the SDGs, reforming the global reserve system and the role of Special Drawing Rights,[79] as well as advancing necessary financial regulation.

At this moment of democratic backsliding, weakened multilateralism, and wide acknowledgement that the current Global North dominated IFA is not delivering, **FfD4 should be seen as a key opportunity to re-ignite democratic multilateral spaces and re-establish the credibility of the UN as well as the 'rules-based international order'**.

In 2022, climate change caused devastating floods and heatwaves in Pakistan, a country which is heavily indebted to the IMF. Photo by Russell Watkins, Department for International Development.

Standard and rule setters

International Monetary Fund (IMF)

How does the IMF impact the climate-development alignment of financial flows?

The IMF is the global 'lender of last resort' and central to the global financial safety net. It provides loans (at concessional and market rates depending on country income levels) and some grants to countries facing balance of payment challenges in light of shocks (e.g. related to the climate crisis, changes in commodity prices or in tariffs) to prevent them from going into default. This financing is mostly conditional on economic reform packages that aim at restoring macroeconomic and financial stability, but largely with a short-term (3–5 years) time horizon and based on a policy framework that prioritises fiscal and monetary austerity over longer-term development and climate impacts.[80] During the 1980s and 1990s, the IMF had a track record of prioritising creditors' interests at the expense of countries' development and fiscal space, pushing for structural adjustment (e.g. privatisation, austerity, labour deregulation, inflation targeting). Despite rhetoric from the Fund's leadership towards a new approach,[81] much of this policy basket remains the reality across IMF loan programmes until today.[82]

For most of its existence, the IMF has ignored climate change, as it was not deemed to be 'macro-critical' (economically relevant) and therefore outside its mandate.[83] Initial work started in 2014 where climate was identified as a potential issue for research.[84] After a period of 'pilot' analyses since the PA, and especially since a host of more ambitious proposals for climate finance and fundamental financial architecture reform emerging from the Covid pandemic forced it to react, the Fund identified 'economic sustainability' as one of its analytical priorities in the 2021 Comprehensive Surveillance Review and acknowledged that the major economic stability implications of climate change made it part of its mandate after all, publishing a climate strategy. This strategy identified three climate-related policy challenges to be covered under the Fund's surveillance activities: Mitigation, transition management and adaptation/resilience. The upcoming 2025-26 surveillance review should provide evidence on to what degree this is being implemented.

In 2022, a dedicated lending facility was set up, the Resilience and Sustainability Trust (RST) to address longer-term balance of payment challenges (like climate change) and has since provided a host of loans with 'green' conditions attached.[85] The RST provides the only existing discussion platform around IMF lending and climate, therefore excluding a deeper consideration of how the Fund's 'traditional' lending negatively impacts borrowing countries' climate policies.

Another crucial function of the IMF is its centrality in the global debt architecture, being the main authority on assessing countries' debt sustainability and thereby signalling their creditworthiness, impacting their ability to raise capital for investing in climate-resilient development, enabling or preventing debt restructuring (that would free up needed fiscal space), and framing what gets prioritised in a situation of high debt distress. Since the IMF is a lender itself, and its Articles of Agreement deny it from lending to countries unless their debt is deemed 'sustainable' to ensure the Fund can always get repaid, there is a clear conflict of interest. These analyses (DSAs) have a history of over-optimism,[86] leading to 'too little, too late' debt relief which deepens economic crises and undermines climate action.[87] This can also trap countries in extending or intensifying fossil extraction, if commodity exports are considered crucial to maintain debt sustainability because they generate foreign reserves which are needed to pay international creditors.

The IMF acts as a 'gatekeeper' of international finance. Through its own lending and surveillance (the regular monitoring of countries' macro policies), it signals a 'seal of (dis-)approval' of those policies' soundness to the international community and markets. Lastly, through its research, multilateral surveillance, public messaging, external publications (flagship reports, staff climate notes, departmental papers), and active participation in global standard-setting bodies (such as the BCBS and FSB) and other forums (e.g. NGFS) it frames the wider global discourse on debt, fiscal, monetary, and financial policy.

All of these activities — lending and conditions, surveillance and framing of what is and isn't 'sound' or 'sustainable', gatekeeping debt relief, and lately issuing 'green' conditions — directly impact the fiscal space countries have for climate investments and delimit the type of policies they can pursue.

What policies does it currently pursue in that regard?

Despite some movement from large shareholders,[88] the official rhetoric by Managing Director Georgieva to "end business as usual", the new strategy, and an increasing body of IMF research, toolkits, pilots, and bilateral and multilateral surveillance reports now including climate analysis, evidence suggests that progress is slow.[89] The IMF's climate work continues to be inconsistent with the Paris Agreement, and the IMF has a history of refuting that it needs to work towards UNFCCC principles such as equity and CBDR, while denying the need to prioritise human rights in its work.[90] Whereas MDBs have started processes to align their operations with Art. 2.1c, this has not been the case for the Fund (more information in the World Bank section), nor has it endorsed a minimum 'do no harm' commitment.

Even with a 'green' veneer, the type of policies the IMF champions remain focused on market- and price-based mechanisms, such as carbon pricing, privatisation of utility companies, liberalisation of energy prices, and catalysing private finance, while maintaining its sceptical position on green industrial policy, capital flow management, and financial regulation.[91] Many of these policies are developed jointly with the World Bank.

New submodules on adaptation and mitigation in the Fund's 2022 Debt Sustainability Framework for Market Access Countries have methodological limitations and are only mandatory for lending under the RST — which means non-RST lending remains focused on repayment capacity rather than factoring in fiscal space needs for climate.[92]

The IMF recipe to regain macroeconomic stability remains reducing fiscal deficits (e.g. reducing spending or increasing taxation) and increasing the current account balance (reducing imports, increasing exports, attracting private international capital), including for climate policy packages under the RST. Argentina is a case in point, where the 2022 arrangement aimed at reducing fiscal spending through cuts to consumer energy subsidies while fostering the expansion of fossil fuel exports.[93]

IMF programmes today: Austerity reloaded

- Of 51 countries with a current (2024) IMF programme, 40 included fiscal consolidation of 3.3% GDP on average. Low-income countries (12) were hit hardest, with average austerity measures of 4.1% GDP, middle-income countries (27) at 2.9% GDP. Fourteen countries were classified as being 'at high risk of distress' or already 'in distress', indicating that much of the rationale for high fiscal consolidation is to repay debt. This severely limits fiscal space for necessary adaptation and mitigation spending.
- Price increases or subsidy cuts in electricity, gas or fuel were requested in 36 countries, potentially fuelling inflation and social unrest. Only 4 programmes analysed the inequality impacts, and hardly any grappled with the implementation challenges of targeted social transfers (e.g. setting up social protection schemes in time, adequately resourcing them, and reaching all affected vulnerable consumers). This widespread, supposedly 'green' policy thus lacks a justice and equity lens.
- In 11 out of 21 fossil fuel producer countries, the IMF endorsed continued extraction in its analysis, to bolster fiscal and debt positions as well as foreign reserves through exports. Only in 2 of them was renewable energy promoted as an alternative. In non-producers of fossil fuels (30), renewables were more frequently promoted (16), mostly through enhancing the role of markets.

Read more: Recourse (2024): Off track: The long road to mainstreaming climate action into IMF lending.

IMF policies are directly influenced by the skewed and unrepresentative governance structure under which the institution works, centring the interests of large advanced economies. The voting power at the IMF Board is allocated based on a quota formula taking into account financial contribution, economic size and liberalism, and opaque backroom negotiations. As a result, the US (16.5%) holds veto power over key decisions that need an 85% majority, while G7 countries together hold 41.25% of voting shares and the 58 member countries of the V20 climate vulnerable countries hold a total of 5% in 2024.[94] Although meant to be reviewed and updated regularly, the geopolitical interests of the US and Western countries (e.g. to maintain the veto and their collective power) have so far prevented significant adjustments. The agreement in 2023 on a quota review just led to an equiproportional increase and excluded any realignment. This makes changes in the voting power even more unlikely in the future.[95]

If countries responsible for the climate crisis are the ones that dictate what policies are implemented, then there are major incentives in place for them to put the burden on those most vulnerable. The debt and climate vicious cycle leads to climate vulnerable countries going to the IMF for balance of payments support and then ending up locked in austerity measures.

Moreover, a recent internal evaluation[96] of the IMF's expansion into 'new' macro-critical areas like climate found a lack of consistency, clarity, and appropriate tools to engage on these complex and long-term issues, with staff confused on what is expected from them or how to make decisions on trade-offs. Another upcoming evaluation on the IMF's climate work will throw light on the contradictions between ambitious policy papers and what the Fund is doing at the country level.[97]

This raises the question of how an institution dominated by large emitters, whose mandate is not holistically aligned with human rights, development, or climate goals, can become a meaningful enabler of 'climate-resilient development' in the spirit of Art. 2.1c. While the recommendations below aim at improving the IMF's work towards such a role and no global other institution can currently act as a 'lender of last resort', civil society organisations are arguing in spaces such as FfD that the real solution is to take as many powers as possible away from unequal and historically problematic institutions like the IMF and shift them into fora that are more democratic, such as the UN. This is especially true on debt, with a UN-based debt workout mechanism and framework convention a crucial goal at FfD4.

Recommendations

The SES Dialogue could be the perfect space to develop a framework and mandate that makes the IMF consistent with the Paris Agreement.

