



Briefing Paper

Leveraging the Sevilla Commitment in favour of Small Island Developing States



ODI Global



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Key messages

The Forth Financing for Development Conference (FFD4) Conference took place against a backdrop marked by geopolitical tensions, weakening multilateralism, waning donor commitment and declining development finance.

The outcome document was disappointing overall, in view of longstanding ambitions to reform the development finance architecture and create a new settlement that re-energises the Sustainable Development Goals and improves access to finance. But some positive outcomes can be found for Small Island Developing States (SIDS).

Small, incremental wins included statements on the Multidimensional Vulnerability Index (MVI), strengthening assistance for tax capacity and digitalisation of tax administrations, expanding the use of state-contingent clauses and other innovative financing instruments, country ownership and country platforms, and recognition of trade vulnerabilities.

SIDS can leverage new political opportunities related to the agreement to establish a Borrowers' Forum and an inter-governmental process on debt, political support for the SIDS Centre of Excellence and the Debt Sustainability Support Service, and new efforts to assess resilience investment returns.



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Abbreviations and acronyms

ABAS	Antigua and Barbuda Agenda for SIDS
AOSIS	Alliance of Small Island States
DSA	Debt Sustainability Assessment
DSSS	Debt Sustainability Support Service
FFD4	Fourth Financing for Development Conference
IFA	international financial architecture
IFI	international finance institution
LDC	Least Developed Country
LLDC	landlocked developing country
MDB	multilateral development bank
MVI	Multidimensional Vulnerability Index
ODA	Official Development Assistance
SDRs	Special Drawing Rights
SIDS	Small Island Developing States
SMEs	small and medium-sized enterprises
SPA	Sevilla Platform for Action
UNFCCC	United Nations Framework Convention on Climate Change

1 Introduction

The Fourth Financing for Development Conference (FFD4) in Sevilla, Spain in July 2025 concluded with the ‘Sevilla Commitment’ outcome document (United Nations, 2025). While negotiations took place against a difficult political and economic backdrop – characterised by high and rising debt, cuts to foreign aid, new protectionist trade measures by the United States, the intensifying impacts of climate change and threats to multilateral cooperation – many Member States viewed the outcome fairly positively as a reaffirmation of a commitment to renewed multilateral ambition amid increasing geopolitical fragmentation.

Beyond the official document, FFD4 also launched the Sevilla Platform for Action (SPA), a mechanism to translate commitments into tangible solutions. Over 150 initiatives were launched across a range of themes, including debt, climate resilience, new technical assistance programmes and more, signalling an intention to drive coordination and impact even within a wider international political environment that remains challenging overall.

For Small Island Developing States (SIDS), the Sevilla Commitment focused on some of the specific issues and challenges facing them. It included calls for the operationalisation of the SIDS Centre of Excellence, the SIDS Debt Sustainability Support Service (DSSS), the Island Investment Forum and SIDS data hub; for international institutions to consider using the Multidimensional Vulnerability Index (MVI); and for improved trade capacity and market access for SIDS. The inclusion of ocean finance for the first time is also critical for SIDS and marks strong recognition of the ocean’s central role in sustainable development. The Sevilla Commitment also included explicit support for the implementation of the Antigua and Barbuda Agenda for SIDS (ABAS) (UN, 2024).

However, as discussed in a previous RESI Briefing Paper, SIDS have been hit hard by changes in the global economy since the Addis Ababa Action Agenda – the so-called ‘polycrisis’, accelerating climate change and the intensifying debt crisis – because of their outsized vulnerability to exogenous shocks (Bishop et al., 2025). SIDS therefore needed an ambitious agreement.

Ahead of FFD4, the Alliance of Small Island States (AOSIS) and many SIDS engaged constructively to share views and make inputs that would ensure their unique challenges and priorities would be comprehensively addressed. Some submissions emerged from a workshop hosted by the SIDS Unit and the Financing for Sustainable Development Office of the United Nations Department of Economic and Social Affairs on 9–10 December 2024 (UN DESA, 2024), which brought together experts from SIDS’ capitals and Permanent Missions. Others reflected longstanding views of SIDS articulated in multiple international forums and processes, including most recently the process to negotiate ABAS.

Key SIDS positions included:

- **ABAS integration:** ensure the Antigua and Barbuda Agenda for SIDS is mainstreamed throughout the outcome document and aligned with monitoring frameworks.
- **Development finance:** establish dedicated mechanisms to address debt and systemic risks; expand concessional finance for social, economic and climate needs; and reinforce climate finance additionality.
- **Financial architecture reform:** increase SIDS and Least Developed Country (LDC) representation in international finance institutions (IFIs); reform credit rating agencies' methodologies; and create more effective sovereign debt relief mechanisms.
- **Development cooperation:** integrate the MVI across all action areas; ensure strong country ownership and leadership in development assistance, along with enhanced donor coordination and harmonisation.
- **Debt sustainability:** advance the SIDS-led DSSS; expand debt swaps, climate-resilient debt clauses and other innovative debt mechanisms; and provide technical assistance on credit ratings.
- **International trade:** remove barriers such as blacklisting and protectionism; support economic diversification, value addition, digitisation, e-commerce and the creative economy.
- **Private sector finance:** reverse the decline in correspondent banking relationships; tailor support to small and medium-sized enterprises (SMEs) and entrepreneurs given their small scale and remoteness; and advance ABAS proposals on private finance.

