PARIS PACT FOR PEOPLE & THE PLANET

4P PROGRESS REPORT

IMF/WORLD BANK SPRING MEETINGS

April 2024

A reform of the international financing system is urgently needed to put the SDGs back on track

- The combined effects of the COVID-19 pandemic, conflicts, climate change and natural disasters have led us today in a world where poverty and inequality are rising and where progress on the Sustainable Development Goals (SDGs) is off track.

- The annual investment gap for achieving the SDGs has significantly increased, reaching USD 4.2 trillion[1] after the COVID-19 pandemic. To achieve carbon neutrality by 2050 global investments in clean energy will need to triple on a global scale and USD 2.2 to 2.8 trillion annually will be needed for energy and climate transition in emerging and developing countries.[2]

- In the meantime, rising inflation and interest rates, unsustainable debt burdens, trade tensions, and other external shocks have significantly reduced countries fiscal space.

- The UN SDG report 2023 sums up the road ahead as follows[3]:
  - tackle the high cost of debt and rising risks of debt distress;
  - massively scale-up affordable long-term financing for development;
  - expand contingency financing to all countries in need.

This context calls more than ever for closer multilateral cooperation to address the joint challenges faced by the international community, to rebuild trust and to deliver results for our people and planet.

1. UN trade & development. SDG investment is growing, but too slowly: The investment gap is now $4 trillion, up from $2.5 in 2015. unctad.org

2. Scaling up Private Finance for Clean Energy in Emerging and Developing Economies (IEA – IFC, 2023)

3. The Sustainable Development Goals Report 2023: Special Edition

At the midpoint on our way to 2030, the Sustainable Development Goals are under threat

50%
of SDG targets are moderately or severely off track

over 30%
have either seen no movement or regressed below the 2015 baseline

Urgent need to reduce global greenhouse gas emission[4]

43% emissions reduction
needed to be on the 1.5°C pathway

0,3% emissions reduction
forecasted according to current climate pledges of 193 Parties under the Paris Agreement

Debt vulnerabilities ahead[5]

50%
of low-income countries are at high risk of debt distressor already in debt distress[6]

USD 443.5 billion
of expenditure of developing countries on servicing their external public and publicly guaranteed (PPG) debt in 2022

4. The Sustainable Development Goals Report 2023: Special Edition

5. Developing Countries Paid Record $443.5 Billion on Public Debt in 2022 (Press release dec. 2024, worldbank.org)

6. List of LIC DSAs for PRGT – Eligible Countries (Feb 2024, imf.org). DSA as at end February 2024,9 countries in debt distress. 25 countries at high risk of debt distress, which indicates a 15-25%chance of a country experiencing liquidity or solvency challenges over the next 5 years.

The 4P: working together to deliver on our shared ambition

Urgent progress is needed to reforming the international financial architecture to make it fit for today's challenges and expedite progress towards meeting the SDGs. The global financial architecture needs to be transformed to ensure it delivers effectively and fairly for everyone and works for people, planet, and prosperity.

At the Summit for a New Global Financing Pact hosted by French President Emmanuel Macron in June 2023, world leaders recognised these challenges and established the **Paris Pact for People and the Planet (4P)** as a new way of working together for the renewal of the international financing architecture and to achieve greater ambition to close the Sustainable Development Goals financing gap.

The 4P now gathers 52 countries, from across all continents and income levels. It represents a new voice, **a community of countries** determined to work together around a shared agenda in a spirit of inclusiveness as **global driving forces for positive change**.

The **4P** is founded on 4 principles that emerged from this Summit to guide our efforts for a renewal of the international financing architecture:

1. No country should have to choose between fighting poverty and saving the planet;
2. Every country adopts its own transition strategy, taking into account its needs and its constraints when it comes to achieving the Paris agreement target;
3. We need a financial boost and more resources to assist vulnerable economies in helping their population out of poverty, while protecting the planet;
4. The international financial system must be more efficient, and the role of private capital is key.

The 4P offers **an inclusive platform** where participating countries can discuss and forge a strategic agenda, helping to ensure that the negotiations and discussions in other relevant fora – such as COPs, MDB and IMF boards, G7, G20, etc. – converge to deliver a unified agenda for development, climate and nature, in line with the 4P principles.