In 2025, the IMF is kicking off both the next iteration of its Comprehensive Surveillance Review (CSR) and the Review of Conditionality (ROC) later in the year, which will provide the framework for how it conducts its two most important activities over the next few years. These processes are taking place in the context of the US' call for the IMF to stop working on climate, and Fund leadership downplaying its climate work as a result.[98]

For the 2021 CSR, a coalition of civil society organisations had developed a proposal[99] aimed at limiting the IMF's engagement to a '**do no harm**' approach. Rather than actively steering countries' climate policies, where the Fund lacks both expertise and legitimacy, it should guarantee its overall activities do not undermine climate objectives. These recommendations still apply and have only become more urgent considering the evidence cited above and the foray into 'green' conditionality with the RST, as well as the lack of alignment between RST 'climate' lending and the IMF's 'traditional' conditionalities.

These contradictions between policies pursued under standard IMF programmes and new ones under the RST need to be resolved.[100] As countries go to the IMF to regain macroeconomic stability, they cannot afford to derail their climate-resilient development pathways. To properly embed climate in the IMF's core activities, the institution should **assess the impact of loan programmes on countries' fiscal space for climate action** and challenge the reliance of DSAs on export-oriented extractivist activities.[101] It should guarantee that fiscal reforms are progressive, and that fiscal, monetary, exchange rate and financial policies properly address the trade-offs between short-term (economic) and longer-term (climate) objectives. This analysis should chart pathways to transition out of fossil fuels through public-led transformation strategies, analyse spillover effects, and centre the responsibility of Global North countries in taking the lead in making changes rather than putting obligations on vulnerable countries.

DSAs should be reformed more fundamentally to stop locking countries into fossil extraction for debt repayment and recognise the public financing requirements for (and long-term benefits of) climate-resilient development.[102] So far, the Fund has been standing in the way of large-scale debt restructuring and cancellation, insisting that the current debt situation is "not a crisis" in strictly economic terms (since it only affects countries that are too small to threaten financial stability globally), the derailing of climate and development goals for billions of people notwithstanding.[103] It is high time for the Fund to abandon this myopic view and recognise the existential urgency of this vicious cycle in its public messaging and flagship publications.

The IMF's principal collaborator on climate has been the World Bank — another institution whose governance is skewed towards the wealthiest countries, and the main global champion of the private finance and 'enabling environment' agenda of which the IMF has also been a vocal backer.[104] To properly align with Art. 2.1c, the IMF must build up external **collaboration with UN bodies** — such as the UNFCCC secretariat

— and the scientific community[105] who hold real expertise on climate and explore how it can help create a macro environment that enables their work.

In 2021, the IMF issued a $650bn general allocation of it reserve asset, Special Drawing Rights (SDRs), to provide countries with debt-free liquidity to weather the Covid-19 shock, which effectively buttressed global financial stability[106] and was used by many in their crisis response. Calls to reconceptualise SDRs as a tool for development and climate finance are long-standing in civil society[107] and have been part of FfD all the way back to 2001 (in the lead up to the first Monterrey conference).[108] Recently put back in the international spotlight through the Bridgetown Initiative and early drafts of the FfD4 outcome document, these call for **new, regular, and more equally distributed SDR issuances to tackle the climate emergency**. The upcoming RST review in 2026–27 should shed light on this, develop proper quality criteria for reforms, and make rechannelled SDRs more accessible by removing the requirement limiting access to the RST to countries with an additional 'traditional' IMF arrangement.[109]

Lastly, although currently unrealistic as geopolitical tensions continue escalating rather than abating, **IMF governance (quotas) should be reformed to become more aligned with a CBDR approach** in that countries most impacted by climate change are given larger decision-making power.[110]

Central banks, financial regulators and supervisors

How do CBFRS impact the climate-development alignment of financial flows?

Central banks, financial regulators and supervisors (CBFRS)[111] play a crucial role in overseeing financial and monetary stability nationally and regionally (e.g. the Eurozone), with several international bodies conducting that oversight, setting standards, and providing fora for exchange, shared analysis, and development of good practices with and without climate focus at the global level, such as the Bank for International Settlements (BIS), the Financial Stability Board (FSB), the Basel Committee on Banking Supervision (BCBS), and the Network for Greening the Financial System (NGFS).[112]

Both FSB and BCBS are hosted at the BIS. The FSB was created by and reports to the G20, representing only a small share of the world's economies with large private financial sectors (24 member countries).[113] The BIS also has just 63 members and lacks representation of Global South and climate vulnerable countries (Algeria and South Africa as the only African ones), and the BCBS represents 28 jurisdictions with a comparable make-up. In the case of the FSB, the private sector is represented under the umbrella of 'standard-setting bodies'.

This means that these institutions suffer from similar legitimacy and conflict of interest issues as the G20 and IMF, especially since the fact that the US dollar[114] (together with the euro, the British pound and the yen) continues dominating financial markets as the world's reserve currency means that actions taken by CBFRS in the Global North and the US in particular have major spillover effects on debt sustainability, capital flows, and fiscal space in the Global South.[115] Three of the four central banks with the largest assets are also in Annex II jurisdictions.[116]

A more inclusive forum but with less regulatory clout is the NGFS, founded by 8 central banks in Paris in 2017, which now has 138 members and 21 observers (including the BCBS) and is exclusively focused on climate, adaptation and nature.

According to UNCTAD, "Up to 70 percent of CBs are also explicitly or implicitly mandated to support government policy priorities, which by extension encompasses sustainability goals". However, the discussion around central banking and climate has been focused on making the case for CBFRS intervention in light of climate-related physical and transition risks presenting a fundamental threat to CBFRS' mandate of price and financial stability.[117] In mainstream economic terms, climate change constitutes a form of 'market failure', where negative externalities (with global ramifications) of emissions and environmental destruction are not adequately internalised.[118] Inflationary and destabilising impacts of climate and ecological degradation will only escalate in the coming years, many of which constitute supply shocks that cannot be addressed through interest rates alone. Meanwhile, voluntary and market-led initiatives to decarbonize private finance have led to piecemeal results at best,[119] as measures such as risk-disclosure, carbon pricing, ESG frameworks and green / transition taxonomies (alone, without regulatory "sticks" that would penalise carbon-intensive investments) are not enough to impact the profitability of high emitting sectors.120 This should provide sufficient rationale for a more active, market-correcting role of CBFRS.[121]

However, this perspective is limited to protecting the financial system from destabilising climate impacts – but not the other way around. **Climate must be approached from a 'double materiality' perspective**, which means CBFRS "should not just try to protect the financial system from the financial risks of the environmental crisis… [but] also take actions aimed at reducing the environmental materiality of the financial system by incorporating environmental criteria into monetary and financial policies".[122]

Through their lending, asset purchases, collateral frameworks, exchange rate setting, overall risk management and financial regulation, as well as their convening power, they can play a crucial role in aligning both public and private financial flows with climate-resilient development. These tools can be implemented differently based on countries' need to prioritise mitigation or adaptation, differentiating between Global North and South and countries' degrees of climate vulnerability.[123]

This could mean a combination of setting differential interest rates for 'green'/ sustainable vs 'brown'/ harmful investments, thus making the first cheaper and the latter more expensive (e.g. through green lending or refinancing schemes), 'tilting' asset purchases to buy more green assets and phase out brown ones in CBs' own portfolios, 'greening' collateral frameworks,[124] and coordinating with finance ministries to support mobilisation of public funds towards 'green' public projects (e.g. purchasing green sovereign bonds or providing equity capital to green public banks). CBs can even go so far as to set direct limits on 'brown' lending and set fixed lending requirements that require commercial banks to allocate a certain share of their loan portfolio to specified asset classes (e.g. the Reserve Bank of India requires a 40% allocation according to government priorities, Bangladesh sets aside 15% for green finance).[125]

In addition, CBFRS analyse and manage climate risk in the financial system, conducting sectoral and systemic stress tests and requiring financial institutions to disclose their own risk exposure, develop transition plans, and hold a certain level of capital buffers in response.

What policies do they currently pursue in that regard?

The wide membership of the NGFS, the establishment of a Task Force on Climate-related Financial Risks at the BCBS in 2020 and a roadmap on the same issue at the FSB in 2021 (which led to a framework to assess climate-related vulnerabilities in 2025),[126] as well as other initiatives like the Coalition of Finance Ministers for Climate Action demonstrate that an international consensus is building that climate change is in fact crucial to financial stability and presents a systemic risk.[127] Papers put out by these bodies also suggest that this requires system-wide action, structural transformation of economies, and coordination of CBFRS with other parts of society and reforms in the international monetary and financial system.[128]

Some G20 central banks have started greening their operations and incorporating climate into their financial supervision[129] – for example, the ECB for some time tilted corporate bond purchases, has implemented economy-wide climate stress tests, and requires financial institutions to incorporate environmental risks. India has climate disclosure standards and stress testing as well as green sovereign bonds and lending frameworks, and the People's Bank of China has facilitated large-scale green investment through the Carbon Emission Reduction Facility.[130]

Yet, the core mandate of these institutions is to uphold price and financial stability, with only about half the central banks having a secondary or tertiary development mandate,[131] especially in the Global South, where they have historically played a more active role in supporting their governments' economic and development priorities. Usually, green CB frameworks and instruments build on these, repurposing existing 'developmental' frameworks through an added sustainability component.[132] In some jurisdictions (e.g. Bangladesh, China, Lebanon) such measures have been in place for several years, while in others they are more recent. Most CBs are constrained in greening financial flows by their continued adherence to monetary dominance — prioritising short-term price stability over long-term, cumulative climate impacts[133] — and the structural demands of global market-based finance, embodied in the 'private finance first' mantra that has also captured the development discourse. CBFRS' approach tends to be one of 'single materiality', analysing the risk that climate change poses to the stability of the financial system (and prices), rather than 'double materiality' which also considers how the way finance operates is posing risk to climate-resilient development.[134]

The notions of 'market neutrality' (CBs shouldn't actively steer finance, for fear of 'market distortion') and central bank independence (CBs should not coordinate with the government and only focus on inflation) are still deeply rooted, leading to considerable reluctance to consider even common-sense proposals developed by institutions like the NGFS or UNCTAD.[135] The ECB's foray into green 'tilting' in 2022–23 — a brief departure from market neutrality — was abandoned after just a few months.[136] High impact monetary policies, such as enforcing limits on fossil fuel lending, lowering interest rates for green lending, and excluding fossil fuels from collateral frameworks and asset purchase programmes remain under-discussed.[137] And the notion of justice, in that central banks in countries with the largest historical contributions to climate change and the biggest spillover effects have a particular responsibility, has remained off the table.

