UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Shaping the future

Report of the Secretary-General of UNCTAD to the sixteenth session of the Conference

Driving economic transformation for equitable, inclusive and sustainable development

United Nations

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Abbreviations and acronyms

AfCFTA	African Continental Free Trade Area
ASEAN	Association of Southeast Asian Nations
ASYCUDA	Automated System for Customs Data
COVID-19	Coronavirus Disease 2019
CETMs	Critical energy transition minerals
DFQF	Duty-Free and Quota-Free Initiative
DMFAS	Debt Management and Financial Analysis System
DRM	Domestic resource mobilization
FDI	Foreign direct investment
FCS	Fragile and conflict-affected situations
GDP	Gross domestic product
GFSN	Global Financial Safety Net
GSP	Generalized System of Preferences
GSTP	Global System of Trade Preferences among developing countries
ICT	Information and communications technology
IFA	International financial architecture
IEA	International Energy Agency
IIA	International investment agreements
IMF	International Monetary Fund
IT	Information Technology
LDC	Least developed country
LLDC	Landlocked developing country
MSME	Micro, small and medium-sized enterprises
MTS	Multilateral trading system
NCQG	New collective quantifiable goal
NDCs	Nationally Determined Contributions
NGO	Non-governmental organizations
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PPP	Purchasing power parity
RTA	Regional trade agreement
SDG	Sustainable development goal
SIDS	Small island developing States
TRIMs	Trade-Related Investment Measures
TRIPS	Trade-Related Aspects of Intellectual Property Rights
V20	The Vulnerable Twenty Group
VSS	Voluntary sustainability standards
WTO	World Trade Organization

Introduction

Four years ago, at the first hybrid conference in UNCTAD's history, we gathered in a world shaken by the COVID-19 pandemic and the worst economic recession since the Second World War.

The Bridgetown Covenant agreed on four transformations to harness trade, investment, finance, and technology to propel us towards achieving the Sustainable Development Goals (SDGs).

However, progress has been slow. The SDGs are off track, inequality remains high, and ongoing crises continue to undermine development. Development must progress against the odds.

We must accelerate the four transformations in a world that is increasingly multipolar, vulnerable to the triple planetary crisis – climate change, pollution and biodiversity loss – and transforming daily due to the blazing speed of technological change. And as the world changes, so must we. UNCTAD must be responsive, rapid, results-based, and relevant to ensure we support member States in shaping their future.

Together, we can defy the odds. We can propel development.

1

Development against the odds

In a world that is rapidly changing, we are not on track to achieve our ambitions for a better world.

The global economy has been undergoing a profound transformation shaped by the cascading impacts of the COVID-19 pandemic, geopolitical shifts of a scale not seen in decades, and the accelerating impacts of technology and climate change. While the immediate health crisis of the pandemic has abated, its aftershocks – compounded by these additional challenges – have set the Sustainable Development Goals (SDGs) on a perilous trajectory. Even before the pandemic, SDGs were off track; at current rates, only 17% of them will be met by 2030.

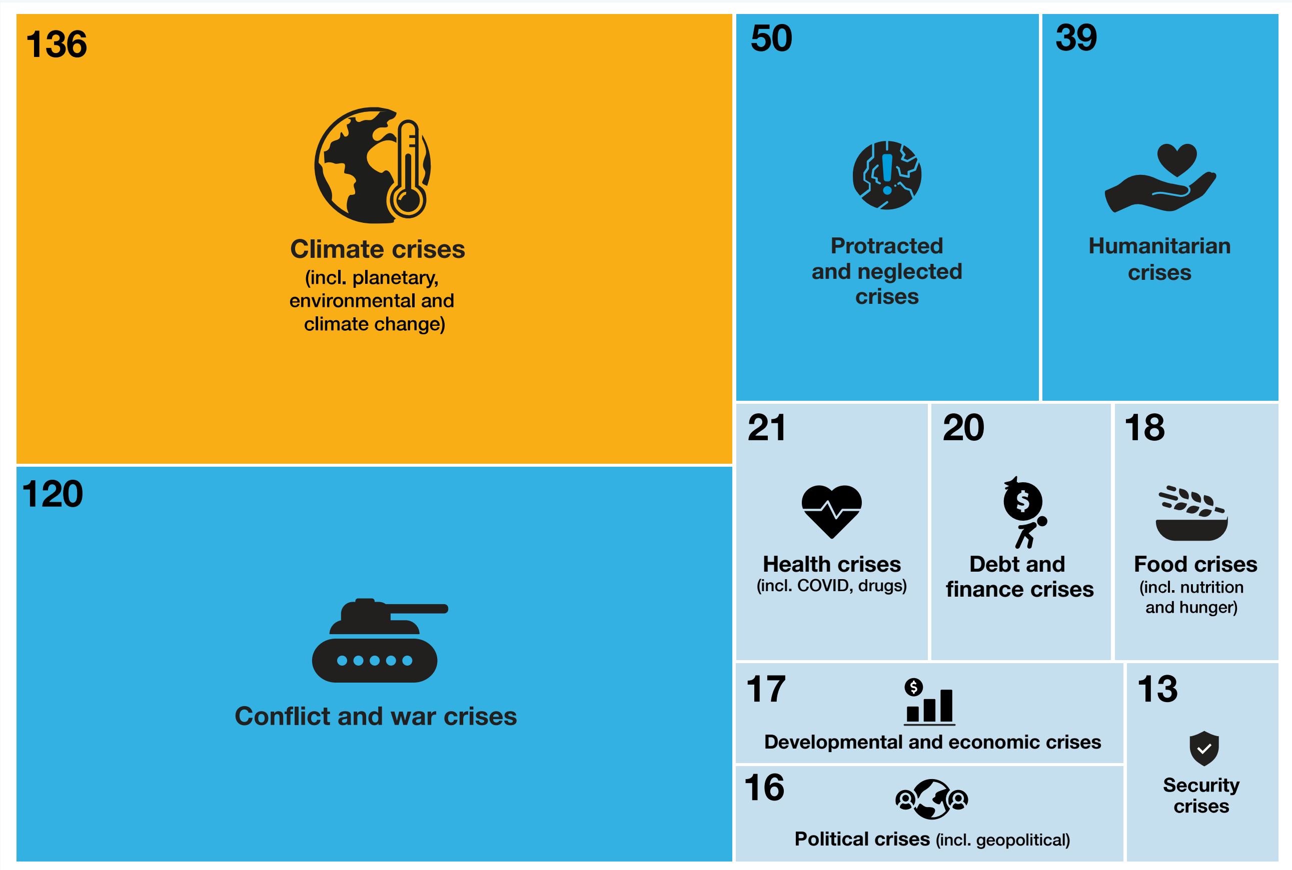
Figure 1
Percentage of SDG targets on track

Source: United Nations, The Sustainable Development Goals Report 2024 (Special Edition).

