



ECOSOC Forum on Financing for Development (FfD4)

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Mariana Paoli, Christian Aid, on behalf of the CS FfD Mechanism Intervention delivered at the Topic 2: The WBG's Contribution to Financing for Development Agenda Reducing poverty and promoting sustainable development

Addressing the climate, biodiversity, and ecological integrity crises requires decisive global action. It also demands a fundamental shift in financial flows from the Global North to the Global South, an expansion of fiscal space, and the provision of large-scale public grants to meet the needs of impacted communities and enable a just transition. That is why a reform of the International Financial Architecture is urgently needed—this reform must address these cross-cutting issues in every chapter of the FfD4 outcomes.

The Bretton Woods Institutions (BWIs) must undergo substantial reform before taking on a larger role in climate finance.

First, their financing models are rooted in the failed "private sector-first" approach. Even Ajay Banga recently admitted that the "Billions to Trillions" agenda has failed. Leveraging, de-risking, and guarantees can divert valuable public resources, while private finance remains insufficient and limited for mitigation. It often neglects adaptation and is wholly inadequate for addressing loss and damage. Prioritizing profits over people's needs will not solve the climate crisis.

Second, the governance of these institutions is largely dominated by developed countries. Climate finance that truly meets the needs of communities in the Global South must be delivered through more democratic mechanisms—ones that allow for greater voice and participation by developing countries.

Third, these institutions continue to spend billions funding fossil fuels, undermining the Paris Agreement and promoting false solutions such as gas as a "transition fuel."

To truly address the crisis, the principles of equity, justice, and Common But Differentiated Responsibilities (CBDR) must be upheld. Climate finance must be new, additional, and primarily in the form of grant-based, highly concessional, and non-debt-creating instruments. It should be free of conditionalities and must not increase the debt burden of developing countries.

The United Nations must reclaim leadership on the climate finance agenda and ensure it is integrated comprehensively and cross-sectorally into a wide-ranging reform of the International Economic and Financial Architecture. The time to act is now—at the FfD4 Conference.