The 4P is a unique space connecting countries from across regions and across income levels to deliver on a positive agenda; a space **to engage in dialogue** and advance a political agenda so that results can prevail over fragmentation.

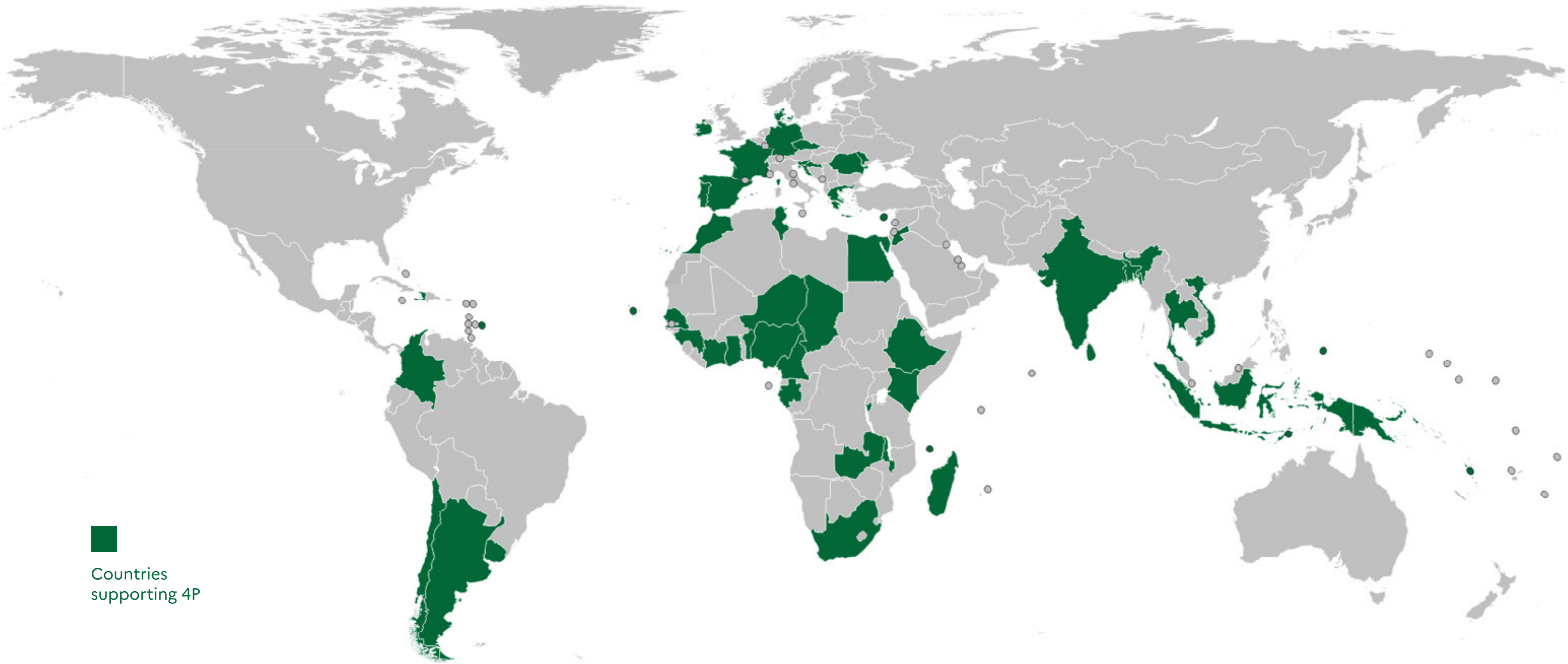
Through the 4P, countries **connect and boost current initiative**s and promote new ones, **identifying areas where an extra push is needed to achieve greater ambition**. Each country can bring innovative solutions and use the 4P as a "**matching place**" to find partners willing to engage and move these forwards.

The 4P is an amplifier of messages, a new voice that cuts across geographies and income levels to keep the momentum high on a shared agenda that links together the various tracks of the international financing architecture reform agenda. It showcases progress and identifies gaps in the efforts of the international community. It allows to elevate the efforts of individual countries and their initiatives, helping to coalesce more support and grow their inclusiveness.