This has led to a narrow focus on market-fixing and de-risking policy interventions, asserting that CBs cannot be seen as climate policymakers while implicitly outsourcing the green transition to private finance.[138] At most, these interventions are focused on making 'green' investments (e.g. in mitigation measures) cheaper and less risky, while letting the private sector set its own ESG taxonomies to define what is considered 'sustainable', and assuming risk disclosure is enough to spur capital reallocation, which is not the case. This risk-based approach therefore reinforces the epistemological and infrastructural power of private finance, with limited potential to discipline harmful financial flows and negative impacts on Global South countries who are 'punished' for their vulnerability with high cost of capital, poor credit ratings, and insufficient investment.[139]

It is also short-sighted and ignores intertemporal trade-offs: Policies that support short-term financial stability may lock in financial instability in the future.

In terms of financial regulation, many Global South countries (e.g. Brazil, China, Indonesia, Malaysia, Nigeria, Ghana, Bangladesh, Pakistan, Nepal, Paraguay) have developed a host of banking rules on climate, environmental and social risk management that others, especially Global North countries, should learn from.[140] Benchmarking these examples[141] provides a host of possible good practices, e.g.:

- Integrating climate, environmental and social 'materiality',
- developing clear definitions of the universe of financial activities the rules apply to, as well as specific risk, performance, and compliance indicators for different industries,
- setting the frequency, scope and consequences of mandatory risk assessments and minimum disclosure standards,
- developing minimum content, budget, and stakeholder engagement requirements for sustainability policies, as well as effective accountability mechanisms including penalties.

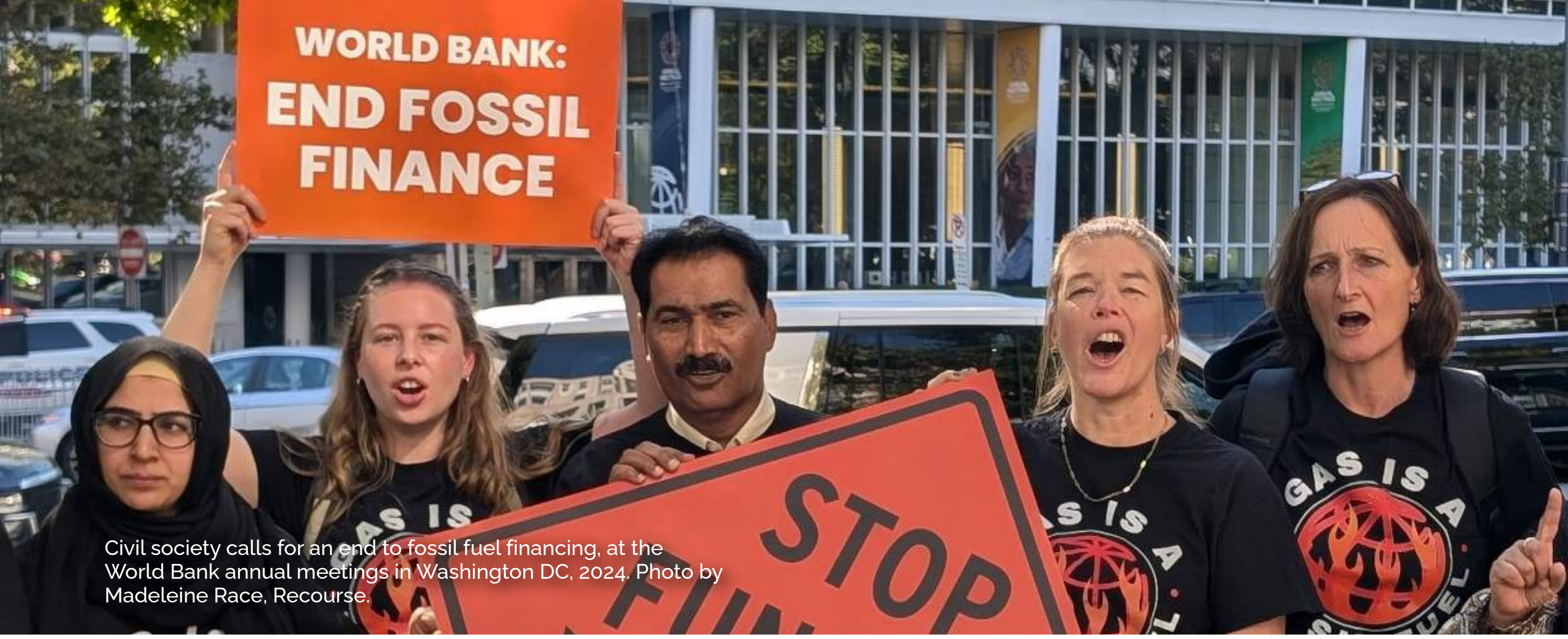
Recommendations

CBFRS needs to acknowledge that 'market neutrality' cannot be sustained when particular industries and asset classes threaten macroeconomic stability, planetary boundaries, and human survival.[142] The existing climate work of these institutions and associated coordination bodies needs to adopt the double materiality framework and take on a pro-active approach to supporting an orderly and just green transition, including the full spectrum of available monetary and financial policy levers that actively disincentivise or restrict financial flows to harmful activities. CBs need to adopt a precautionary approach to considering the impact of climate- and nature-related risks on their own balance sheet as well as the potential impact of their policy choices on climate- and nature-related outcomes.[143]

The taxonomies to define 'sustainable' finance should not be left to the private sector; CBFRS should set clear standards for decarbonisation as well as conditionalities that include justice criteria. For example, companies that reduced their emissions by relying on materials (e.g. 'transition minerals') extracted in exploitative conditions or by buying carbon offsets that displace Indigenous communities through land grabbing should be treated differently from those whose approaches respect labour and land rights.[144] Similar sets of financial regulations as highlighted above should be put in place for insurance, pensions and asset managers, including to avoid market arbitrage.

Beyond the existing policy arsenal of CBFRS, policymakers should use fora like the NGFS and the Coalition of Finance Ministers to explore avenues of fiscal-monetary-financial-industrial policy coordination, where CBs support climate-resilient development strategies, including potentially through direct monetary financing. 'Green' CBFRS policy cannot happen in a vacuum — it needs to go hand in hand with, and help reinforce, 'real economy' actions by governments, the private sector, civil society and other (global) external consistency makers.[145] For this, the expansion of central bank mandates should be explored, for which lawmakers and especially finance ministers should use their core role in financial regulation, their interface with both CBs and NDBs and ability to update their remits, and their role as shareholders in IFIs and MDBs to advance this agenda.[146] Different scholars have developed proposals for what new institutional arrangements could look like at a global or regional level, e.g. a European Credit Council[147] or a Climate Justice Facility to which Global North (and East) central banks would channel money (whose quantity depends on their historic emissions and capabilities) to provide perpetual climate justice loans to Global South (and East) governments.[148]

Given the likely conflict of interest of existing G20-dominated international coordination and standard setting bodies like the FSB, it is doubtful whether they will embrace the regulation required from a developmental, green transition, and global financial stability perspective. While an institution with similar regulatory and jurisdictional powers but more equitable representation is still outstanding, these institutions and CBFRS in the Global North need to grapple with the justice ramifications of their current actions and develop ways to alleviate or counter-balance negative repercussions.[149]



Civil society calls for an end to fossil fuel financing, at the World Bank annual meetings in Washington DC, 2024. Photo by Madeleine Race, Recourse.

Implementers

The World Bank

How does the World Bank impact the climate-development alignment of financial flows?

COP29 was crucial in enshrining multilateral development banks' (MDBs) role in climate finance delivery. Despite long-standing civil society criticism of the negative track record of MDB financing, including support for fossil fuels, lack of commitment to abide by human rights frameworks, undemocratic governance structures, and increasing financial subsidies to the private sector,[150] the New Collective Quantified Goal (NCQG) target now includes MDB financing.[151] The power MDBs wield over development and climate outcomes and finance flows is soaring. For example, the G20 initiated Roadmap towards Bigger, Better and More Effective MDBs, from 2024–2030, aims to triple the MDBs' annual 'sustainable' lending and broaden their mandates to "global public goods" (which include climate). However, the ongoing geopolitical turmoil has led to MDBs now rebranding climate efforts as 'nature' or 'environment-focused'. This shift risks diluting urgency precisely at a time when bold, united climate responses are more critical than ever.

The World Bank Group (WBG) is the largest among the MDBs. It is able to heavily influence countries' development pathways through its project financing, support to financial intermediaries, policy-based lending and technical assistance, among a host of other funds, financing mechanisms, and guarantees. Similar to the IMF, most of its loans carry conditions, and the Bank participates in conducting debt sustainability analyses jointly with the Fund, with the same critical dynamics as discussed in the IMF chapter.