Shocks and crises keep pushing us further from our goals.

The funding gap for SDGs in the Global South has widened alarmingly from $2.5 trillion in 2015 to $4 trillion today, with the least developed countries (LDCs), landlocked developing countries (LLDCs), and small island developing States (SIDS) being the most vulnerable. Conflicts have taken a huge toll on people's lives and livelihoods and wars such as those in Ukraine and the Middle East have disrupted the global economy and maritime transport, threatening global trade. Geopolitical fragmentation has also disrupted trade and investment flows, especially in critical areas such as renewable energy. Simultaneously, 3.3 billion people live in countries that spend more on debt servicing than on either health or education, leaving these countries without the fiscal space needed to invest in sustainable growth.

Figure 2
Top 10 crises highlighted by world leaders
Number of mentions at the UN General Assembly



Source: UNCTAD Secretariat analysis based on 193 speeches of the General Debate at the 79th Session of the UN General Assembly, 24-28 and 30 September 2024.

Bleak economic prospects and high inequality, between and within nations, cannot propel SDG achievements.

According to UNCTAD's latest estimates, the global economy is now entering a period of lower growth – a 'new normal'. From a 3.1% pre-pandemic average, global economic growth is now projected to stabilize around 2.7% for the coming years. While inflation is moderating, it continues to keep central banks vigilant, resulting in relatively tight monetary policies. Prolonged higher interest rates, in turn, are hurting investment and exacerbating global debt burdens. Meanwhile, high inequality between and within countries remains a challenge to development. Income inequality remains stubbornly stagnant, with the poorest half of the world's population seeing no significant change in their share of global income.

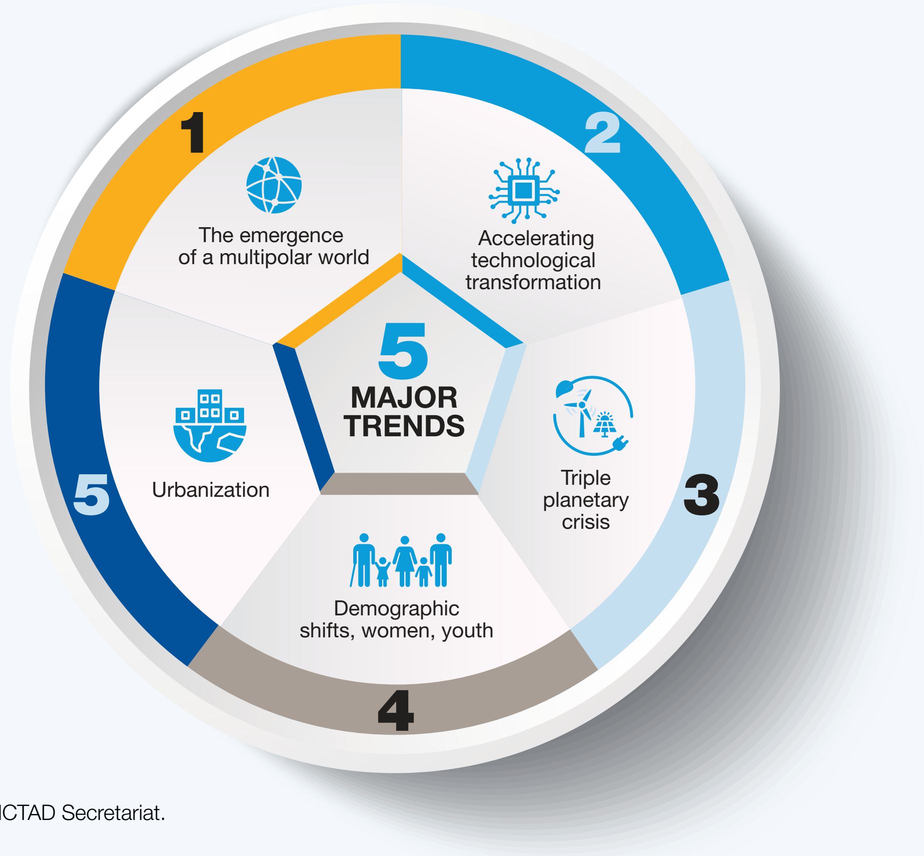
Figure 3
Sustainable development faces growing challenges.

Source: World Inequality Database and Chancel and Piketty (2021).

Note: Income is measured per capita after pension and unemployment insurance transfers and before income and wealth taxes.

Five major trends are reshaping our world and future.

These tectonic shifts include the emergence of a multipolar global economy, rapid technological transformation, the escalating triple planetary crisis, demographic changes, and urbanization. Together, they are redefining the trajectory of development and presenting both opportunities and challenges.



Source: UNCTAD Secretariat.

1 First, the emergence of a multipolar world is becoming increasingly evident.

In terms of purchasing power parity (PPP), the International Monetary Fund (IMF) estimates that the world economy will grow by around $55 trillion in the next five years. Of this growth, nearly $40 trillion – or over 70% – will come from the Global South.[1] Though much of this expansion is expected to be concentrated in Asia, particularly in major emerging economies such as China, India, and Indonesia. Similarly, for the first time since at least the 19th century, South-South trade is now comparable in size to, if not greater than, North-North trade.

[1] The use of IMF's growth forecasts and of PPP exchange rates may overestimate the future economic weight of the Global South; nevertheless, developing countries' significant and rising contribution to global output growth is already well-established.

2 Second, rapid technological advancements are reshaping the global economy.

Innovations in fields such as artificial intelligence, big data, robotics, the Internet of Things and digital public infrastructures, are transforming the way economies work and trade. Trade is becoming more 'intangible', with services, particularly digitally delivered services, expanding at exponential rates. This shift necessitates identifying new pathways for structural transformation to address the relative slowdown of merchandise trade compared to GDP growth and to fully leverage the opportunities of the digital economy. However, achieving this will require explicit strategies to build capacities and address the gaps as well as more ambitious technology sharing policies and agreements.