SIDS emphasised throughout the FFD4 process that any outcome must not renege, rewrite or dilute the principles, commitments and decisions already agreed in existing legal frameworks, including the United Nations Framework Convention on Climate Change (UNFCCC) and Paris Agreement (AOSIS, 2025). Article 9 of the Paris Agreement, for example, outlines specific obligations and provisions concerning climate finance and international cooperation; and SIDS warned against efforts by some to renegotiate and reinterpret existing obligations, particularly concerning climate finance (Klingebiel et al., 2025: 34).

This paper explores these themes by examining the views and inputs of SIDS as they approached the FFD4 Conference and compares these priority issues and demands to the outcome document, before proposing areas where SIDS can collectively concentrate efforts to leverage the document in their favour and ensure effective implementation of key priority areas.

2 SIDS positions and FFD4 outcomes

This section assesses SIDS' submissions to the FFD4 negotiations, highlighting positions that were priorities for AOSIS coordination and comparing these to relevant sections of the outcome document to assess where and to what extent SIDS' demands landed.

2.1 Domestic resource mobilisation

SIDS' priorities

Domestic resource mobilisation was not the main focus area of SIDS' inputs to the negotiations. However, SIDS did acknowledge the importance of complementing external support with stronger domestic revenue efforts. SIDS submissions focused on the need for assistance to: (1) broaden their domestic tax base and enforce tax measures, (2) diversify their economies and improve productivity to increase gross domestic product (GDP), and (3) strengthen international taxation governance in ways that will increase local tax revenues. AOSIS highlighted the SIDS Centre of Excellence as an initiative that needed support for its full establishment and operationalisation.

FFD4 outcomes

While some of these priorities were reflected in the FFD4 outcome document, many commitments were framed for developing countries in a broader sense without distinguishing the unique circumstances of SIDS. The text leaned toward aspirational statements of support rather than concrete, targeted commitments. Specifically, SIDS requested:

- support to enhance the capacity of tax administrations and undertake tax reforms to improve compliance
- support for SIDS' efforts for improved governance and coordination among key economic sectors to foster economic diversification
- assistance to strengthen public financial management, generate efficiencies and channel more resources toward priority areas
- stronger international tax cooperation to tackle tax avoidance and illicit financial flows that deprive SIDS of vital revenues
- support for the development of the SIDS Centre of Excellence, which will promote economic diversification through knowledge and innovation, and for digital transformation that will increase domestic revenue growth through economic development.

The Sevilla Commitment acknowledges that existing international tax rules often do not respond to the diverse needs, priorities and capacities of developing countries, including SIDS. It concedes that an increasingly digitalised and globalised economy requires inclusive

and effective international cooperation on taxation, and that improved domestic capacity for revenue collection is critical to enhance domestic public resources. Paragraph 27(a) commits to ‘strengthen tax systems and ensure transparency and accountability in public financial management, taking a whole-of-government approach.’

Countries are encouraged to broaden their tax bases and integrate the informal sector into the formal economy as well as focus on undeclared income and wealth (paragraph 27(d)). This implies investing in technology and innovation, including digitalisation, while reducing the cost of compliance. Paragraph 27(f) encourages taxation of natural resources in ways that optimise domestic revenues, including the option to apply fossil fuel windfall taxes. This however is more an international taxation measure than a domestic resource mobilisation one, given that very few SIDS have valuable fossil fuel resources.

The outcome document commits countries ‘to enhance support to developing countries for country-led efforts to modernize revenue administration, especially digitalization, investment in information technology systems, improvements in revenue data and statistics, and use of artificial intelligence’ (paragraph 27(l)). SIDS can benefit significantly from this new commitment, which received more attention than in previous Financing for Development outcomes, and is a fast-changing area which SIDS need to harness.

Various other paragraphs set out measures to promote effective tax systems that stem tax avoidance and evasion, and the need for international cooperation to support this (e.g. paragraph 26(e)).

The Sevilla Commitment outlines intentions to ‘scale up demand-based institutional, technological and human capacity-building support to developing countries for fiscal systems and domestic resource mobilization’ and commits to supporting developing countries to modernise revenue administrations, especially through digitalisation, investments in information and communications technology, data and statistics, and the use of artificial intelligence (paragraphs 27(k and l)). It commits to providing support to countries to strengthen domestic revenue mobilisation and calls upon development partners to double their support in this area by 2030. While this was specifically requested by SIDS, this commitment is directed to developing countries more broadly. It reflects a strong commitment from the donor community to scaling support for this area.