It also provides direct project finance including to major energy projects (renewable or not), and it acts as a partner in all kinds of blended and 'innovative' public–private finance arrangements that guarantee and de-risk private investments. WBG President Banga promised at COP28 in 2023 that 45% of its financing would become climate-related by 2025, up from 35% at the time. Over the 2023/24 fiscal year, the Bank claims to have provided $42.6bn in climate finance (44% of total financing), of which $31bn went through its two concessional and non-concessional public sector arms, IBRD and IDA, $9.1bn through its private sector arm, the International Finance Corporation (IFC), and $2.5bn through MIGA, its political risk insurance and credit enhancement arm. However, civil society research has challenged some of these numbers: "on average, any World Bank project that has reported a share of climate finance for mitigation and/or adaptation at the approval stage can be expected to have ultimately delivered an amount that differs from what was planned by between 26% and 43%".[152]

Moreover, the WBG has been fundamental in advancing the 'Wall Street Consensus', a term coined in 2021 by academics to describe changes in the development finance dynamics through which 'de-risking' private capital (mostly controlled by asset managers) is prioritised over countries' climate, development and human rights obligations.[153] Projects that can create profit will be prioritised. This perpetuates a cycle of dependency on market forces which care more about short-term profits over long-term sustainability and resilience.[154] With the 2025 change in US administration, Bank leadership is openly reframing its work in terms of advancing US interests and doubling down further on championing private capital, as well as announcing plans to ramp up gas and re-start nuclear energy projects rather than support the just transition to renewables.

Similar to the IMF, the World Bank Group is not only a financing provider but also a standard setter — its environmental and social safeguards have signalling effects to other MDBs, as well as the private sector. For example, the IFC's Performance Standards, part of its Sustainability Framework, not only apply to all of the IFC's and MIGA's own investments, but also influence those of 130 private financial institutions that align with the Equator Principles (which are based on the Performance Standards). The Bank's Country Climate and Development Reports, launched in 2021, are its main analytical tool meant to help countries identify climate actions that advance growth and development, which also form the backdrop of the IMF's 'green' conditionalities through the RST.

The WB also hosts the International Center for the Settlement of Investment Disputes (ICSID), an arbitration forum where foreign investors can sue governments, e.g. if they implement more stringent climate regulation that threatens the potential profits of investments, even if those are in fossil fuels.[155]

What policies does it currently pursue in that regard?

The work towards 'Paris alignment' at the WBG and other MDBs was announced with a joint statement back in 2017. As part of its commitments under the Climate Change Action Plan 2021–2025, WBG Paris Alignment methodologies were published in June 2023 and the WBG set a deadline for aligning all its financing flows with the PA by July 1, 2023 (IDA and IBRD, and 2025 for IFC and MIGA). These included methodologies for all development policy financing, investment project financing and development and programmes for results from IBRD and IDA. The IFC and MIGA on the other hand adopted the Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment. In the same year, the WBG launched an Evolution Roadmap which kicked off a process to grapple with how its mission and operations should be updated in the 'polycrisis' context, including extending its twin goals to include a world free of poverty "on a livable planet" (meant to encompass climate and environmental issues).

Research by civil society has documented extensive evidence for concern: While fulfilling the Paris Agreement goals should focus on achieving Article 2 and the 1.5°C goal, the MDBs joint methodologies rely on countries' Nationally Determined Contributions which currently "fall short of the levels needed to meet climate goals across all sectors and regions" both in terms of finance and emissions.[156]

This has allowed the WBG to continue providing finance to fossil fuel projects, despite claiming IBRD and IDA operations to be Paris aligned from 1 July 2023 onwards.[157] In 2024, 26.6% of IBRD's and IDA's energy funding still went to fossil-linked projects, 20.2% to 'false solutions' like large hydropower, highly polluting waste-to-energy plants, carbon markets, and mining for critical minerals, and only 31.8% to renewables.[158] In the case of MIGA, recent research demonstrated support to gas power plants in Myanmar and Bangladesh, as this technology was excluded from its Paris Alignment methodology.[159] Meanwhile, loopholes in the IFC's rules for how it invests via private banks have allowed the indirect financing of two new huge coal-fired power plants in Indonesia, as well as 'captive coal' units constructed for industrial uses.[160]

Through its Development Policy Financing (DPF), which are sovereign loans with conditionalities (known as 'prior actions') similar to the IMF, the Bank also influences countries' own energy policies, with a strong bias towards promoting the privatisation and unbundling of energy systems, with significant concerns around affordability and access to last-mile communities.[161] Indeed, recent research suggests that the Bank is increasingly shifting its energy financing from specific projects towards DPF.[162] In countries like Pakistan, these kinds of policies have led to huge public subsidies to foreign investors.[163]

Over 2021–2023, MDBs still provided on average $2.6bn annually to fossil fuel projects of which the WBG provided the most, at $1bn a year. At least 60% of this went to fossil gas, which it keeps promoting as a 'transition fuel' and which the joint MDB Paris Alignment methodology conveniently does not include under the list of 'universally not aligned activities'. Since the signing of the Paris Agreement in 2015, the WBG has financed at least $17bn in fossil fuels.[164] The largest share of MDB 'climate finance' still goes to Europe (44% in 2023, vs 14% to Sub-Saharan Africa), and over two-thirds are provided in the form of loans (70% in 2023) while grants remain negligible (4%).[165] This is true even in low-income countries: Nearly 75% of IDA's 2013–2023 energy funding was loans, with only about 22% in grants.[166]

According to the civil society submission to the 2023 Evolution Roadmap discussions,[167] the Roadmap "represents the reaffirmation by World Bank management and shareholders of a flawed development paradigm that assumes incentivising private finance is inherently benign and productive, while failing to acknowledge that the type of projects designed to attract profit-seeking private investors and generate quick returns might not match the public interest and national or local priorities, or support sustainable economic transformation".

Its latest 2025 joint WBG–AfDB flagship project, Mission 300, aims to bring electricity to 300 million people in sub-Saharan Africa by 2030 — which, while a welcome goal, is raising concerns about exacerbating debt, not excluding fossil fuels, prioritising private profit, and needing proper participation mechanisms.[168]

The continued push for a 'bolder and better' (i.e. more efficient) Bank has also led to concerns that in efforts to 'get money out the door faster', environmental safeguarding standards will be bypassed or watered down.[169]

Finally, given MDBs' status as a 'preferred creditor',[170] they have so far been exempt from providing debt relief, thus contributing to the ongoing debt crisis — despite proposals on ways they could contribute while preserving their credit rating.[171] Again similar to criticisms of the IMF, the Bank's lending and conditionality has tended to disregard indebtedness and fiscal space implications, "pushing countries to implement austerity measures to repay debts instead of allowing them to pursue their own energy transition and poverty reduction objectives."[172]

Recommendations

The World Bank's Evolution Roadmap was a major missed opportunity for the WBG to reflect on its approach and the evident failure of 'Maximizing Finance for Development' and shift away from a focus on private finance towards supporting countries in mission-driven, public-led industrial transformation strategies.[173] Civil society called for the WBG to **put the public interest at the core of the WBG's efforts, such as the fulfilment of the SDGs and the (actual) goals of the Paris Agreement.**[174]

Properly mainstreaming a climate justice, human rights and gender lens will be crucial, including in macroeconomic policies, but needs to be preceded by a critical, independent review of the WBG's development impacts. As part of this, the Sharm el Sheikh Dialogue could initiate a proper assessment of the effectiveness of the WBG's Paris alignment methodologies, which must be consolidated and enhanced, to enable financial flows to be consistent with the 1.5˚C goal.[175]

Rather than backtracking, the **WBG should make a public commitment to end support for all fossil fuels** (including for gas) **and for false solutions** that prolong fossil infrastructure, extractivist approaches, and large environmental risk (such as nuclear, carbon markets, and CCUS), and put all its financial weight behind the development of renewables — especially decentralised solutions that are rooted in communities and local energy access needs.[176] The Paris Alignment Methodology and upcoming Energy Policy should be the processes to address this. Such projects should incorporate comprehensive just transition metrics such as affordability, equitable distribution, and community ownership.[177]

Moreover, the international community and in particular the WBG's largest (Global North) shareholders must **properly scale up efforts to reduce MDB financing costs, massively increasing the amount of concessional and grants-based financing** and moving away from blended finance models that use scarce public resources to safeguard private profits. Debt-distressed and low-income countries need to be given sufficient fiscal space to prioritise their own just transition plans. This also means putting policies in place for MDB financing to be included in debt restructuring processes (which require adequately financing the Debt Relief Trust Fund) and prioritising climate-resilient development.

Lastly, **the push for more streamlined MDB operations should not undermine sustainability frameworks**, which should reflect international best practice and existing human rights standards and principles. Remedial frameworks and independent accountability mechanisms should be empowered to effectively protect communities.[178]

Conclusions

Article 2.1c of the Paris Agreement must be framed within the principles of common but differentiated responsibilities and respective capabilities (CBDR-RC) and wider tenets of distributive, compensatory, procedural and feminist justice to activate its transformative potential. Rather than seeing it as another tool to push Global South countries into creating de-risking enabling environments for private finance within an unchanged status quo of global economic rules and decision-making that systematically disadvantage and exclude them, Art. 2.1c should be leveraged to shift those very rules and structures towards a financial system that enables climate-resilient development.

Country Parties still lack clarity and consensus on what that operationalisation should look like – who needs to act, by when, for what, and through which channels and institutions. This paper provides a first answer to these questions by translating a justice-based approach to Art. 2.1c into a set of crucial consistency makers that hold considerable sway over financial flows globally: The UNFCCC, the G20, the Financing for Development process, the IMF, central banks and financial regulators, as well as the World Bank as the foremost multilateral development bank. It therefore allows us both to chart specific policy pathways for specific actors and to see overarching dynamics emerge across institutions with quite diverging mandates, formats, and ways of working.