3 The third shift is the triple planetary crisis, driven by the accelerating impacts of climate change.

While the negative effects of climate change continue to intensify, the capacity to transition to cleaner energy sources is also advancing rapidly. Unlike fossil fuels, which deplete once burned and perpetuate a cycle of extraction and dependence, clean technologies offer a long-term capacity addition. They lay the foundation for energy independence and security, supporting future industries such as green hydrogen and help break the cycle of fossil fuels dependence. According to the International Energy Agency (IEA), within a decade, the clean energy technology market is projected to reach the same size as today's crude oil market. Notably, clean energy supply chains, much like those of digital goods, depend significantly on critical minerals, which are abundant in the Global South. To avoid reinforcing new forms of commodity dependence, proactive measures must be taken to manage this emerging wealth and ensure it leads to sustainable development rather than repeating past patterns of extraction and dependence.

4 5 The last two major trends – demographics and urbanization – are shaped by multiple intersecting factors, including the previous three shifts as well as crucial social determinants, particularly the status of women.

As countries develop, there is a tendency towards urban concentration, often driven by the creation of manufacturing jobs in cities. This urbanization pattern is notably gendered, with women's economic opportunities and social mobility playing a significant role in rural-urban migration, though women's participation in urban economies often remains concentrated in low-wage and informal sectors, while their unpaid care responsibilities persist with less access to traditional support networks; this all exacerbates pre-existing gender disparities. Urban areas house approximately 56% of the global population and account for 80% of global GDP. If present trends persist, it is expected that by 2050, about 70% of the global population will live in cities.

Similarly, the world population is projected to grow from 8.2 billion in 2024 to 10.3 billion in 2080, though this trajectory is not predetermined.

Women's educational attainment, economic empowerment, and access to healthcare and reproductive rights are fundamental factors driving demographic transitions across regions, with rising education levels changing household dynamics from traditional male-breadwinner to dual-earner models. Meanwhile, the number of people aged 65 and older is projected to double by 2050, with women facing particular challenges due to pension gaps. These demographic trends may exhibit considerable regional variation, with most of the growth concentrated in Africa, while other regions face rapidly aging populations. In the coming years, a critical issue may resolve around whether new technologies and services can effectively absorb the displaced workforce from declining traditional industries and provide sufficient quality jobs for an increasingly urbanized population, with particular attention to ensuring equal access and opportunities for women. Failure to address this challenge could lead to rising social inequality, urban informality, labour market instability and potential human conflict.

The multilateral system is not immune to short-term shocks and structural shifts outlined above.

Much of the tension within the multipolar system arises from the fact that, during periods of rapid change, not everything evolves at the same speed. This creates imbalances, tensions, and gaps in our societies and in the global system that can lead to frustration, uncertainty, and instability. Globalization has yet to achieve a new balance.

In this context, as underscored by member States during the 60th anniversary celebrations of UNCTAD, the world requires a new 1964 moment.

UNCTAD was founded on the shared belief, held by both the Global South and the Global North, that post-war globalization was fundamentally a win-win affair. Trade was seen as a means of peace rather than power, and prosperity was expected to be universally accessible.

In line with this vision, UNCTAD has chosen the theme "Shaping the future: Driving economic transformation for equitable, inclusive and sustainable development" for its XVI session.

The meeting will be held in Viet Nam in late 2025. This theme encapsulates the collective determination of UNCTAD's member States not to accept the future passively but to actively steer it in a direction that can solve global problems. It also reflects the need for UNCTAD to continue to adapt and evolve to effectively meet the emerging needs of its member States.

Figure 4
Progress requires a shift towards a more equitable, inclusive and sustainable world.

To deal with the old challenges exacerbated by new tensions;

To build resilience to the ripple effects of shocks and crises;

To harness the current trends to propel development.

UNCTAD must adapt to these new demands.

Source: UNCTAD Secretariat.

Shaping the future demands that we hasten the pace of the four transformations of the Bridgetown Covenant.

We need structural diversification for a new era, to capture the development opportunities of new technologies and add value to trade. We need more resilient, inclusive, and sustainable economies that can withstand our shock-prone world, while turning a corner in our fight against climate change and inequality. We need new, ambitious and scalable sources of financing for development, to ensure countries can respond effectively to crises without falling victim to ever growing debt pressures. And we need a new multilateralism for an era where multipolarity could either take us to a more equitable future, or to a more fragmented one.

UNCTAD XVI, in Viet Nam, can become a landmark event that will help to shape the future of development.

We must hasten the pace of 4 transformations:

Source: UNCTAD Secretariat.

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2

Progress requires a shift from the status quo.


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2.1 More diversified economies

Inclusive and sustainable development requires moving beyond GDP growth.

The global economy has reached unprecedented heights: global trade is projected to surpass a record $33 trillion, while global wealth now exceeds $400 trillion. Yet, the outlook for global growth remains lacklustre, with inflationary pressures and deepening inequalities fuelling social discontent and hindering progress towards truly inclusive and sustainable development. While GDP growth has historically been a key driver of poverty reduction, the growth-poverty elasticity has decreased significantly. GDP, as a measure, fails to capture the multifaceted dimensions of human well-being, underscoring the importance of complementary indicators as called for under SDG 17.19.[2] Equally crucial is the "quality of growth," which determines its capacity to foster equitable socioeconomic progress and address pressing environmental challenges.

Productive capacity development is key to advancing economic diversification and sustaining quality growth.