In line with SIDS’ request for international tax cooperation, paragraph 28(a) commits to ensuring that international tax cooperation is fully inclusive and effective and beneficial to all. It notes that the specific challenges of developing countries will be considered in international tax cooperation. However, SIDS concerns are usually distinct from those of the wider developing country category. This paragraph speaks to the request of AOSIS for a consultative approach to international tax cooperation at a broad level. Paragraph 28(h) notes that countries will ‘provide developing countries with demand-based technical assistance and capacity building programmes to ensure that they benefit from international tax cooperation’.

Paragraph 28(e) indicates that countries will make sure that ‘all companies, including multinationals, pay taxes to the Governments of countries where economic activity occurs and where value is created’. In stating an ambition to ‘overcome the substantial and persistent challenges for effectively combating illicit financial flows’, paragraph 29 commits parties to effectively regulate professional service providers at the national level, and to enhance international cooperation to curb illicit financial flows (29(a)). Countries commit to building on existing standards and promoting global discussions on standardising regulatory regimes of professional service providers involved in illicit financial flows. This represents the first time that professional service providers (so-called ‘enablers’ of illicit financial flows) are mentioned in a FFD outcome document, and represents an acknowledge that the wider ‘ecosystem’ of actors needs to be tackled in order to effectively address the challenge of illicit financial flows.

In line with SIDS’ requests for support with their development banks, paragraph 30(a) commits to providing ‘support to countries without development banks to establish such institutions to address local and national development challenges.’ Paragraph 30(b) encourages multilateral development banks (MDBs) and other development partners to ‘enhance financial and technical support to national public banks in their efforts to provide long-term low-cost financing to invest in sustainable development.’

2.2 Private finance

SIDS’ priorities

Few SIDS focused on private finance in their interventions throughout the FFD4 negotiations. Nevertheless, a few key issues were raised, and are of importance to strengthening private investment in SIDS:

- the need to address the sharp decline in correspondent banking relationships
- the need to facilitate the implementation of innovative financing mechanisms which leverage private finance
- a call for the development of regional fintech platforms to expand digital financial services, including mobile banking and remittances to expand financial inclusion
- the need for enhanced support to leverage private finance to scale sustainable and resilient infrastructure projects
- a call to establish a global blended concessional finance hub for SIDS/LDCs.

FFD4 outcomes

The Sevilla Commitment commits to supporting demand-driven technical assistance for domestic financial sector development, particularly for countries in special situations. Similarly, there is a commitment to increase support for developing countries to build human and institutional capacity to originate and prepare sustainable and resilient infrastructure projects, including for

public-private projects. Pacific SIDS in particular had raised this issue, so this commitment can be seen as helpful for SIDS, especially since it also references increased support for vulnerability assessments in infrastructure projects. There is also a commitment to support developing countries as a whole attract investment in sustainable and modern energy for all – investment which SIDS will need to advocate for to secure their fair share.

The outcome document commits to ‘redouble efforts’ to reduce remittance costs to less than 3% of amounts transferred by 2030. This represents one of the few concrete and measurable targets within the outcome document that can be tracked and reported on over the next few years. This commitment could therefore be helpful to SIDS given the importance of remittances.

Some SIDS have faced a significant decline in correspondent banking relationships, leading to concerns about their access to the global financial system and being cut off from international banking services. The Sevilla Commitment calls on relevant institutions to support correspondent banking relationships through technical assistance, capacity-building and increased digitalisation for developing countries, especially SIDS. Though there are no concrete targets, this represents an important acknowledgement of the challenge and can be used by SIDS to leverage any required technical and political support from partners.

The Sevilla Commitment also calls for support for SIDS’ efforts to establish a SIDS Centre of Excellence. Specifically, it: ‘welcomes and calls for support for the efforts of small island developing States in establishing the Small Island Developing States Centre of Excellence, which will include, inter alia, a biennial Island Investment Forum’ (paragraph 33(b)). While there were no pledges of financial support, this nevertheless signals political commitment to the initiative. This can be leveraged by SIDS to help operationalise the Centre.

While some SIDS had called for a blended concessional finance hub for SIDS/LDCs and specific tailored support to SMEs and entrepreneurs in view of their small scale and remoteness (UN DESA, 2024), there was no explicit mention of dedicated global or regional funds for SMEs and entrepreneurship in SIDS and LDCs.

The outcome document focuses much of its attention on blended finance, with commitments to increase the ratio of private finance via guarantees, first-loss capital and other instruments. It also signals an intent to strengthen efforts to facilitate diaspora investment, which may be of interest and relevance to SIDS. The track record on both blended finance and diaspora initiatives has been quite poor, however, and private capital’s contributions to blended finance remain marginal. Blended finance also has not delivered for the poorest and most vulnerable people and places, including SIDS, many of which remain understandably cautious.

2.3 International development cooperation and development effectiveness

SIDS' priorities

International development cooperation was one of the most important areas of advocacy for SIDS. In the run-up to the conference, SIDS advanced several key points.