As they are, international financial institutions and decision-making fora are not at the service of climate-resilient development but rather perpetuate injustice: the G20, IMF, World Bank, and regulatory standard setters like the FSB have executive structures that amplify the voices of the largest and most financially powerful countries (and biggest polluters), while Global South and especially small, climate vulnerable countries have little to no say. These institutions just started considering climate change as relevant to their mandates relatively recently and with a focus on protecting the financial system from climate risk, rather than challenging the way the misaligned incentives and structural inequalities in that same system put the planet's future at risk. As a result, they tend to prioritise the interests of their biggest shareholders — and the private creditors located there — over global climate and development needs.

UN-based negotiation fora like the UNFCCC and FFD follow a more equitable process where countries have equal representation, and they must be empowered to mandate and reform the IMF, WBG, and FSB. Their foundational principles are rooted in notions of distributive and compensatory justice such as CBDR-RC. Ensuring that commitments made under these processes are saved from being watered down and dismantled later (e.g. on fossil fuels or debt workout) but translated into action and accountability will be crucial. Both are also still subject to negotiation tactics from country Parties, and recent Global North manoeuvring at the COP29 NCQG decision and in the run-up to the Fourth FfD conference has not been promising — doubling down on promoting private finance while cutting public aid and climate budgets, blocking more structural reforms that would shift power away from the institutions they dominate, and challenging the notion of sustainable development altogether in some cases. Strategic alignment of Global South positions will be key here, and country groupings like AOSIS and the Africa Group have demonstrated how to turn vague language into concrete demands into actual policy processes, such as the UN framework convention on tax.

A global justice approach to Art. 2.1c means a fundamental departure from the growing financialisation of development. For the sake of breathing new legitimacy into a fraying multilateral system and preventing the environmental and climate destruction that current financial pathways continue to put us on, Global North countries must step up to their historical responsibility to redress economic, environmental and atmospheric colonisation.[179] With the power they hold in the global financial system, it is on them to regulate their jurisdictions, align their central banks' mandates, and reform the international rules of debt, trade, tax and finance to centre the SDGs and climate-resilient development in a way that amplifies the policy and fiscal space of Global South countries to do the same.

Countries blocking progress on international financial architecture reform in particular seem to be underestimating the cynicism in the Global South with their hypocrisy around development and climate finance (e.g. investing in rearmament while cutting ODA and hard-balling at the NCQG, touting the trade rules while establishing unilateral measures like the CBAM), and "defending an unfair and dysfunctional status quo".[180] **Few seem to have grasped that it is not a 'moral' question to equalise global economic governance and re-affirm the UN as a norm-setter, but a matter of maintaining credibility in principles of democracy and a 'rules-based order' itself.**[181] This is preventing much-needed changes on debt, tax and financial regulation that would be key to enable Art. 2.1c, instead advancing a financialised development vision devoid of justice foundations. It is important to counter this — only superficially pragmatic — incrementalism by invoking these fundamental values and the historical precedent of previous groundbreaking advancements in the human rights, development and climate framework.[182]

An important step on the way to climate-aligned economic policymaking is to reform these external consistency makers to be more representative of vulnerable countries and communities — or to create new ones altogether, such as UN-based tax and sovereign debt framework conventions. The current multilateral system was created for a still-colonised post-WWII world, and many of its core institutions are increasingly unfit for purpose to tackle the global challenges of the 21st century. In the face of climate change's existential threat, it is high time to ramp up ambition and develop new forms of policy coordination that actively steer finance into just, community-centred climate-resilient development.

Endnotes

1 Global fossil fuel subsidies and public finance were estimated at over $1.5tn in 2023, with a three-year average of $846bn ($270 of which in so-called "Annex II" [developed] countries). In the 8 years since the signing of the Paris Agreement in 2015, the world's 60 biggest private banks have invested $6.9tn into fossil fuels. According to the Global Stocktake, an average $892bn was invested in fossil fuels annually from 2019 to 2020, compared to a total of $803bn in global climate finance flows in the same period.

2 As evidenced by the restructuring of the Glasgow Financial Alliance for Net Zero (GFANZ) in early 2025, a UN-backed climate-focused multi-trillion dollar coalition of financial institutions launched in 2021, after several large banks exited the affiliated Net Zero Banking Alliance (NZBA) in anticipation of the US leaving the Paris Agreement, after which NZBA *abandoned* its 1.5°C alignment goal.

3 UNCTAD (2024). A world of debt.

4 Dafermos (2025). *Climate finance and global justice.* Climate Policy, DOI: 10.1080/14693062.2025.2482104.

5 ODI & Germanwatch (2023). *Putting climate-resilient development at the heart of equitable implementation of Article 2, paragraph 1(c) of the Paris Agreement: Towards scaled-up adaptation finance,* p. 27: "Many countries face challenges to putting [fiscal and regulatory] tools in place to advance climate-resilient development (…) because these national objectives can, in part, be facilitated or constrained by external consistency makers arising from international regimes, or from regulation put in place by other States with transnational effects." Examples highlighted in the paper include sovereign debt, international trade, international taxation, international public banking. We will use the framing of consistency makers established in this paper throughout this briefing.

6 Third World Network (n.d.). *Submission to the Standing Committee on Finance on its Work on Ways to Achieve Article 2.1(c) of the Paris Agreement.*

7 UNFCCC (2023). *Matters relating to the Standing Committee on Finance.*

8 For example, US-based investment firms like *BlackRock or Vanguard* hold 'assets under management' higher than the combined GDP of advanced economies like Germany, Japan, and the UK – while still *pumping* hundreds of billions into the fossil fuel industry.

9 CSE India (2024). *What do we mean by Paris alignment of finance flows? Decoding Article 2.1(c) of the Paris Agreement*; UNFCCC (2023). *Sharm el-Sheikh dialogue on the scope of Article 2, paragraph 1(c), of the Paris Agreement and its complementarity with Article 9 of the Paris Agreement,* p.9.

10 OECD (2024). *Climate Finance Provided and Mobilised by Developed Countries in 2013-2022.*

11 Recourse (2024). *A safe pair of hands? How the multilateral development banks fail to live up to expectations on climate finance.* Even the IMF has warned that "even if private sector climate finance flows rose rapidly and reached desirable levels, political economy factors could translate into an increase in rentseeking and 'white elephant' projects, rather than climate-compatible investments". In IMF (2022). *Mobilizing Private Climate Financing in Emerging Market and Developing Economies.*

12 Recourse (2024). *A safe pair of hands? How the multilateral development banks fail to live up to expectations on climate finance*

13 Attridge & Gouet (2021). *Development finance institutions: the need for bold action to invest better;* Oil Change International (2024). *COP29 Explainer: Why we can't rely on the private sector to finance the energy transition.*

14 High-Level Expert Group on Climate Finance (2024). *Raising ambition and accelerating delivery of climate finance.*

15 Adaptation means anticipating the (often irreversible) adverse effects of climate change and taking action to prevent or minimise them. Mitigation means taking preventive measures to stop these impacts from becoming worse in future, e.g. by reducing emissions and stopping further fossil extraction. For a list of example activities, see here. Generally, countries in the Global South require more adaptation finance due to facing the brunt of climate impacts, but there is little profit in preventing harm, so global climate finance is massively skewed towards mitigation, with a mere 5% going to adaptation in 2021/22. Trade-offs arise e.g. if a Global South country is currently dependent on fossil fuels for its energy security and would need to phase out fossils for mitigation but would then face significant development disruptions in the immediate term. The same country might be highly vulnerable to climate impacts (and require adaptation investments), but that vulnerability can make the capital needed for those (and mitigation) investments too expensive, thus creating a vicious circle.

16 UN OHCHR (2019). *Five UN human rights treaty bodies issue a joint statement on human rights and climate change.*

17 See for example: Fanning & Hickel (2023). *Compensation for atmospheric appropriation.* L&D are unavoidable and irreversible climate impacts, such as losses in biodiversity, ecosystems, cultural heritage, and livelihoods. Between 2000 and 2019, the world suffered at least $2.8 trillion in L&D — or $16 million per hour, according to: UNEP *About loss and damage.*

18 Dafermos (2025). *Climate finance and global justice.* Also see: Center for Economic and Social Rights (2024). *Key Concepts: Climate Finance, Reparations, and Human Rights.*

19 For example: Mazzucato (2025). *Reimagining financing for the SDGs: from filling gaps to shaping finance.*

20 Quoted from: WEDO gender climate tracker. *Gender Mandates.*

21 See especially: Women & Gender Constituency (2025). *Submission from the Women and Gender Constituency on the format and scope of the in-session technical workshop to be held at SB62 (June 2025) to facilitate the design of gender action plan activities.*

22 See here for data on OECD DAC.

23 WEDO (2021). Guide to strengthening gender integration in climate finance projects.

24 Gender + Environment Data Alliance; CARE International (2022). *Making the Green Transition Work for Women*; Recourse (2025). *Renewable energy for women: For sustainable economic development, decent work, security, and energy access.*

25 WEDO gender climate tracker *Country Profiles*; UN OHCHR (2019). *Five UN human rights treaty bodies issue a joint statement on human rights and climate change.*

26 WEDO gender climate tracker *Participation Statistics*; WEDO (2022). *Women's Participation in the UNFCCC.*

27 CARE International (2023). *Turning promises into progress: How the UK can realise the potential of gender-just climate action*, p.8. Also see: World Resources Institute (2021). *Locally Led Climate Adaptation: What is Needed to Accelerate Action and Support?.*

28 For example, through organisations like the Global Alliance for Green and Gender Action.

29 Women & Gender Constituency (2022). *COP27: Demands for a Gender and Climate Just World*; Women & Gender Constituency (2023). *Transforming Narratives and Driving Climate Action*.