A platform at the service of its members

- An **inclusive platform**, where countries are driving forces of positive change, driving higher ambition on the reform of the international financial architecture.
- A **matching place** to find partners willing to engage in initiatives and innovative solutions and scale them up.
- An **amplifier of messages** allowing to showcase progress across different tracks of the international financial architecture reform agenda.

United in diversity to drive change



Argentina, Bangladesh, Barbados, Benin, Burundi, Cape Verde, Cameroon, Chad, Chile, Comoros, Colombia, Côte d'Ivoire, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Ethiopia, Gabon, Germany, Ghana, Greece, Guinea, Haiti, India, Ireland, Indonesia, Jamaica, Jordan, Kenya, Madagascar, Malawi, Moldova, Morocco, Niger, Nigeria, Palau, Papua New Guinea, Portugal, Romania, Senegal, Slovenia, South Africa, Spain, Sri Lanka, Thailand, Timor Leste, Tunisia, Uruguay, Vanuatu, Vietnam, Zambia.

Support for the 4P continues to grow. At present, **52 countries work together** through the 4P around a shared agenda in a spirit of inclusiveness. They come from all continents and income levels, they include industrialized, emerging or developing countries, large countries or small island states threatened by climate change.

The 4P supports and works in synergy with initiatives led by numerous partners:

- **Barbados**, with the Bridgetown initiative;
- **Brazil**, with the 2024 G20 presidency, followed by **South Africa** in 2025;
- **Italy,** with the 2024 G7 presidency, followed by **Canada** in 2025;
- **Spain**, with the 4th International Conference on financing for development in 2025;
- **Indonesia**, with the Global Blended Finance Alliance;
- **Kenya**, with the International Taxation Taskforce;
- **Colombia**, with the Global expert review on debt, nature and climate;
- **United Kingdom**, with the Call to action on Climate Resilience Debt Clauses;
- **Germany**, with the Hamburg Sustainability Conference;
- **The European Commission**, with the Global Green Bond Initiative and High Level Expert Group on Sustainable Finance.

Spotlighting main progress since COP28

Key achievements since COP28

- ☑ Pledges of SDR channelling or equivalent contributions from 31 countries amount to USD 108.7 billion
- ☑ Launch of the work and constitution of the Expert Group of the Taskforce on International Taxation
- ☑ Launch of the work on the G20 Roadmap for a better, bigger and more effective system of MDBs

Delivering results for people and the planet: our action plan

The 4P helps to provide a consolidated overview of the progress across the pillars of the international financing architecture agenda. It helps to structure coalitions that contribute to raise the ambition and accelerate progress on each pillar.

4P Coalitions

Mobilizing more funding		
Optimizing existing financing	**Innovating financing**	**Private financing**
SDRs mobilization, and re-channeling through MDBs *(currently being established)*	**International Taxation Taskforce** *Co-chaired by Kenya, France, Barbados. Secretariat hosted by the European Climate Foundation* **Global roadmap on biodiversity credits** *Co-chaired by France and the UK* **Call to action for Paris aligned carbon markets** *Co-led by EU Commission, Spain and France* **Global green bond initiative** *Leaded by the European Commission*	**Global Shield against Climate Risks** *Leaded by Germany* **Global blended finance alliance** *Launched by Indonesia* **OECD Private financing taskforce** *(currently being established)*

Accelerating progress on debt	
Debt, climate and nature	
Climate Resilient Debt Clauses (CRDCs) *A Call to action from the UK, France, Barbados, Ghana, the US, Canada and Spain*	**Global expert review on debt, nature, and climate** *Co-chaired by Colombia, Kenya, France and Germany*

Other reform tracks and initiatives relevant to 4P

Follow-up on IFI reforms for ambitious and at scale implementation		
Better/bolder bank	**Bigger bank**	**Governance**
Convert operating models to support transformational investments and better mobilise the private sector	Increase financing at affordable cost at scale	Achieving better representation and shared responsibility

Support other operational initiatives	
Sustainable infrastructure (FAST Infra Group, FAST Infra Label methodology)	**Strengthen and generalize JETPs**