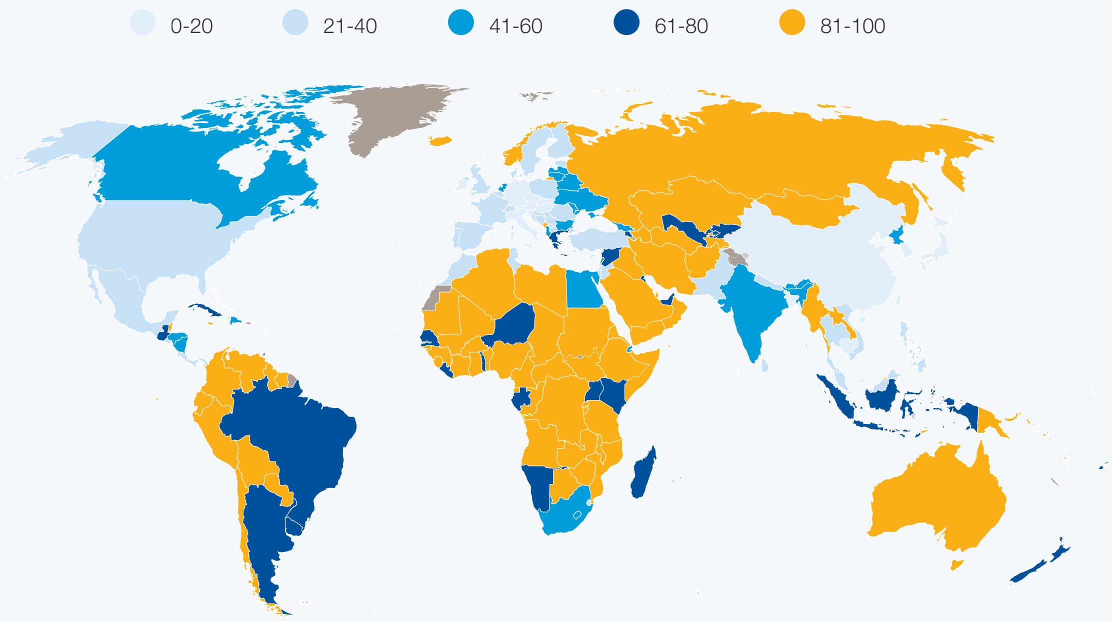
Productive capacities refer to the productive resources, entrepreneurial capabilities and production linkages which together determine the capacity of a country to produce goods and services and enable it to grow and develop. They are central to sustainable economic transformation and economic diversification, enabling countries to transition into more advanced and higher-value activities, which underpin resilient and inclusive growth. In contrast, weak development of productive capacities leaves economies trapped in low-productivity sectors, often overly reliant on extractive industries or informal services and employment. The constraints posed by limited productive capacities are particularly acute for regions with a young population structure and rapid demographic dynamics. By 2030, for instance, Africa will account for over half of all new entrants into the global labour force. Unlocking the potential of this demographic dividend depends critically on investments in human capital and on holistic interventions that scale up productive capacities to generate quality jobs and sustainable livelihoods at an unprecedented pace.

Commodity dependence remains a challenge for developing countries' quest for economic diversification.

Between 2020 and 2022, 66% of developing countries – and an alarming 80% of least developed countries – remained trapped in commodity dependence, whith over 60% of their merchandise exports derived from primary commodities. Despite shifts in the global economy from hyper-globalization to poly-globalization, these figures have shown little change over decades. This reflects the longstanding challenges in leveraging primary commodity rents to drive economic diversification, whether through value-added processing of raw materials or the development of alternative, high-potential sectors. Persistent reliance on primary commodities has left many developing countries locked in an unfavourable position in the global division of labour: unable to achieve significant value addition, generate sufficient productive employment, or shield themselves from adverse terms of trade, shocks and macroeconomic instability.

[2] SDG 17.19: By 2030, build on existing initiatives to develop measurements of progress on sustainable development that complement GDP, and support statistical capacity-building in developing countries.

Figure 5
Two thirds of developing countries are commodity dependent.
Primary commodities as percentage of total merchandise exports (2020-2022)



Source: UNCTAD Secretariat calculations based on UNCTADstat.

Note: A country is considered commodity dependent when more than 60% of its merchandise exports is composed of primary commodities.

Structural transformation lies at the core of sustainable development progress.

Structural transformation refers to the reallocation of production factors— land, labour, physical and human capital —from low-productivity, labour-intensive, and polluting activities to higher-productivity, skill-intensive, and sustainable ones. This process is essential for expanding productive capacities and diversifying the range of goods and services a country can competitively produce and export. Economic diversification, in turn, strengthens resilience to external shocks and underpins long-term economic growth. Structural transformation is integral to advancing sustainable development across its economic, social, and environmental dimensions. Economically, it drives productivity growth and the creation of decent jobs, laying the foundation for shared prosperity. Socially, it bridges technological divides, reduces global inequalities, and contributes to realizing the right to development. Environmentally, it redirects resources towards more sustainable production and consumption patterns, aligning economic progress with planetary health.

International trade and investment can be powerful catalysts for sustainable development, when harnessed in support of structural transformation.

International trade and stable global markets are pivotal in creating economic opportunities, generating foreign exchange, mitigating shocks, and facilitating access to advanced technologies and expertise. Between 2000 and 2023, the value of global merchandise exports grew more than fivefold, with developing countries achieving an impressive sevenfold increase. While this expansion has created significant opportunities, many developing countries have struggled to fully capitalize on international markets. For example, LDCs fell short of the target to double their share of global exports, as envisaged in the Istanbul Programme of Action and SDG 17.11. The most dynamic developing countries, especially in East and South-East Asia, have leveraged international trade and investment to spur their transformation agenda. They have mobilized resources for investment, acquired new technologies, gained access to critical skills and expertise, and forged strategic partnerships. These efforts have enabled them to strengthen production and learning linkages between export sectors and the broader economy, moving beyond the prevailing comparative advantages to drive economic upgrading and diversification.

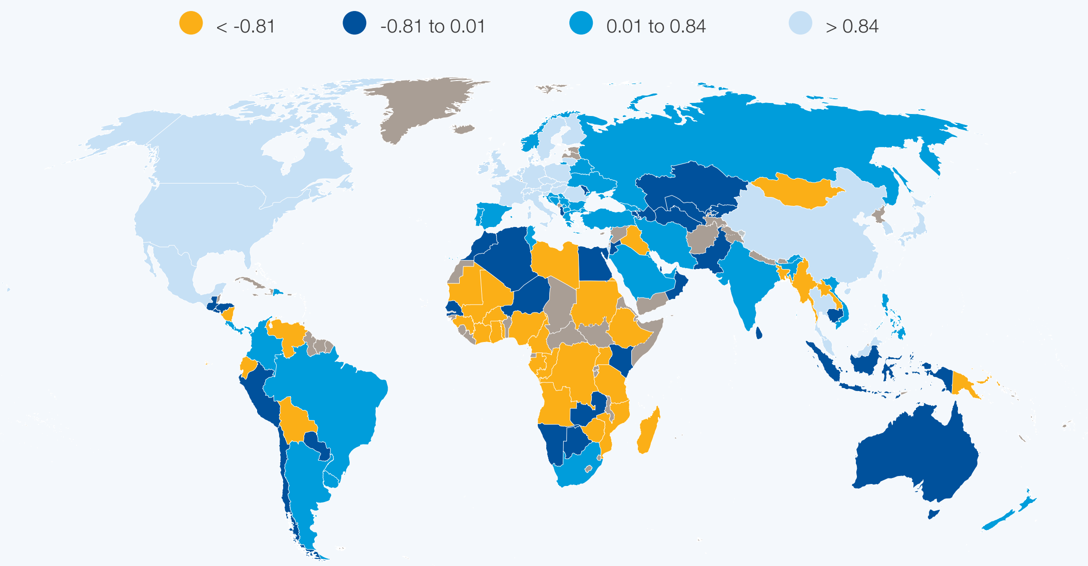
Integration into global value chains has emerged as a key pathway for developing countries to enhance their participation in international trade, though with mixed outcomes.