The first was that multidimensional vulnerability must be taken seriously: development cooperation should recognise small size, remoteness, high costs and vulnerability and not just income. These characteristics should determine eligibility, financing terms and programme design in meaningful ways, with greater integration of vulnerability indicators to guide eligibility and graduation from Official Development Assistance (ODA). The Pacific SIDS' coordinated FFD4 statement demanded 'the formal integration of the Multidimensional Vulnerability Index (MVI) into criteria for eligibility and access to finance'. At FFD4, the Pacific Islands Forum Chair recognised the role of the MVI 'in informing more equitable access to concessional finance' and that MDB reform 'must prioritise SIDS' needs and significantly increase access to grant-based and concessional finance'. AOSIS noted:

The MVI is not about favouring SIDS. It is about getting the rules right so that the system values context, complexity, and risk... SIDS demand a seat; not as observers, but as equal partners and architects of a financial system that governs all our futures.

Grants and concessional flows for resilience should be scaled up, with lower transaction costs and far greater flexibility in crises. The Caribbean Community PrepCom statement noted that FFD4 should deliver on the ABAS and called for 'increased and more predictable climate finance, which should be separate from development finance'.

A key SIDS demand has been to maintain a clear separation between development finance and climate finance, arguing strongly that the former cannot be traded off against the latter.

At the same time, AOSIS noted that it should not be a core negotiating objective in Sevilla. Rather, the UNFCCC is the more appropriate place to deal with climate finance issues, and the FFD4 process should not dilute, renege on or renegotiate COP decisions. The main focus for FFD4 negotiations was therefore holding the line on a strong defence of development finance.

For SIDS, development assistance should also be country-driven, aligned with national priorities, avoiding arduous donor conditionalities, and strengthening domestic systems.

Donors should streamline procedures, coordinate more effectively, ensure accountability, and deliver technical assistance that not only builds local capacity, but reduces arduous application and compliance burdens. Tuvalu proposed FFD4:

streamline and simplify application requirements from donor countries and financial institutions to enable ease accessing the much needed financial support.

Private finance must complement, not replace, concessional flows; safeguards are needed to avoid hidden liabilities or added debt risks and servicing costs (FFD4 workshop for SIDS):

Private finance cannot be called for in the same way as public finance and will not diminish the need for international public finance to support domestic revenue mobilization and key investments for long-term sustainable development in SIDS.

Most of the demands made by SIDS were honoured to some degree, but primarily at the rhetorical level rather than in terms of substance. Elsewhere, more contentious or difficult issues – many of which would have been difficult to progress even in a context of more abundant financing and a stronger commitment to development multilateralism – were either watered down in the final version of the outcome document or limited in some way.

FFD4 outcomes

The MVI is referred to a handful of times in the Sevilla Commitment, primarily as a complement to the use of GNI rather than actually challenging the dominance of income measures for Official Development Assistance (ODA) eligibility. Calls to utilise the MVI in the outcome document are therefore rather weak and equivocal, for example (paragraph 38(c)):

We invite international financial institutions, multilateral development banks and international organizations to consider the use of the multidimensional vulnerability index, as a complement to their existing practices and policies, to inform their development cooperation policies and practices.

There is little compulsion, with the MVI mandated or automatically deployed to alleviate distinctive SIDS development challenges. Decisions to use it remain optional and subject to development agency discretion. They are also asked to ‘consider taking into account multidimensional vulnerability’ as regards global safety nets (paragraph 54(b)). Elsewhere, there is some recognition of growing ‘political momentum’ for ‘measuring progress in sustainable

development using metrics that complement or go beyond gross domestic product, including multidimensional vulnerability’, the implication being that it is only one of a number of measures that could be used.

There is also some language in the document regarding graduation (paragraph 38(d)):

We commit to provide support for countries graduating to higher income per capita status, particularly countries that are highly vulnerable to shocks and disasters, to avoid disruptions in development trajectories, including by making efforts to avoid abrupt reductions in concessional and non-concessional official finance.

This is a positive outcome for SIDS. Securing language on graduation with reference to vulnerability represents a victory: previously support had been reserved for graduating LDCs. However, the MVI is not mentioned explicitly here, and these commitments fall short of the demands made by many SIDS in terms of seeing meaningful shifts in eligibility for – and access to – concessional resources.

The FFD4 outcome document offers reasonably strong language on country-led strategies, inclusive national coordination platforms, capacity building, aligning cooperation with national plans, avoiding parallel systems and so on. For example, it notes how ‘reinvigorating the development cooperation architecture’ is necessary to generate ‘a more effective, inclusive, coherent and efficient cooperation and partnership that honours existing commitments, meets and adapts to emerging needs, prioritizes country leadership and local ownership, promotes transparency and mutual accountability, and focuses on sustainable development impact’ (paragraph 35). Elsewhere, there is a commitment to ‘elevate country ownership and leadership... as core principles of effective development cooperation’ in which ‘inclusive partnerships’ are central, with development partners encouraged (paragraph 39(a and b)) to:

(i) respond to country plans and strategies, and commit to multi-year cooperation agreements that provide stable and predictable funding; (ii) strengthen existing national systems rather than establishing parallel systems; and (iii) ensure that all interventions incorporate effective knowledge-sharing, capacity-building and resilience-building to foster self-reliance and make systems shock-responsive.