Better tailoring the financing system to development and climate needs		
A new approach to financing development	**Alleviate debt vulnerabilities**	**Better mobilize the private sector**
Taking better account of vulnerabilities (such as climate vulnerability in debt sustainability analyses) **Leveraging ODA through mutually beneficial partnerships** **Enhance domestic resources mobilization** (Addis Tax Initiative)	**Advancing and improving the G20 Common Framework on debt treatments** **Debt for nature swaps**	Addressing bottlenecks **for greater alignment and mobilization of private capital** **Currency risk hedging**

Special focus on selected coalitions under the 4P

Climate Resilience Debt Clauses (CRDCs)

- **Goal**: a Call to action from the UK, France, Barbados, Ghana, the US, Canada and Spain for bilateral, multilateral and private sector creditors to integrate Climate-Resilient Debt Clauses by the end of 2025. These clauses suspend debt repayments in the event of severe climate-induced or natural disasters, creating fiscal space for borrowing nations.
- **Progress**: UK Export Finance (UKEF) has reached agreement to add CRDCs to its new and existing loan agreements with Senegal and Guyana and is in discussions with 10 more countries. The French Treasury was the first sovereign lender to integrate these clauses into its direct bilateral lending agreements in 2022. Canada announced it will offer CRDCs in all new sovereign lending moving forward. The Inter-American Development Bank already offers CRDCs. The World Bank Group has extended its CRDC pilot to include both new and existing loans in eligible countries borrowing from IDA and IBRD in the cases of earthquakes and tropical cyclones/hurricanes, and is considering other potential triggers. The European Investment Bank and the European Bank for Reconstruction and Development are working to include CRDCs in the finance contracts of the most vulnerable countries affected by climate and natural hazards.

International Taxation Taskforce for development and climate action (ITTF)

- **Goal**: a global conversation launched on taxation options that have already been implemented in some countries or that have gathered momentum such as levy on maritime shipping, on aviation and fossil fuel trade and/or production, financial transaction tax, international carbon price, to generate **additional financial resources allocated to sustainable development**.
- **Progress**: a governance established to help structure and advance the work of the taskforce, led by Kenya, Barbados and France and implemented by the European Climate Foundation.
- **Members**: Kenya, Barbados, France, Spain, Marshall Islands, Antigua and Barbuda, Colombia, Brazil, EU Commission (observer).

Global Emerging Markets Risk Database (GEMs) Consortium

- **Announcement**: in March 25, 2024 the Global Emerging Markets Risk Database (GEMs) Consortium **has published for the first time the recovery rates of investments with private and sub-sovereign borrowers in emerging markets and developing economies** (EMDEs) for the period 1994-2022.
- **Progress**:
  › **Statistics collected from the group of 19 multilateral development banks and development finance institutions** that are members of the GEMs Consortium and are **available online for free** on the GEMs website.

  › **The World Bank announced published more of its proprietary data**, including on debt defaults, to attract more private sector investment to developing countries.

The Global Green Bond Initiative (GGBI)

- **Goal**: attracting private capital from international and domestic institutional investors in sustainable investments in Low and Middle Income countries (LMICs), by promoting local green bond markets through **a three-pillar initiative**, consisting of (i) a de-risked investment fund that will act as anchor investor in green bonds issued in LMICs, (ii) a capacity-building and technical assistance programme to support green bond issuers, and (iii) a Green Coupon Facility to provide subsidies to green bond issuers that are facing prohibitive costs of servicing their debt, in specific cases.
- **Participants**: deployed by a coalition of European Member States, European Development Finance Institutions, Multilateral Development Banks and the Green Climate Fund, under the joint steer of the European Commission and European Investment Bank.
- **Progress**: the GGBI initiative is in the process of being set up. Current public investment commitments amount to close to EUR 1 billion, which should in turn enable to attract additional private capital. The estimated total impact on the ground will be EUR 15-20 billion of sustainable investments.

Key milestones in 2024-25

The year 2024 will be pivotal to continue to garner strong political support, further the inclusivity of the initiative, and make concrete progress on the implementation of relevant initiatives.

The 4P will be present at key international milestones to speak with one voice and support progress, as well as to communicate on the achievements of relevant 4P coalitions. Individual 4P countries are also taking the lead in several event in 2024, which the 4P countries will support, helping to coalesce support and grow inclusivity.