Over recent decades, global value chains have offered opportunities to tap into larger economies of scale and access advanced know-how, primarily through foreign direct investment (FDI) and technology transfer, without requiring the development of fully vertically integrated industries. This approach has been particularly valuable for small economies. However, the link between global value chain participation and development progress is far from automatic. Historically, developing countries have moved up the global value chains' ladder by starting with low-value FDI in resource-based industries and basic manufacturing before transitioning to more sophisticated and higher-value sectors. Yet, opportunities for upgrading depend on various factors, including the nature of the value chain, the strength of domestic production linkages, and the extent of technological spillovers. Without broader progress towards structural transformation, participation in the global value chain risks entrenching a pattern of specialization in a narrow range of low-value activities. This dependency often comes with a fragile technological base and heightened reliance on lead firms for access to international markets, limiting the potential for sustainable and inclusive development.

For most developing countries, the shift towards higher productivity and more sustainable activities remains sluggish.

Advances in productive capacity development and structural transformation are often marked by the rise of more sophisticated manufacturing and services activities. However, this progression is neither automatic nor linear. Even before the COVID-19 pandemic, the risk of premature deindustrialization posed a significant challenge for many developing countries, particularly the most vulnerable, such as LDCs.[3] Despite representing 14% of the global population, the latter account for a mere 0.6% of global manufacturing exports. The manufacturing sector, with its substantial economies of scale and learning-by-doing effects, has historically been a key driver of rapid productivity growth and dynamic employment generation. Weaknesses in this sector deprive countries of a critical engine for development, slowing progress towards productive employment and economic diversification. At the same time, most developing countries — particularly those in Africa — continue to exhibit low levels of economic complexity, which compromises their ability to engage in higher value-added activities and thus export more complex and greener products.[4] Addressing these structural challenges is essential to fostering resilience and achieving inclusive and sustainable development.

Figure 6
The shift towards higher productivity and more sustainable activities remains sluggish.
Economic Complexity Index (2020-2022)



Source: UNCTAD Secretariat based on Observatory of Economic Complexity.

Note: The colour code corresponds to quartiles in the distribution of values of the Economic Complexity Index.

[3] Premature deindustrialization reflects a decline in the relative weight of the manufacturing sector in total value added.

[4] The economic complexity of a country represents a metric of sophistication based on how diversified and complex its export basket is; that is, how many other countries can export the good and what their economic complexity is. The economic complexity is a significant predictor of future growth.

The interplay of sluggish international trade, accelerated technological progress and climate change, is posing new intertwined challenges to developing countries.

While economic diversification has long been difficult to achieve, recent trends are adding new layers of complexity. Global merchandise trade has slowed, and the growing threat of geopolitical fragmentation further complicates efforts by developing countries to export their way to industrialization. Accelerated technological change offers significant opportunities but also risks widening the gap between countries at the technological frontier and those struggling to keep pace.

Meanwhile, the mounting impacts of climate change are becoming increasingly evident, with heightened physical and transition risks affecting critical sectors such as agriculture and basic infrastructure. These dynamics are reshaping business strategies and comparative advantages, demanding that developing countries navigate a rapidly evolving landscape to sustain progress towards inclusive and sustainable development.

Powered by new technologies, the rise of services points to new avenues for economic diversification.

While global trade in goods continues to surpass trade in services, the latter has demonstrated far greater dynamism in recent years. Similarly, FDI patterns have shifted significantly, with the services sector increasing its share of cross-border greenfield investment projects from 66% to 81% over the past two decades, while greenfield manufacturing projects have experienced negative growth since the pandemic. Advanced digital technologies have broadened the scope of tradable services, including those embedded within complex manufactured goods, reinforcing the growing role of services as a driver of value addition. Furthermore, frontier technologies are blurring traditional sectoral boundaries, with some services adopting characteristics historically associated with manufacturing—such as generating positive spillovers and benefiting from scale and network effects. These trends suggest that the rise in services could unlock new pathways for economic diversification and provide a broader scope than manufacturing for productive employment generation, including for relatively low-skilled labour. However, capitalizing on this potential will require more than strong export performance and a high investment ratio. Strengthening intersectoral linkages will be essential, especially as a significant portion of demand for high-productivity services often originates from industrial and business sectors.

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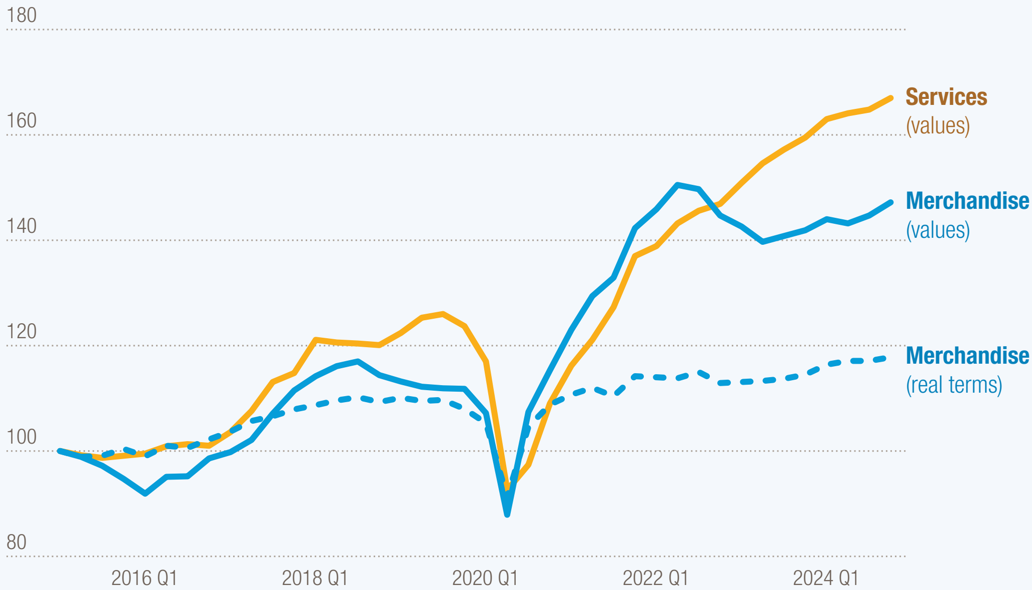
Figure 7

Trade in services is more dynamic than global merchandise trade.