30 See ODI (2023), p. 28 for a list

31 Due to limits in scope, this briefing does not attempt to be comprehensive in terms of covering all potential policy areas, which would mean including e.g. the OECD, WTO, credit rating agencies, global standard setters for insurance, etc. A selection was made based on a. power and importance, b. upcoming advocacy opportunities, and c. covering a variety of types of institutions/processes. It also does not cover dedicated climate funds, such as the Green Climate Fund or the Fund for Responding to Loss and Damage, as these technically fall under Art. 9 and are not exactly 'consistency makers' of finance flows in the broader sense.

32 Actually, the UNFCCC, Kyoto Protocol, and Paris Agreement established three governing bodies: the COP for the Convention, the CMP for the Kyoto Protocol and the CMA for the PA. CMP and CMA meetings take place in conjunction with the annual COP meetings.

33 Oxfam (2023). *Climate Finance Shadow Report 2023*.

34 OECD (2024). *Climate Finance Provided and Mobilised by Developed Countries in 2013-2022*.

35 For a comprehensive overview on everything that happened at COP29, see: Carbon Brief (2024). *COP29: Key outcomes agreed at the UN climate talks in Baku* and Kaboub (2024). *COP29 wasn't about Climate*.

36 UNFCCC (2024). *Decision -/CMA.6. New collective quantified goal on climate finance*, paragraph 27

37 Climate Policy Initiative estimates the financing needs for EMDEs (without China) at $2.4tn per year and $7.4tn globally until 2030 (and $8.8tn from 2031–2050) to stay within the 1.5°C goal, while the Independent High-Level Expert Group on Climate Finance has suggested EMDEs require about $1tn annually in 'external finance' by 2030 (more in line with the $1.3tn goal). The second report of the SCF in 2024 estimated the 'bottom-up' needs to finance national climate targets (e.g. NDCs, action plans) require some $5–6.9tn cumulatively until 2030 (ca $1bn per year total, or $455–$584bn for NDCs alone, similar to CPI numbers), although less than half the 'needs' were costed (and current NDCs are insufficient to reach the 1.5°C target), meaning the actual figure is likely more than double.

38 Fanning & Hickel (2023); CAN (2024). *US$5 Trillion Owed to Global South by Global North Due to the Climate Crisis.*

39 See for example: Center for Climate and Energy Solutions (2025). *The Future of Article 2.1(c) Discussions: Issues and Options.*

40 CSE India (2024).

41 Center for Climate and Energy Solutions (2025).

42 The $5.3tn is only from Annex II countries. Including all countries, the estimate is $10.3tn. See: Oil Change International (2024). *We Can Pay For It.*

43 See box on 'enabling environments'.

44 Investor-State Dispute Settlement (ISDS) mechanisms enable foreign investors to sue governments over climate policies that affect their investments (esp. in fossils). This legal threat has a chilling effect, deterring governments from implementing necessary climate policies and measures to phase out fossil fuels. See: CIEL (2024). *International Investment Law and ISDS: Overcoming Legal Barriers to Effective Climate Action under the UNFCCC and the Paris Agreement*; UNCTAD (2022). *Treaty-based Investor-State Dispute Settlement Cases and Climate Action*; The Guardian (2025). *Why fear of billion-dollar lawsuits stops countries phasing out fossil fuels.*

45 Countries' NDCs are not aligned with the Paris Agreement goals. UNDP has analysed in the last few years both the 'ambition gap' (difference between countries' NDC goals and the PA goals) and the 'implementation gap' (difference between countries' NDCs and their current policies). See: UNEP (2024). *Emissions Gap Report 2024;* UNDP (2025). *Climate Promise 2025;* CCPI (2024). *Overcoming the Implementation and Ambition Gaps.*

46 Gabor (2018). *Understanding the financialisation of international development through 11 FAQs.*

47 Some resources on debt and climate: Eurodad (2020). *A tale of two emergencies - the interplay of sovereign debt and climate crises in the global south*; Latindadd (2023). *Climate crisis, debt and recovery in a context of multiple crises. A look from a Climate Justice perspective in Latin America and the Caribbean*; Debt Justice (2023). *The Debt-Fossil Fuel Trap: Why Debt Is a Barrier to Fossil Fuel Phase-out and What We Can Do about It*; Action Aid (2023). *The Vicious Cycle - Connections Between the Debt Crisis and Climate Crisis.*

48 C20 Brazil (2024). *Guide to understanding the G20;* Statistisches Bundesamt (2022). *G20 responsible for approximately 81% of global CO2 emissions.*

49 Center for Economic and Social Rights (2025). *Influencing the G20 agenda for Economic Justice: a guide for change makers.*

50 C20 Brazil (2024). *Climate financing and the G20.*

51 Latindadd (2024). *G20, IMF and WB kick the can down the road and fail to deliver solutions to the worst debt crisis ever;* The Guardian (2024). *World Bank official calls for shake-up of G20 debt relief scheme.*

52 Even the external expert group set up by the G20, convened by Larry Summers and N.K. Singh, has called out the unrealistic assumptions of this agenda, the lack of ambition and pace in implementing it, and countries' incremental and short-sighted approach that does not reflect the "system wide transformation needed for MDBs to play the role dictated by science and societal goals". The latest update from the co-conveners stressed that "Major shareholders of the MDBs must shoulder the main responsibility", and that the same countries need to start providing concessional finance at scale. See: Summers & Singh (2024). *The G20 Independent Expert Group Report Card on Strengthening Multilateral Development Banks: An Incomplete Grade.*

53 See the G20 chapter in: Christian Aid (2025). *Mandates, money and movements.*

54 G20 TF-CLIMA Group of Experts (2024). *A Green and Just Planet.*

55 G20 Task Force on a Global Mobilization against Climate Change (2024). *Issue Note.*

56 Although Brazil's COP30 and BRICS presidencies in 2025 show a clear footprint of the 2024 G20 discussions, as the government seems to carry over some of the issues raised there into these other fora.

57 Macro prudential policy is concerned with stability of the financial system as a whole. The main global set of prudential standards is the *Basel Framework* of the BCBS – however, these standards have already proven challenging for Global South countries and risk undermining capital flows there, see for example: Center for Global Development. *Making Basel III Work for EMDEs*.

58 The language on debt and IFIs is particularly depressing: "Encouraged the International Monetary Fund (IMF) and World Bank to continue their work related to feasible options which are country-specific and on a voluntary basis to help vulnerable countries with near-term liquidity challenges whose debt is sustainable." It is difficult to be more non-committal.

59 Eurodad (2025). *Letter to European leaders on FfD4.*

60 Global Tax Justice (2024). *Why do we need a UN Tax Convention?*

61 Even the World Bank's chief economist and president have admitted that the 'billions to trillions' agenda meant to de-risk private finance into development has been a "fantasy". Gill (2024). *For developing economies, the finance landscape has become a wasteland.*

62 Tellingly, central bank Independence is asserted twice in the February finance ministers' chair summary, with no mention of reflecting on CBs' potential role in bolstering capital allocation in line with a just transition.

63 Climate Action Network International (2024). *G20 Briefing;* Recourse (2025). *"J" is for "just" in JET-Ps and Country Platforms: Lessons for multilateral development banks in the energy transition.*

64 Center for Economic and Social Rights (2025).

65 In 2022, G20 members provided a record $1.3tn in fossil subsidies. IMF (2023). *Fossil Fuel Subsidies Surged to Record $7 Trillion.*

66 Climate Action Network International (2024).

67 For a comprehensive and multi-lingual guide to the history, conferences, issues, civil society positions and ways of engaging on FfD, see: CSO FfD Mechanism (2021). *Introductory Guide to Financing for Development*. While developed countries have sought to interpret FfD as being about 'closing the development/SDG financing gap' (thus focused on mobilising funds), the ambition of FFD has always been structural — democratising global economic governance to create the enabling conditions for realising the Right to Development.

68 Monterrey resulted from the financial crises in various parts of the Global South in the 1990s, such as Mexico, East Asia, and Russia. These made clear that given the unequal economic and trade architecture, stability could not be achieved by domestic policy alone but required international cooperation and structural reforms. It was also rooted in the spirit of the 'New International Economic Order' (NIEO), an agenda first brought into the UN in the 1970s, and the Declaration on the Right to Development of 1986.