However, details on how burdens will be reduced (e.g. donor conditionalities, excessive bureaucracy) are vague which, again, is a key challenge for SIDS given their unique capacity constraints in terms of interfacing with those systems.

There is some commitment in the outcome document to reverse reductions in ODA, preserve the concessional character of financing flows, scale up concessional windows, and provide more

support via MDBs. But much of the language remains aspirational, with limited information regarding the envelope of financing available. This is a particular problem for SIDS because, as noted above, greater concessionality (on the basis of vulnerability) is a central demand.

There are also some references to private finance, blended finance, MDBs scaling up local currency lending and so on. But explicit safeguards as demanded – e.g. ensuring that private finance does not crowd out concessional financing, preventing hidden liabilities, ‘ensuring the financial sustainability of multilateral development banks and safeguarding the financial capacity of their concessional windows’ (paragraph 37(f)) – are less strong or more discretionary. The document does not fully enshrine strong protections or guarantees of the kind desired by SIDS.

2.4 International trade

SIDS’ positions

Trade was not a major focus of SIDS’ inputs into the FFD4 negotiations. Nevertheless, SIDS emphasised the need for targeted measures to strengthen trade resilience and promote economic diversification, with most proposals reflecting priorities articulated in the ABAS, including:

- designing trade and investment strategies to consolidate existing market opportunities and foster diversification to reduce vulnerability
- enabling preferential market access in goods and services for SIDS, through trade rules that reflect their special circumstances and improved transparency in the application of such rules
- supporting the establishment of a biennial Island Investment Forum under the SIDS Centre of Excellence, to promote sustainable investment, knowledge exchange, and collaboration
- refraining from unilateral economic, financial or trade measures inconsistent with international law and the UN Charter, which hinder SIDS’ sustainable development.

FFD4 outcomes

The Sevilla Commitment acknowledges that SIDS face ‘unique vulnerabilities’ (paragraph 43(i)) and emphasises the need to enhance their market access and connectivity (paragraph 44(a and h)). Yet, this recognition remains at the level of principle rather than operational detail. AOSIS had requested consideration of trade rules that reflect the special circumstances of SIDS, effectively pushing for a quasi-‘SIDS category’ in trade deliberations. The outcome does not deliver such recognition; instead, it groups SIDS together with LDCs and landlocked developing countries (LLDCs). This overlooks the specificity of SIDS’ challenges, such as small-scale, narrow production bases, remoteness, high transport costs, and climate-driven disruptions.

AOSIS explicitly called for enabling preferential market access in goods and services for SIDS. The outcome document reiterates the need to facilitate market access for LDCs and LLDCs and ‘takes note’ of SIDS’ vulnerabilities (paragraph 43 (h and i)) but does not propose any preferential treatment or tailored mechanisms for SIDS themselves. In practice, this leaves SIDS dependent on general developing-country provisions and on bilateral or regional arrangements, rather than securing multilateral protection of their access.

Both AOSIS and the Sevilla Commitment converge on opposing unilateral economic and trade measures not in line with international law (paragraph 43(p)). However, the recent tariff measures announced by the United States represent a significant departure from this principle, with potentially severe implications for the most vulnerable economies, including SIDS.

Overall, while the FFD4 outcome document acknowledges SIDS’ vulnerabilities and situates them alongside other structurally challenged economies, it stops short of committing to the concrete, tailored treatment that AOSIS initially sought. This probably reflects long-standing dynamics: World Trade Organisation members’ reluctance to create new categories beyond ‘LDC’ and ‘developing country’, the fragmentation of SIDS across different negotiating trade blocs, and the fear of preference erosion by other developing countries.

For SIDS, this means that while they gain rhetorical recognition and remain eligible for aid-for-trade, trade finance and infrastructure initiatives, they do not emerge from FFD4 with new dedicated instruments. The absence of specific commitments on preferential market access or a dedicated investment platform underscores the gap between AOSIS’ aspirations and the consensus outcome. In practice, SIDS will need to continue leveraging regional agreements, climate-finance channels, individual donor partnership agreements and development bank partnerships to compensate for the lack of SIDS-specific mechanisms within the multilateral trade framework. This will inevitably lead to patchier outcomes for SIDS.

In this regard, accelerating SIDS’ regional integration is more crucial than ever, even more so in light of the new tariff measures introduced by the United States. All SIDS currently face significant tariff uncertainty when it comes to trade with the US. While such tariffs are expected to disrupt global trade, their effects will be especially severe for smaller, more vulnerable nations like SIDS, which lack the leverage to shape, absorb or respond effectively to sudden policy shifts. The new US tariffs are therefore likely to compound existing challenges, namely undermining export competitiveness and driving inflationary pressures, particularly in ‘strategic sectors’ such as food. Strengthened regional integration could help SIDS mitigate these adverse effects by creating more policy space, avoiding ‘beggar-thy-neighbour’ approaches, diversifying export markets to offset losses from the US – as other developing countries have done – and reinforcing overall economic stability.