- World Bank and IMF Spring meetings, Washington (USA) 15-21 April 2024
- UN Financing for Development Forum, 22-25 April 2024
- 4th International Conference on Small Island Developing States (SIDS4) 27-30 May 2024
- G7 Summit, Puglia (Italy) 13-15 June 2024
- 80 years of the Bretton Woods Conference July 2024
- UN High-level Political Forum on Sustainable Development (HLPF) 8-17 July 2024
- UN Summit for the Future and UNGA, New York (USA) 22-30 September 2024
- Finance in Common Summit, Chengdu (China) October 2024
- World Bank and IMF annual assemblies, Washington (USA) 21-27 October 2024
- COP 16 biodiversity 21 October-1 November 2024
- Hamburg Sustainability Conference 7-8 October 2024
- Paris Peace Forum 11 November 2024
- G20 Summit, Rio (Brazil) 18-19 November 2024
- COP29, Baku (Azerbaijan) November 2024
- IDA 21 replenishment December 2024
- 4th International Conference on financing for development, Spain 2025
- COP 30 Climate, Brazil 2025

4P Special Envoy

An eminent political figure, the Special Envoy represents the 4P and its positive agenda on the international scene, helping to elevate the international standing of the 4P and grow the political traction around its implementation. He engages to broaden the inclusivity of the 4P and the impact of its actions.

The 4P Special Envoy is Macky Sall, former President of Senegal (2012-2024) and a world leader on the reform of the international financing architecture. Besides his presidential role and holding several ministerial-level positions in the Government of Senegal, Macky Sall previously served as the president of the Economic Community of West African States (ECOWAS) and president of the African Union. He was also the Chairman of the Policy Meeting of Heads of State and Government, the governing body of the New Partnership for Africa's Development (NEPAD).

4P Secretariat

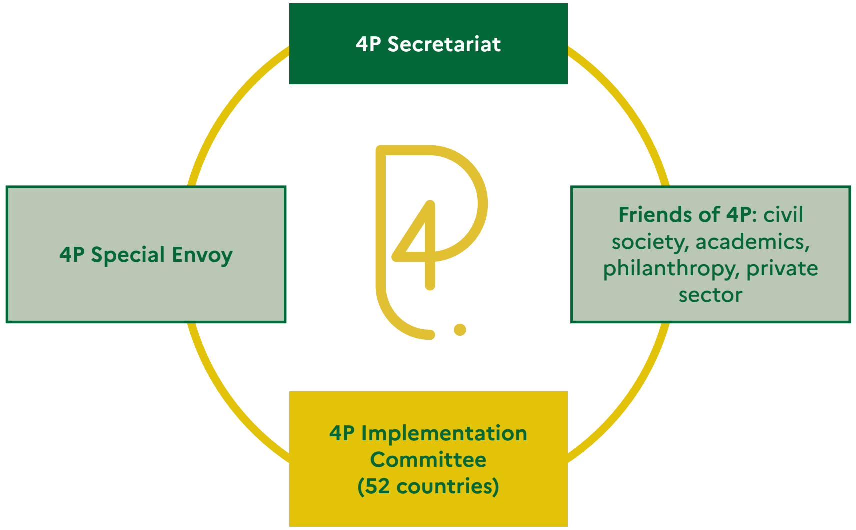
The establishment of a permanent 4P Secretariat is key to keep the momentum high and support stakeholders' mobilisation through dedicated resources and a more structured platform.

The 4P Secretariat acts as a connector across 4P countries, partners and coalition leads to facilitate the definition of the strategic orientation of the 4P and the creation and progress of initiatives.

The 4P Secretariat facilitates information and knowledge sharing across all stakeholders. It tracks progress across 4P coalitions and makes it available to the broader public through monitoring reports and an online dashboard. The 4P Secretariat provides visibility to the achievements of the 4P and promotes 4P activities.

The 4P Secretariat helps identify engagement opportunities and calls 4P meetings, including ahead or during relevant international events, to bring together the voice of the 4P community to these fora.

The 4P Secretariat is hosted in administrative terms at the OECD as an independent entity.



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