69 Global Policy Forum (2025). *Hurdles on the way to Sevilla.*Devex (2025). Exclusive: *US seeks to gut UN development goals*

70 Ibid, and details in: CSO FfD Mechanism (2025). *Response to First Draft of FfD4 outcome document*; CSO FfD Mechanism (2025). *Response to First Intersessional.*

71 APMDD (2025). *End the hypocrisy and dirty tactics: UN FfD4 must deliver for the Global South!*

72 Afrodad, Latindadd et al (2025). *Hear the Global South: we need just and transformative outcomes from FfD4.*

73 Debt Justice et al. (2025). *Debt Swaps Won't Save Us: The Urgent Need for Debt Cancellation and Grant-Based Climate Finance;* EU Observer (2025). *The trillion dollar question — what next for EU financing for development?*

74 European Parliament (2025). *REPORT on financing for development – ahead of the Fourth International Conference on Financing for Development in Seville*; African Union (2025). *Draft Declaration of the African Union Conference on Debt.*

75 Eurodad (2025): *EU and UK block UN-led debt reform in Financing for Development outcome document*

76 Thissen et al. (2025). *Without debt relief, climate action will fail*; Global Policy Forum (2025). *Hurdles on the way to Sevilla.*

77 CSO FfD Mechanism (2025). *Reclaiming Development Cooperation – Towards a Fair, Inclusive, and Accountable Global Architecture*

78 Eurodad (2024). *UN framework convention on sovereign debt - Building a new debt architecture for economic justice;*

79 Special Drawing Rights (SDRs) are a reserve asset created by the IMF to supplement its member countries' official reserves to foster financial stability and manage global financial crises. While large general allocations of SDRs have been a rarity (the last being $650bn issued in 2021 to address the Covid-19 pandemic), many argue that they should be issued regularly and allocated equitably to support climate-resilient development, for example: Bretton Woods Project (2023). *Reconceptualising SDRs as a tool for development finance.*

80 Merling (2024). *"Greenwashing" Structural Adjustment.*

81 Elliot and others (2013). *IMF admits: we failed to realise the damage austerity would do to Greece:* The Guardian; Koutsokosta (2021). *Don't suffocate recovery with austerity policies, IMF chief Georgieva warns Europe.* Euronews; BU IMF & Climate Task Force (2022). *"Keep the Receipts": The Political Economy of IMF Austerity During and After the Crisis Years of 2009 and 2020.*

82 Kentikelenis & Stubbs (2024). *Off track: The long road to mainstreaming climate action into IMF lending.*

83 Gallagher et al. (2024). *Evolution of IMF Engagement on Climate Change.*

84 Action Aid and BWP (2021). *IMF Surveillance and Climate Change Transition Risks.*

85 Despite a *chorus of expert voices* urging the IMF to first reflect more thoroughly the role it could and should be playing on creating an enabling macro environment for climate action, the operationalisation of the RST has become a way for the Fund to 'learn by doing' and design its lending approach to climate 'on the go'.

86 Raga (2024). *An appraisal of debt sustainability analyses amid multiple crises.*

87 Rehbein (2023). *Understanding IMF Debt Sustainability Analyses.*

88 The US under Biden included the IMF in its list of institutions where it would align its voice and vote with the Paris Agreement goals, but the subsequent Guidance Note was limited to MDBs and failed to approach IMF alignment. See: White House (2021). *Executive Order on Tackling the Climate Crisis at Home and Abroad;* US Treasury (2021). *Treasury Announces Fossil Fuel Energy Guidance for Multilateral Development Banks.*

89 Kentikelenis & Stubbs (2024); Merling (2024).

90 *OHCHR (2017).*

91 Kentikelenis and Stubbs (2023). *Blind spots: green transition and IMF's economic surveillance;* IMF (2023). *Financial Regulation, Climate Change, and the Transition to a Low-Carbon Economy: A Survey of the Issues.* The IMF Staff Climate note *Embedded in Nature: Nature-Related Economic and Financial Risks and Policy Considerations* (2024) does underscore the critical role of financial sector policy instruments especially informational, prudential and financial institution governance tools.

92 BU IMF & Climate Task Force (2024). *Achieving Catalytic Impact with the Resilience and Sustainability Trust.*

93 PxP & Recourse (2024). *The IMF, its climate policy and the conditionalities for Argentina.*

94 Merling & Forster (2024). *Climate policy at the International Monetary Fund: No voice for the vulnerable?.*

95 Hirschel-Burns & Zucker-Marques (2025). *The IMF's 17th General Review of Quotas Needs a New Formula to Deliver on Development.*

96 Independent Evaluation Office (2024). *The Evolving Application of the IMF's Mandate.*

97 Independent Evaluation Office (2024). IMF and climate (forthcoming).

98 Bretton Woods Project (2025). *Spring Meetings 2025 Wrap-up: Don't look up! Bank and Fund leadership self-censors on climate change and gender issues, as US tariffs rock global economic outlook.*

99 Action Aid et al. (2021). *A Proposed Framework for IMF Engagement in Country-level Surveillance on Macrostructural Issues; Inequality, Gender and Climate Change.*

100 For example, in the case of Senegal, the strategy to regain macroeconomic stability relied on fossil fuel exports increasing, while at the same time promoting mitigation as one of the objectives of the RST. See: Kentikelenis & Stubbs (2024). *Greening IMF lending: Elusive prospects, mixed evidence;* BU IMF & Climate Task Force (2024). Achieving Catalytic Impact with the Resilience and Sustainability Trust.

101 BU IMF & Climate Task Force (2023). *The International Monetary Fund, Climate Change and Development: A Preliminary Assessment.*

102 Bretton Woods Project (2023). *Debt sustainability assessment reform essential to address retrogression of international human rights*; Oduk & Mithia (2025). *Debt Sustainability Analysis: Re-evaluating Debt Sustainability Analyses in the Context of Hegemonic Power and Sovereign Debt Restructuring*; BU IMF & Climate Task Force (2024). *Room to Grow: Integrating Climate Change in Debt Sustainability Analyses for Low-Income Countries.*

103 UNCTAD (2024). *A World of Debt*; BU IMF & Climate Task Force (2024). *Defaulting on Development and Climate: Debt Sustainability and the Race for the 2030 Agenda and Paris Agreement.*

104 IMF (2023). *Climate crossroads: fiscal policies in a warming world;* Banga (2025). *Development is how we compete, grow, and stay secure.*

105 Such as the Intergovernmental Panel on Climate Change (IPCC), Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), and International Union for Conservation of Nature (IUCN).

106 IMF (2023): *2021 Special Drawing Rights Allocation—Ex-Post Assessment Report*

107 For example: Bretton Woods Project (2023). *Reconceptualising SDRs as a tool for development finance.*

108 UN General Assembly (2001). *Report of the High-level Panel on Financing for Development.*

109 V20 (2021). *V20 Statement on Opportunities for the Resilience and Sustainability Trust to Deliver Accelerated Support for Climate-Vulnerable Nations*; BU IMF & Climate Task Force (2024). *Achieving Catalytic Impact with the Resilience and Sustainability Trust.*

110 Arauz et al. (2022). *Putting Climate at the Core of IMF Governance.*

111 While CBs and FRS are not equivalent, they nevertheless collaborate closely, have several similar functions (e.g. assessing risks and systemic vulnerabilities) and the global institutions examined here usually include representatives from both.

112 These institutions don't pass legally binding rules, but act as coordinators of national authorities, conduct systemic analysis and monitoring, and develop international standards, guidance and 'soft law' rules. They thus influence national authorities through standard setting, framing of best [and acceptable] practices, and peer pressure.

113 In addition, the FSB established six *Regional Consultative Groups* in 2011 to facilitate exchange beyond the G20. Non-country members include: The IMF, World Bank, OECD, ECB SSM (the ECB Banking Supervision), European Commission, BIS, BCBS, Intl. Association of Insurance Supervisors (IAIS), Intl. Organization of Securities Commissions (IOSCO), Intl. Accounting Standards Board (IASB), Committee on the Global Financial System (CGFS), Committee on Payments and Market Infrastructures (CPMI).

114 The US dollar's hegemonic dominance in global financial markets is demonstrated by almost 60% of foreign currency reserves being held in USD, an equal share of international payments is made in USD, two thirds of sovereign debt are denominated in USD, as well as 54% of trade invoices and 88% of foreign exchange transactions. The US' economic and financial power means the USD is generally considered a safe and stable store of value, American capital markets are deep and highly liquid, and much of the world's financial infrastructure is based in or overseen by the US. All data and further information: Boocker & Wessel (2024). *The changing role of the US dollar.*

115 For example, interest rate raises by the US Federal Reserve impact debt sustainability worldwide (given 54% of sovereign debt is USD denominated), and if the US changes its domestic financial policies (e.g. the rules on how private banks and asset managers can invest), the climate alignment of private finance worldwide is impacted, since the world's biggest banks and investors are US-based. The infamous '*Volcker Shock*' in the 1970s plunged many Latin American countries into a debt crisis and laid the groundwork for the decades of structural adjustment programmes that followed. In 2023, it once again raised interest rates to the *highest level* in over 2 decades.

116 The European ECB with $7.3tn, the US Fed with $6.7tn, and the Bank of Japan with $5.1tn, plus the Bank of China at $6.3tn.

117 For example, catastrophic events wiping out large shares of countries' GDPs leading to defaults, distress, and recession; droughts and floods impacting agriculture and food price stability (so-called 'climateflation'), and stranded fossil assets threatening balance sheets of public and private investors.

118 The 'market failure' framing argues that externalities should be internalised in the market system through pricing (e.g. assets whose social costs are high like fossil fuels should be more expensive / less profitable). However, in heterodox economic traditions, the issue is broader (economies are viewed as subsystems of the global ecosystem) and more fundamental solutions beyond markets are suggested.

119 See for example: SOMO (2024). *Facing the facts: carbon offsets unmasked;* Institute for Climate Economics (2023). *The limitations of voluntary climate commitments from private financial actors.*

120 Kedward, Gabor & Ryan-Collins (2024). *Carrots with(out) sticks: credit policy and the limits of green central banking.*

121 For a thoughtful discussion of different conceptualisations of the role of central banks and financial regulators in the green transition, see: Oman et al. (2023). *Three tales of central banking and financial supervision for the ecological transition;* Volz, Dikau et al. (2022). *The role of central banks and supervisors in scaling up sustainable finance and investment in the Global South.* In: Schoenmaker & Volz, Scaling Up Sustainable Finance and Investment in the Global South.

122 Dafermos et al. (2024). *Macrofinancial causes and risks of deforestation, land conversion and water stress: analysing the role of central banks and financial supervisors through a stock-flow double materiality lens.*

123 Dafermos (2023). *Climate change and central banking in LDCs.*

124 These define the eligible collateral that financial institutions can use in operations with the CB to obtain central bank credit. CBs can apply steeper haircuts (value markdowns) to account for climate risks or entirely exclude unsustainable asset classes.