2.5 Debt and debt sustainability

SIDS' positions

With many SIDS heavily indebted and debt sustainability risks on the rise, debt was a major focus of SIDS' contributions to FFD4 negotiations. Many SIDS/AOSIS members pointed out that their debt situation had, in many cases, worsened since the Addis Ababa financing for development conference in 2015 (UN, 2025a). Key priorities and positions articulated by SIDS in the run-up to FFD4 included:

- The need for a new international debt architecture that is development- and rules-oriented, predictable and grounded in equity. SIDS prioritised a UN debt convention and an ambitious sovereign debt workout mechanism to resolve debt difficulties in a fairer, speedier and more predictable manner.
- The need for tailored SIDS-specific tools like the DSSS to protect fiscal space and finance resilience: 'The DSSS is a concrete and innovative mechanism tailored to the realities of SIDS because it is built by SIDS, for SIDS. It would provide predictable, scaled, and responsive support for debt sustainability, with an emphasis on building resilience and preserving fiscal space for sustainable development' (AOSIS, 2025).
- Scalable, tailored, innovative financial instruments that work for SIDS, including debt pause clauses and debt-for-nature and debt-for-climate swap mechanisms.
- Measures to extend automatic debt relief in times of crisis.
- Mechanisms to lower borrowing costs for SIDS.
- Improved methodologies in debt sustainability assessments and sovereign credit ratings.

FFD4 outcomes

The Sevilla Commitment fell short of SIDS' call for a UN debt convention and an ambitious sovereign debt workout mechanism. In its place is a commitment to initiate an intergovernmental process on debt and a new platform for borrower countries. While SIDS expressed disappointment that one of their key priorities could not be agreed, they adopted a pragmatic approach and acknowledged the initiative as a step towards building a sovereign debt architecture that is more inclusive and development oriented. The borrower forum also has the potential to amplify SIDS' voices in debt architecture discussions – provided it is taken forward in a way that is inclusive of SIDS.

The FFD4 outcome document contains a commitment to scale-up capacity-building and technical assistance for debt management. Many SIDS had called for increases in capacity-building in this area, so this commitment is aligned with SIDS' positions. The outcome document also asks the UN Secretary-General to convene a working group tasked with developing a consolidated set

of voluntary guiding principles on responsible sovereign borrowing and lending. The aim is to present proposals to Member States in 2027. All Member States will be invited to contribute to this process.

There is a commitment to promote the use of Climate Resilient Debt Clauses and other innovative debt instruments. The ‘Debt Pause Clause’ Alliance was also launched as a voluntary initiative under the Sevilla Platform for Action, aiming to develop standardised language and common principles to facilitate widespread adoption. Similarly, Spain and the World Bank announced the creation of a ‘Global Hub for Debt Swaps’ which will aim to improve the design and implementation of debt swaps (though there was no formal commitment on debt swaps contained in the outcome document). With SIDS as major advocates and beneficiaries of such approaches, efforts to scale and standardise such mechanisms are clearly of importance to them. It will be important for SIDS to inform the work of such initiatives to ensure that any proposed new norms and standards in these areas reflect their views and priorities.

The Sevilla Commitment calls for the operationalisation of the DSSS under the SIDS Centre of Excellence (paragraph 49(a)), but this signal of political support for the DSSS has not yet translated into concrete pledges of financial support. The DSSS currently lacks certain binding guarantees or detailed implementation plans beyond a high-level political commitment.

The Sevilla Commitment calls on the IMF and World Bank to refine methodologies for Debt Sustainability Assessments (DSAs), including considering multidimensional vulnerabilities and accounting for the positive impact of investments in resilience, productive capacities and nature. These issues have also been repeatedly raised by SIDS, so their inclusion represents a positive step forward. The IMF is currently exploring ways in which investments in climate resilience and nature can be better incorporated into future DSAs. There is an opportunity for SIDS to input into these processes, and in particular ensure that investments in ‘blue’ natural capital and the blue economy are adequately incorporated into revised methodologies (both of which will be important for SIDS). These are not areas of expertise for the IMF so external inputs, data and evidence will be vital.

There is a commitment to take action to address the high debt premium of borrowing countries. Credit ratings agencies are also invited to refine their methodologies. Several other initiatives on sovereign credit ratings were also agreed, including a recurring special high-level meeting on credit ratings to act as a forum for the exchange of perspectives (to take place annually under the United Nations Economic and Social Council). This is an area with significant political momentum, yet most policy discussions have centred on Africa’s cost of borrowing. SIDS will need further data and evidence on their cost of borrowing, including whether there is a potentially unfair ‘SIDS risk premium’ (Hurley et al., 2025) to ensure SIDS borrowing costs and potential policy solutions also feature strongly in international policy discussions.

Overall, as in other policy areas, the emphasis in the Sevilla Commitment is on ‘incremental’ change and improvements to existing debt-related processes and mechanisms rather than wholesale architecture reform.