Quarterly world trade of merchandise and services (First quarter of 2015=100)



Source: UNCTAD based on UNCTADstat database.

Note: All series are seasonally adjusted. Estimates from UNCTAD Nowcasts for the second to fourth quarters of 2024.

Digitalization offers huge development opportunities, but capitalizing on them requires bridging infrastructural and technological gaps as well as investing in complementary skills.

The digital economy is booming, offering vast potential to advance sustainable development. Digital technologies can play a transformative role in boosting productivity, reducing trade costs, accelerating financial inclusion, and improving transparency and service delivery, including in the public sector. Furthermore, digitally enabled general-purpose technologies, such as artificial intelligence, hold the promise of substantial productivity gains with cross-sectoral spillovers. These opportunities, however, come with significant risks. Technological gaps may widen, market concentration is already very high and could increase, and governance and sustainability challenges remain pressing. Approximately one third of the global population — around 2.6 billion people — still lack access to the internet, or face poor connectivity and affordability issues. Meanwhile, the information and communications technology (ICT) sector's environmental footprint is growing, with emissions in 2020 estimated at 0.69 to 1.6 gigatons of CO_2 equivalents, representing 1.5% to 3.2% of global greenhouse gas emissions. For digitalization to unlock alternative pathways to sustainable development, these challenges must be addressed. Developing countries can seize the opportunities of the digital economy only if they invest in their digital readiness through robust hard and soft infrastructure, foster skills upgrading, and strengthen intersectoral linkages. Special attention will be needed to support micro, small, and medium enterprises (MSMEs), as well as women, youth, and other vulnerable groups, to ensure an inclusive and equitable digital transformation.

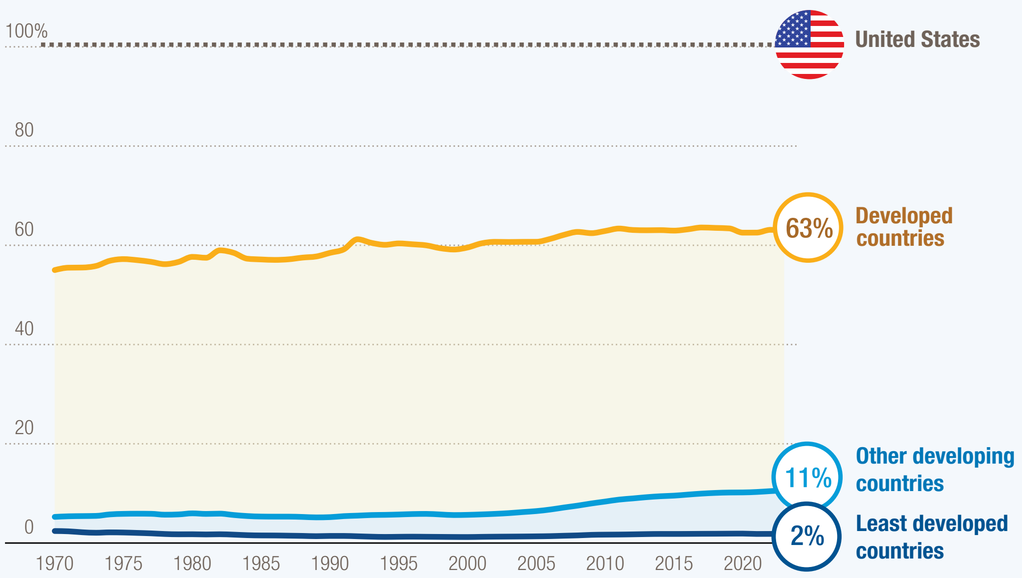
While most developing countries have experienced growth in real GDP per capita, the process of economic catching up remains a formidable challenge.

On average, real GDP per capita in developing countries has more than doubled since 2000, rising from $2,471 in the year 2000 to $5,762 in 2023 (measured at constant 2015 prices). While this growth is promising, it has been uneven across regions, and the global economy has yet to embark on a sustained recovery following the COVID-19 recession. Furthermore, with a few exceptions, increases in real GDP per capita have not translated into meaningful progress in closing the income gap. In 1970, the average GDP per capita of LDCs was just 2% of that of the United States—a ratio that has remained largely unchanged in 2023. Similarly, the GDP per capita of non-LDC developing countries increased from 5% to only 11% of the U.S. average over the same period. As a result, inequality between countries remains stark, hindering global progress towards more equitable development. Fostering prosperity in Africa and LDCs could go a long way also in making the pattern of global economic interdependence fairer and more systemically resilient by addressing some of the root causes of negative cross-border spillovers, such as instability and socioeconomic shocks.

Figure 8

Catching up is a difficult process and the current international environment makes it even more complex.

Real GDP per capita relative to that of the United States, by development status (%)



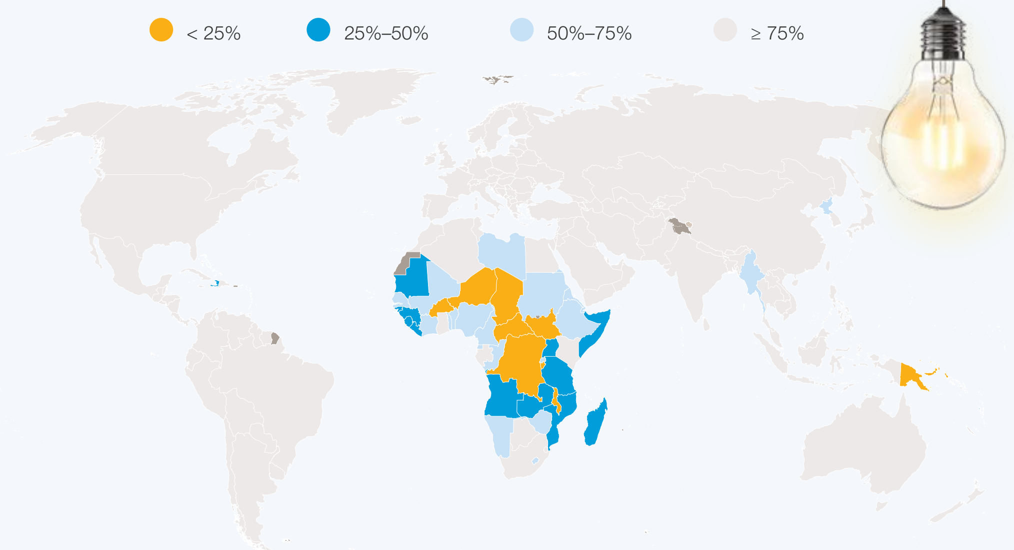
Source: UNCTAD based on UNCTADstat database.