125 See: Volz, Dikau et al. (2022) and Positive Money (2024) *The Green Central Banking Scorecard: 2024 Edition* for a comprehensive list of different monetary, prudential and other policy options. One issue these approaches face is the lack of criteria for what counts as 'green' or "aligned with climate-resilient development", as discussed in the UNFCCC chapter. Existing taxonomies are dominated by a host of private sector led ESG frameworks, which face issues of both conflicts of interest and lack of standardisation.

126 FSB (2025). *Assessment of Climate-related Vulnerabilities.*

127 These institutions have raised the spectre of a 'Climate Minsky moment' or 'Green Swan' events, which mean sudden, systemic crises, especially given the complexity, radical uncertainty, non-linearity and feedback effects of climate impacts. See e.g.: Bolton et al. (2020). *The green swan. Central banking and financial stability in the age of climate change.* BIS.

128 Ibid.; Coalition of Finance Ministers for Climate Action (2023). *Strengthening the Role of Ministries of Finance in Driving Climate Action;* NGFS (2021). *Adapting central bank operations to a hotter world.*

129 For an excellent, in-depth analysis, see: Positive Money (2024). *The Green Central Banking Scorecard: 2024 Edition.*

130 Positive Money (2024).

131 In 2020, 77% of CBs didn't include sustainability aspects in their mandates, 47% didn't even include development. NGFS (2020). *Survey on monetary policy operations and climate change: key lessons for further analysis.*

132 Volz, Dikau et al. (2022).

133 In 2015, then Governor of the Bank of England Mark Carney *coined* this incongruence the "tragedy of the horizon".

134 For example, if CBs that claim to be 'market neutral' purchase assets based on the existing market structure where fossil and GHG-intensive assets are overrepresented, they inadvertently reinforce this structure.

135 For example, the 2024 G20 TF Clima expert report included a list of policy options for CBs assembled by the NGFS in 2021, which were removed in the final version. The February 2025 G20 finance minister chair summary emphasised central bank independence twice. On the discursive shifts around market neutrality, see: Thiemann et al. (2023). *Beyond market neutrality? Central banks and the problem of climate change*; Schnabel (2021). *From market neutrality to market efficiency.*

136 Dafermos et al. (2023). *Broken promises: The ECB's widening Paris gap*; and Kedward, Gabor & Ryan-Collins (2024); *Carrots with(out) sticks: credit policy and the limits of green central banking*: "ECB measures to 'tilt' the corporate bond portfolio, initiated in 2022, created a sophisticated institutional framework for redirecting credit flows from dirty to green corporate issuers. But by July 2023 the ECB had abandoned tilting, portraying it as a distraction from the primary inflation mandate. Having invested institutionally in developing a climate strategy review, a climate roadmap, and a full-fledged strategy to green both the corporate bond portfolio and collateral framework, the ECB converged to the US Federal Reserve position of 'doing little' in just two years."

137 Positive Money (2024).

138 Kedward, Gabor & Ryan-Collins (2024). *Carrots with(out) sticks: credit policy and the limits of green central banking, p.1593*

139 Ibid.

140 The exceptions are Netherlands, Austria, Germany, United Kingdom and Australia, where some guidance has been issued.

141 Moessa de Souza (2024). *Benchmarking of national ESG banking regulations: state of art and remaining challenges.* In: Saraiva & Pardal, Sustainable Finances and the Law: between public and private solutions. Also see the many actions tracked under WWF's *Sustainable Financial Regulations and Central Bank Activities (SUSREG)* Tracker.

142 Even the IMF has highlighted that "it should be possible for societies to define a set of essential values, including the conservation of nature and the reversal of biodiversity loss, on which citizens can unite. A corollary of such an agreement would be prohibitions on nature-destroying activities (…) An institutional change of this magnitude would impose limits on the actions of financial institutions." In: Gardes-Landolfini et al. (2024). *Embedded in Nature: Nature-Related Economic and Financial Risks and Policy Considerations.*

143 Positive Money (2024); Volz, Dikau et al. (2022).

144 Dafermos (2025).

145 But central bank(er)s can certainly be more proactive in calling for this coordination and developing proposals for what mandate changes they would need in order to play this more 'evolutionary' and interactive role. Oman et al. (2023); Bolton et al / BIS (2020).

146 In NGFS (2020), the "highest-ranked prerequisites and constraints identified by respondents are the need for a legal clarification of the interlinkage of climate goals with their primary objective, and the fact that environmental sustainability is not part of their mandates." Changing these mandates needs to come from lawmakers and governments. For example, in 2021 the UK Treasury updated its remit letter to enable the Bank of England to explore the implications of the government's net zero commitment for its operations.

147 Kedward, Gabor & Ryan-Collins (2024); Kedward, Gabor & Ryan-Collins (2022): *Aligning finance with the green transition: From a risk-based to an allocative green credit policy regime.*

148 Dafermos (2025).

149 If a country is judged riskier, it should automatically be given higher debt relief, not just suffer the consequences of worse credit ratings. Penalties for carbon-intensive activities need to focus on rich industrialised countries to give Global South ones — especially in Africa — room to develop and phase out more gradually.

150 Recourse (2024). *A safe pair of hands? How the multilateral development banks fail to live up to expectations on climate finance.*

151 Conference Of the Parties (2024). *New collective quantified goal on climate finance.*

152 Oxfam (2024). *Climate finance unchecked.*

153 Gabor (2021): *The Wall Street Consensus.* Development and Change, 52: 429-459. https://doi.org/10.1111/dech.12645

154 Bretton Woods Project et al. (2023). *Civil Society calls for rethink of World Bank's 'evolution roadmap'.*

155 See CIEL (2024), UNCTAD (2022), The Guardian (2025). The number of mining, oil and gas cases filed at ICSID has nearly *doubled* in the past two decades, as have the monetary sums awarded to private companies in these sectors. Also see: ETJC (2020) *Open letter to governments on ISDS and COVID-19*, signed by 630 civil society organisations. ICSID in particular has been widely criticised for alleged corporate bias, secrecy and lack of democratic accountability. See: Bretton Woods Project (2022). *What is the World Bank's International Center for the Settlement of Investment Disputes (ICSID)?*

156 IPCC (2023). *Climate Change 2023: Synthesis Report, Summary for Policymakers.*

157 World Bank (2025). *The World Bank Group and Paris Alignment.*

158 Recourse et al. (2025). *Assessing the World Bank's progress on just energy transition.*

159 Recourse et al. (2024). *De-risking for climate? A closer look at the MIGA-supported investments on energy projects.*

160 Recourse (2023), *Slipping through the net: Paris alignment and the missed opportunity for MDBs to stop funding fossil fuels,* Recourse (2024): *Coal for climate? How Multilateral Development Banks risk financing captive coal expansion.*

161 Bretton Woods Project (2024). *Gambling with the planet's future? World Bank Development Policy Finance, 'green' conditionality, and the push for a private-led energy transition.*

162 Bretton Woods Project (2024). *Year one of World Bank Paris Agreement alignment in the energy sector: 'green conditionality' dwarfs green investments.*

163 Alternative Law Collective & Recourse (2023). *New report shows that IMF and WBG's policy support is undermining climate and development goals in developing countries.*

164 The Big Shift Global (2024). *MDBs cannot be climate bankers while still being fossil fuel bankers.*

165 Recourse (2024). *A safe pair of hands? How the multilateral development banks fail to live up to expectations on climate finance.*

166 Recourse (2024). *Powering progress? The World Bank's role in delivering equitable and sustainable energy solutions through IDA21.*

167 Bretton Woods Project et al. (2023). *Civil Society calls for rethink of World Bank's 'evolution roadmap'.*

168 Germanwatch (2025). *Access for whom? World Bank's Mission 300 risks prioritising profits over people at Africa Energy Summit*

169 Recourse (2024). *The Big Bank Theory? Why MDBs need to rethink what it means to be "Bigger, Bolder and Better" development banks*

170 Informal arrangement in international finance where MDBs are prioritised over other borrowers in the event of debt distress.

171 BU GDP (2023). *Multilateral Development Banks Need to be Involved in Debt Relief Efforts – Here's How It Would Work.*

172 Recourse (2024). *The Big Bank Theory?,* p. 3; World Bank (2024). *International debt report.*

173 With Einstein-ian elegance, WBG President Banga's March 2025 op-ed *admitted* that the attempt to mobilise "trillions" of private finance over the last decade has failed, to which his proposed solution is doubling down on the same.

174 Bretton Woods Project et al. (2023). *Civil Society calls for rethink of World Bank's 'evolution roadmap'.*

175 Recourse (2024). *The Big Bank Theory? Why MDBs need to rethink what it means to be "Bigger, Bolder and Better" development banks*

176 Recourse et al. (2024). *Banking on Renewables criteria for public investment in renewable energy.*

177 See the qualitative elements in Climate Action Network (2024) *NCQG Submission.*

178 Recourse (2024). *Statement: CSOs call on the IFC to provide remedy for harm.*

179 Hickel (2020). *Quantifying national responsibility for climate breakdown: an equality-based attribution approach for carbon dioxide emissions in excess of the planetary boundary.* The Lancet Planetary Health, Vol 4, Issue 9.

180 Eurodad (2025). *200+ CSOs and individuals urge European leaders to commit to 'transformative agenda' at FfD4.*

181 In particular since the UN General Assembly and UN Human Rights Council have already passed various resolutions on issues pertaining to FfD, which are conveniently ignored in favour of decisions made in highly inequitable fora like the G20 and IMF.

182 Such as the three UN conventions that resulted from the 1992 Earth Summit, including the UNFCCC.

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