2.6 International financial architecture and systemic issues

SIDS’ positions

The call for meaningful international financial architecture (IFA) reform is longstanding among many countries of the Global South. FFD4 was seen as an important opportunity to further keep the spotlight on the need for structural reforms that would deliver an international financial architecture that is fit for purpose, and SIDS were key contributors to this wider call. Key priorities and positions articulated by SIDS include:

- A call to strengthen the voice and representation of developing countries in international decision making, norm setting and economic governance to ensure all nations, irrespective of their size or economic status, are able to partake in shared prosperity. SIDS leaned heavily on the positions articulated in the Bridgetown Initiative, which calls for urgent and decisive action to reform the IFA.
- The need for developing countries, particularly SIDS and LDCs, to secure greater influence within the IMF and World Bank, and for the governance structures of these institutions to become more representative.
- The need to strengthen global financial safety nets in the face of greater uncertainty (through mechanisms such as the issuance of Special Drawing Rights (SDRs) and the expansion of contingent financing facilities).

FFD4 outcomes

The Sevilla Commitment acknowledges the need to broaden and enhance the voice and representation of developing countries in international economic and financial institutions. Overall, however, the recommendations for IFA reforms are quite weak, and there is little sign that the FFD4 outcome document will significantly accelerate reform efforts. The IMF and World Bank Boards are ‘invited’ and ‘encouraged’ to review explore options for enhancing voice and representation. There are also commitments to review diversity on the Boards and geographical representation in senior management positions. Unfortunately, the outcome document does not acknowledge or mention the Bridgetown Initiative at all. Following the recent appointment of a sub-Saharan African Chair to the IMF Board, it will be important for SIDS to continue to advocate for, and keep the spotlight on, SIDS’ voice and representation in the IFIs, including to potentially advocate for a SIDS-specific Chair.

There is a commitment to strengthen the global social safety net with the IMF at the centre. The IMF is encouraged to review its precautionary facilities, i.e. explore whether it can strengthen

its pre-emptive arrangements and tools designed to prevent financial crises or mitigate impacts before they fully materialise. This is relevant for SIDS which are frequently buffeted by external shocks. The IMF is also asked to consider a policy for adjusting (reducing or eliminating) surcharges in response to disasters and exogenous shocks, which could also benefit SIDS. While there is little detail, there is also a commitment to ‘expand policy dialogues on mechanisms to protect people’s well-being during shocks’ which could similarly benefit SIDS. On SDRs however, the outcome is likely to disappoint many. There is no real commitment to strengthen the role of SDRs during crises and shocks (the IMF is invited to keep this under review), and countries ‘in a position to do so’ are simply invited to voluntarily re-channel some of their SDRs to developing countries.

Overall, while SIDS highlighted voice, representation and a need to put in place better systems to address shocks and crises, the Sevilla Commitment emphasised incremental reform and strengthening existing financial tools. This is likely to leave SIDS and other countries of the Global South frustrated.

3 What next for SIDS?

The FFD4 process was disappointing overall, both in general and for SIDS specifically. The current geopolitical moment and partial retreat from development support, combined with a broader sense of enduring global economic stagnation – phenomena that feed off and reinforce each other – alongside slow progress on the SDGs since the pandemic, rendered this a difficult development financing round. Although climate is negotiated separately via the UNFCCC – and AOSIS is keen to maintain that separation, both analytically and procedurally for good reason – it is hard to escape the sense that the omnipresent threat of accelerating climate change is dramatically increasing the costs of sustainable development for SIDS and represents an existential threat to many.

3.1 Some small wins

Amid this generally more downbeat picture, a slightly more optimistic set of inferences can perhaps be drawn. When set against ambitious targets, there is no doubt that FFD4 fell well short. But, set against what might have been anticipated immediately before the conference, there were some crucial wins for SIDS – and some potential ‘green shoots’ that could be cultivated. They include the following:

- There were several commitments to significantly scale-up technical assistance, capacity building and knowledge exchange for developing country tax administrations, including SIDS. This can support their modernisation, digitisation (including the use of AI), and improve data collection and statistics. SIDS can leverage this support to increase domestic revenue collection and benefit further from international tax cooperation.
- The MVI: the Sevilla Commitment promotes the use of progress measures beyond GDP (or GNI per capita) and encourages integration of the MVI into development cooperation policies. The SPA establishes a ‘Beyond GDP Alliance and a 4P Roadmap’ to better include multidimensional vulnerability in development efforts. While the use of the MVI is not yet mandated, and evident technical and political barriers to widespread implementation exist, it is also the case that a range of development partners are exploring how to use the MVI and taking seriously its potential value as a diagnostic tool. SIDS have been instrumental in getting the international community this far and need to retain pressure on partners of all kinds to increasingly move towards integration and operationalisation of the tool.
- As noted above, the language on graduation for SIDS that never previously encompassed them was pursued by AOSIS in the negotiations and considered a significant win.