Note: Computations based on GDP per capita at constant 2015 prices.

The pursuit of universal energy access embodies the dual imperatives of unlocking development opportunities while accelerating the transition to a low-carbon economy.

The glaring inequality in income and CO_2 emissions is evident as poorer economies, such as LDCs contribute less than 4% to global emissions, and yet bear disproportionate risks from climate change and related disasters. The energy sector is central to sustainable development, being a key component of both the productive capacity development agenda and of global efforts to reduce greenhouse gas emissions in alignment with the Paris Agreement. Developing countries are estimated to require approximately $1.7 trillion in renewable energy investments annually, yet in 2022, they attracted only $544 billion in clean energy FDI. Closing this financing gap could unlock transformative opportunities, harnessing renewable energy technologies in regions with unmatched resource potential. However, meeting the energy needs of the 685 million people still without access to electricity – two-thirds of which live in least developed countries, mostly in rural areas – requires a delicate balance between financial viability and energy affordability. If satisfying unmet energy needs contributes to opening diversification opportunities, many of the developmental benefits of the energy transition are partly contingent on developing countries' positioning within related value chains. The burgeoning demand for renewable energy technologies, as well as for critical minerals and other inputs necessary to their manufacturing, represents a green window of opportunity for economic diversification. Strategic planning for energy transition investments and tailored trade and investment policies could go a long way in providing the right incentives and predictability to expand renewable energy across the world. Green industrial policies may also be worth considering in order to enter and compete in renewable energy value chains.

Figure 9
Globally, 685 million people lack access to electricity, and for many more, it is still a luxury.
Share of population with access to electricity in 2022 (%)



Source: UNCTAD Secretariat based on World Bank (2023), The Energy Access Report.

The shifting international landscape underscores the urgency of rethinking policies for economic diversification, with a renewed focus on intersectoral linkages and regional integration.

Many developing countries continue to grapple with dualistic economic structures and stark spatial inequalities, making it essential to recalibrate the balance between state intervention and market forces. The evolving global environment amplifies the importance of this reassessment. To navigate these challenges, a prudent yet expansionary macroeconomic framework, coupled with targeted industrial policies, is critical to striking a balance between static efficiency, or efficient allocation of resources today, and dynamic trade gains for the future. Adequately harnessing the available policy space also plays an important role in economic diversification, supporting a faster emergence of higher productivity activities.

While leveraging trade and investment opportunities remains vital, equal emphasis must be placed on strengthening domestic production linkages, fostering local entrepreneurship, and enhancing regional embeddedness.

This is particularly pertinent for Africa, where the implementation of the African Continental Free Trade Area (AfCFTA) provides a unique opportunity to develop regional value chains and spur economic transformation. Achieving structural transformation and economic diversification also requires complementary policies that ensure universal access to critical infrastructure, deliver tailored support to MSMEs, and adopt a proactive approach to coordinating intersectoral linkages. These measures can unlock new pathways to inclusive and sustainable development, creating a more resilient economic future.

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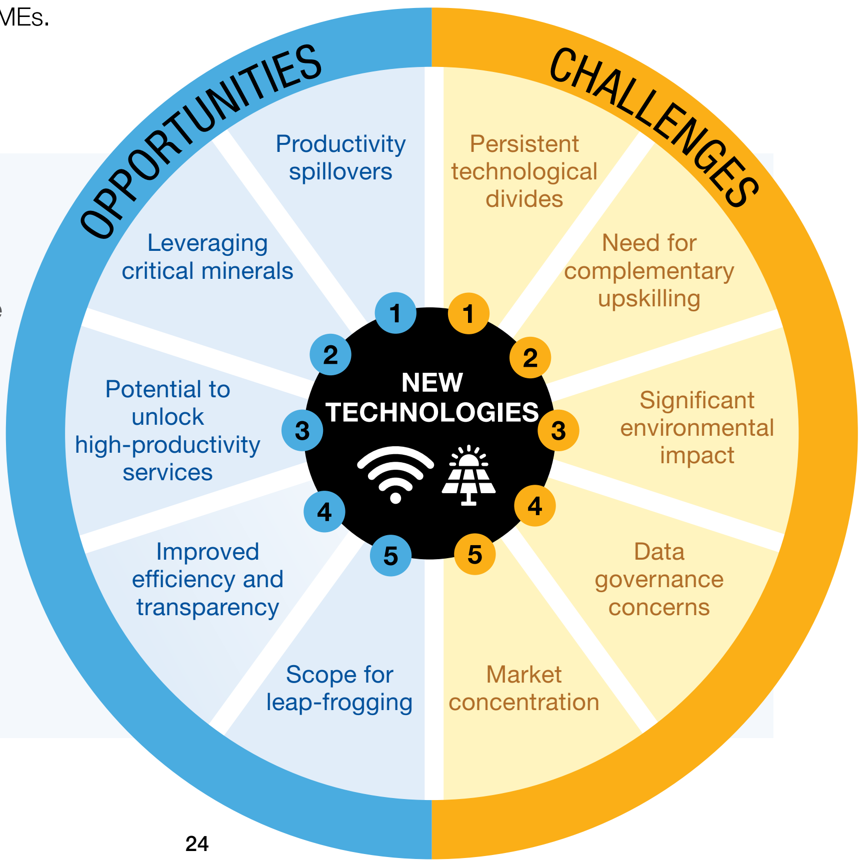
Harnessing new technologies for inclusive and sustainable development requires coordinated and deliberate action.

