

Global Youth Adaptation Network Calls for Urgent International Financial System Reform

Statement by the Youth Adaptation Network Annex I: More information on the reform agenda:

Why is the reform needed?

- The current international financial system, built on the Bretton Woods system, was **not designed for today's world**, where we are facing multiple crises with far greater **urgency and scale** than the governments and science could have imagined in the 1940s. The system was also not designed with a **rights- and equity-based** approach for sustainable development, especially for the next generations and climate resilience.
- **Available financial resources are insufficient** to implement developing countries' [Nationally Determined Contributions](#) (NDCs), especially for the most vulnerable countries like [Climate Vulnerable Forum](#) members, also recognising that the current NDCs are not sufficient to achieve the Paris Agreement goals. International adaptation finance flows to developing countries are five to ten times below estimated needs, and the gap is widening, as shown by [UNEP](#). Notably, Africa has the youngest population in the world. However, according to the [Climate Policy Initiative](#), the cost of implementing African NDCs will be around \$2.8 trillion between 2020-2030, equivalent to ~93% of Africa's total present annual GDP.
- Existing climate finance **commitments have failed to deliver**, including the [\\$100 billion](#) goal. Even if the current adaptation commitments will be met, including doubling adaptation finance, they will still **fall short to meet the adaptation needs** of at least 50% of all climate finance.

What stakeholders are demanding

In order for the international financial system to fully acknowledge and equitably respond to the scale and urgency of the climate crisis, increasing dire demands for reform have been put forward by various actors:

By Intergovernmental organizations:

- Parties to the UN Climate Change showed their determination by unitedly calling for multilateral development bank (MDB) reform in [COP27's cover decision](#), calling on MDB shareholders to:
 - Redefine MDBs' vision and priorities to adequately address the climate emergency;
 - Substantially scale up climate finance, explore innovative finance, and mobilize private capital;
 - Simplify access to and increase the efficiency of climate finance; and
 - Deploy grants and non-debt instruments, taking into account existing debt burdens.

- From the UN Secretary-General
 - As poverty and hunger rise, developing countries burdened with debt, among other crises, the Secretary-General called for “radical transformation” of the global financial architecture, as one of his [priorities for 2023](#). At the 2023 [Major Economies Forum](#), the Secretary-General also called for the reform to accelerate climate justice.
 - Recently, for the first time, the Secretary-General has presented a comprehensive and bold set of proposals to reform the international financial architecture, through a Our Common Agenda [policy brief](#), calling for:
 - Reform and strengthen global economic governance;
 - Debt relief and cost of borrowing;
 - Massively scale up international public finance;
 - Strengthen global financial safety net;
 - Better regulatory frameworks for private sector;
 - Reform global tax architecture.
- Within the World Bank:
 - The Bank has released a draft of its [Evolution Roadmap](#), which aims to better address the scale of development challenges such as poverty, climate change, prosperity, inequality, conflict and violence, that all affect the Bank’s ability to achieve its mission; and
 - The new [CEO of the World Bank](#) has asked their staff to double down efforts on climate and development.
- Outside of the UN system, IUCN’s [Climate Crisis Commission](#) highlighted that neither climate nor nature goals will be achieved without fundamental reforms of our financial and economic architecture.

By governments:

- Recently, the [G7 Climate, Energy and Environment Ministers](#) and [Commonwealth finance ministers](#) called for the reform of the global financial architecture, including urging the MDBs to systemically reform whilst ensuring transparency and inclusivity.
- [Janet Yellen](#) urged further actions on the World Bank reform in the coming months.
- Barbados’s [Bridgetown Agenda](#) calls on the IMF to:
 - Provide emergency liquidity and restore debt sustainability;
 - Expand multilateral lending to governments by \$1 trillion, including prioritizing attaining the SDGs and building climate resilience in climate-vulnerable countries; and
 - Activate private sector savings for climate mitigation and fund reconstruction after climate disasters through new multilateral mechanisms.

Among civil society and other stakeholders:

- Various organizations are voicing their demands, including the [Climate Action Network](#), [Christian Aid](#), and [Eurodad](#), besides other non-state actor groups, like the [Club of Rome](#)

and [Rockefeller Foundation](#). Various organizations are demanding equitable and rights-based finance for the most vulnerable communities, and to reverse the current flow of wealth from developing countries into industrialized countries.

- For example, [ActionAid](#) and [various NGOs](#) are calling for debt cancellation and swaps.
- [The Big Shift and 350.org](#) are demanding the World Bank to:
 - Stop fossil fuels financing;
 - Redirect money to support a fair and just transition;
 - Support access to clean, affordable energy for all; and
 - Stop unjust lending policies that further oppress and deepen inequality.
- The [Loss and Damage Youth Coalition](#) has also urged the World Bank and IMF to support the newly adopted Loss and Damage Fund, to protect the communities already experiencing the devastating effects of climate change.

Within private finance, various actors have shared their views, including:

- Initiatives like [Net Zero Asset Owners Alliance](#), [Investor Leadership Network](#), and [Sustainable Markets Initiative](#), besides insurers like Aviva.
- For example, [Deloitte and Africa Investor](#) have proposed for MDBs to:
 - Set NDCs-linked targets for climate finance mobilization, and track progress through a concrete mechanism;
 - Drastically scale up private finance mobilization through risk sharing, whilst increasing risk-related data transparency; and
 - Scale up and speed up project development support and pipeline.