- **State-contingent clauses and innovative debt instruments:** the SPA includes the launch of a global hub for debt swaps at the World Bank and a debt pause clause alliance, directly aligning with calls to scale-up innovative debt instruments and climate-resilient debt clauses. While this falls short of more extensive demands like automatic debt relief in the wake of disasters, it implicitly reinforces the notion that tailored financing approaches for heavily indebted and shock-vulnerable countries are vital.
- **Country ownership and country platforms:** the focus on country-led financing strategies, inclusive national coordination platforms and strengthening capacity building support on public finance and domestic resource mobilisation are all important for SIDS. Although some of these commitments were aspirational and rhetorical, there is evident support for finding ways to avoid duplication and parallel structures while improving country ownership.
- **Recognition of trade vulnerabilities:** the Sevilla Commitment recognises SIDS as having unique vulnerabilities, alongside LDCs and LLDCs, and emphasises the need to enhance market access for goods and services in SIDS. Again, this may also be aspirational in nature for now, but there is a clear sense that SIDS require support in this area.
- **Opposition to unilateral trade measures:** the Sevilla Commitment firmly condemns unilateral economic and trade measures that are inconsistent with international law. Although this may not necessarily prevent harmful practices, it represents an important statement of principle regarding the openness of the global trade system on which SIDS rely disproportionately.

In each of these areas, small and incremental gains have been achieved, and it is up to SIDS and their partners to continue designing policy advocacy strategies to see them extended and expanded. However, there remains a question around accountability: how SIDS and other developing countries can ensure that commitments are implemented and enforced, and by what mechanisms this might be achieved. Advocating concrete targets will be crucial. For example, the commitment to reduce remittance costs to less than 3% of amounts transferred by 2030 is just such a target, and it can be actively tracked by SIDS.

There is also a question around ensuring fair shares: that is, ensuring that any new commitments actively benefit SIDS (e.g. to double support for capacity-building on domestic resource mobilisation).

3.2 Opportunities for building on FFD4

There are a number of opportunities to build on the Sevilla Commitment and SPA, to ensure that aspirational commitments are concretised, or develop advocacy strategies for extending the commitments made. Eight areas of focus – of varying levels of difficulty – include:

1. **Borrowers' forum and intergovernmental process on sovereign debt:** these mechanisms will consider improved approaches to debt management and the resolution of debt distress. SIDS should ensure they have a strong, coordinated voice and are included on equitable terms.

2. **Enhancing the capacity of tax administrations:** SIDS should ensure they benefit from any increased development funding for this area and that this assistance is demand-driven and country-centred, taking into account their unique characteristics.
3. **International tax governance:** SIDS could leverage the commitment to strengthen developing countries' voice and representation in the international tax architecture. Current initiatives to reform international taxation, such as those under the United Nations Framework Convention for International Taxation, present an avenue for SIDS to gain support for their positions.
4. **Blended finance:** as donors continue to focus on blended finance approaches, it will be important for SIDS to ensure that such initiatives, where they take place, are aligned with their policy and societal objectives. SIDS could consider developing a set of 'key principles' for blended finance.
5. **Preferential market access:** while SIDS are acknowledged as a vulnerable group alongside LDCs and LLDCs, the Sevilla Commitment does not specifically recognise the distinct nature of their vulnerabilities, which may differ from those of LDCs and LLDCs and require tailored forms of support. It calls for enhanced market access but does not propose any preferential treatment or dedicated mechanisms for SIDS at the multilateral level.
6. **Island Investment Forum:** the establishment of a biennial Island Investment Forum, envisioned in the ABAS as a dedicated platform to promote investment opportunities and resilience, is only mentioned once in the FFD4 outcome document and only in terms of its reiteration (UN, 2025b; paragraph 33(b)). However, SIDS should continue to pursue its creation and seek financial support for its operationalisation.
7. **Funding for the DSSS:** the DSSS is a key initiative of SIDS which has been endorsed in both the ABAS and Sevilla Commitment. As it is established and its work programme is developed, it is vital for SIDS to secure the requisite financial support for its operation. It also potentially embodies a wider lesson for SIDS diplomacy, in that the careful design, elaboration and advocacy for such mechanisms can provide a template for similar concrete initiatives in other areas.
8. **Return on investments in 'resilience':** the IMF and other stakeholders are asked to look at how DSAs and assessments of sovereign creditworthiness can better consider the positive impacts of investments in growth-enhancing resilient infrastructure, biodiversity and natural capital. There is an opportunity for SIDS to influence this work, and in particular ensure that it accounts for SIDS' specificities (such as investments in 'blue' natural capital). SIDS and their development partners should invest in more research and data to evidence how these investments will positively impact resilience and economic growth.

Each of these action areas will require dedicated attention and advocacy by SIDS and their partners. Some have well defined institutional channels, while others will need to be created. Overall, there are a number of important opportunities for advancing financing for development for SIDS that need to be taken forward while there is some momentum around reform, even if it has not yet delivered the far-reaching structural changes that SIDS wanted.

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