Frontier technologies, from renewable energy and energy-efficient solutions to artificial intelligence, hold immense potential for developing countries. These innovations can enable leapfrogging, drive productivity spillovers, enhance intersectoral demand linkages, and foster new digitally enabled services and business models. However, their rapid rise also brings challenges, including persistent technological divides, environmental concerns, and issues surrounding data governance. Maximizing the benefits of these technologies while mitigating risks calls for targeted policy efforts to direct innovation towards inclusive and sustainable outcomes. A forward-looking policy agenda would include the following priorities:

- Expand key infrastructure to bridge technological divides and ensure access to transformative tools.
- Invest in skills development to equip populations with the capabilities needed to share equitably the benefits of innovation.
- Ensure producers reap the benefits of digitalization, supporting in particular the efforts of MSMEs.
- Support governments in leveraging digitalization to improve service delivery, enhance transparency and effectiveness, and strengthen the innovation ecosystem, including through specific e-Government strategies.
- Modernize institutions and legal frameworks to address emerging issues such as data governance, competition, and consumer protection, both nationally and internationally.
- Promote sustainable practices by reducing the environmental footprint of new technologies and accelerating their use in green solutions.
- Strengthen science, technology, and innovation ecosystems through multistakeholder partnerships, fostering collaboration between governments, businesses, and research institutions.

By integrating these elements, developing countries can harness frontier technologies not only to spur economic growth and diversification, but also to advance social equity and environmental sustainability.

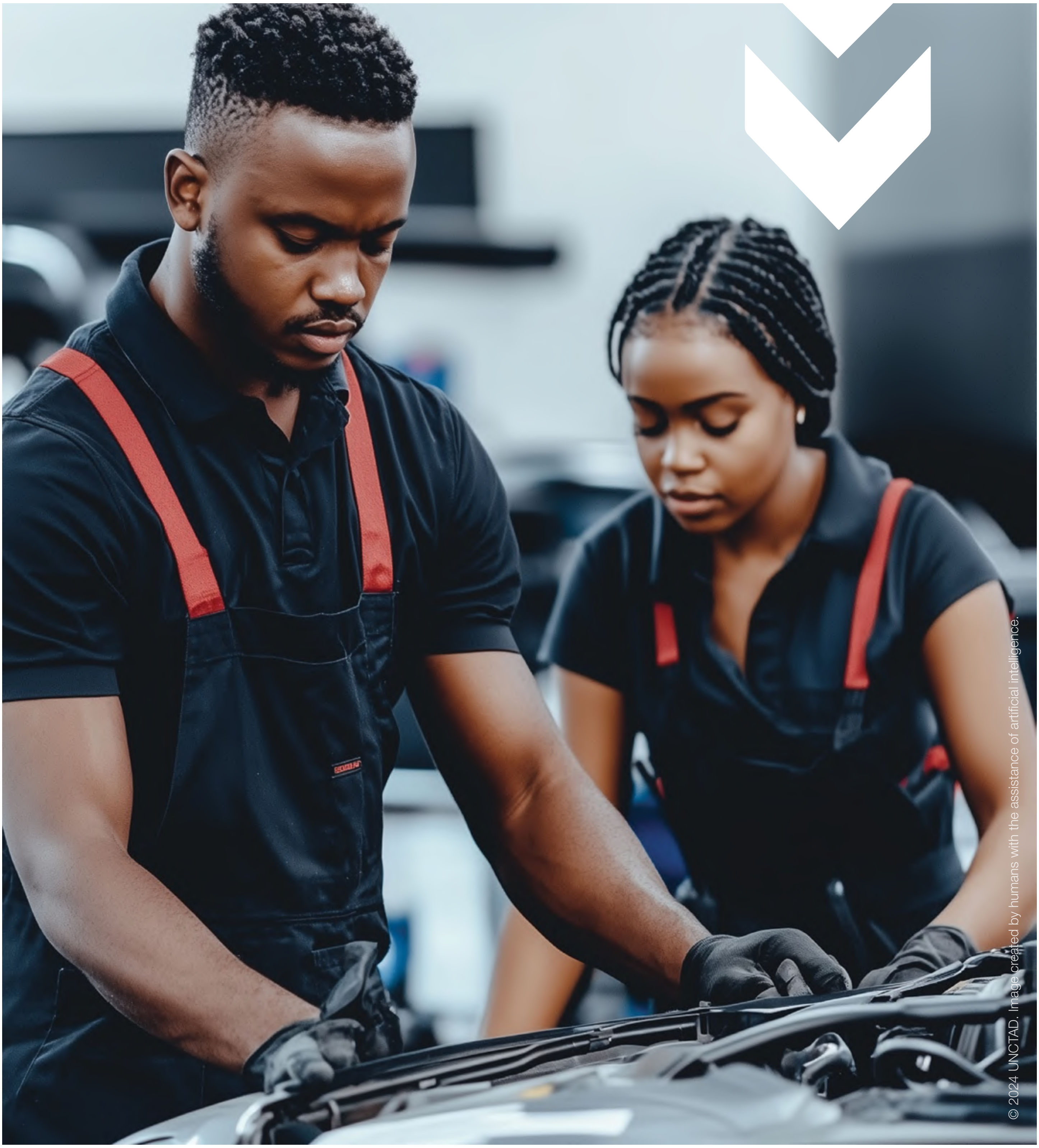
Figure 10
More can be done to harness new technologies for inclusive and sustainable development.



Source: UNCTAD Secretariat.

> We have the ability to promote diversification, and close economic gaps

- We call for a prudent but expansionary macroeconomic stance.
- We promote investment in institutional and productive capacities and the development of vibrant innovation and digital ecosystems.
- We support coherent policies combining integration into global markets with stronger domestic production linkages for achieving climate and development goals.
- We provide analysis and technical assistance to better harness regional value chains and South-South trade.
- We assist countries in facilitating trade and investment, providing tailored support to entrepreneurship.
- We foster coherent industrial policies to facilitate the emergence of new and dynamic sectors.
- We support countries to achieve low-carbon diversification, including transitioning out of high-emitting activities, adapting to climate shocks and benefiting from biodiversity and ecological preservation.
- We help Governments to digitalize services and to develop multi stakeholder strategic programs.



© 2024 UNCTAD. Image created by humans with the assistance of artificial intelligence.

2.2 More sustainable, inclusive and resilient economies

The 2030 Agenda recognizes that for development to be sustainable, it must be resilient.

Achieving the 17 SDGs requires progress across the environmental, social and economic pillars – because undermining any one of these pillars weakens the others. Inequality, for instance, can be as much a factor of instability as pollution or deprivation. Each problem exacerbates the others, creating a vicious cycle that traps countries in a spiral of fragility. This web of interconnected challenges demands a holistic, coherent, and collective approach – one that strengthens all three pillars simultaneously to build true resilience.

Figure 11
Sustainability and resilience are built on three interconnected pillars.

Source: UNCTAD Secretariat.

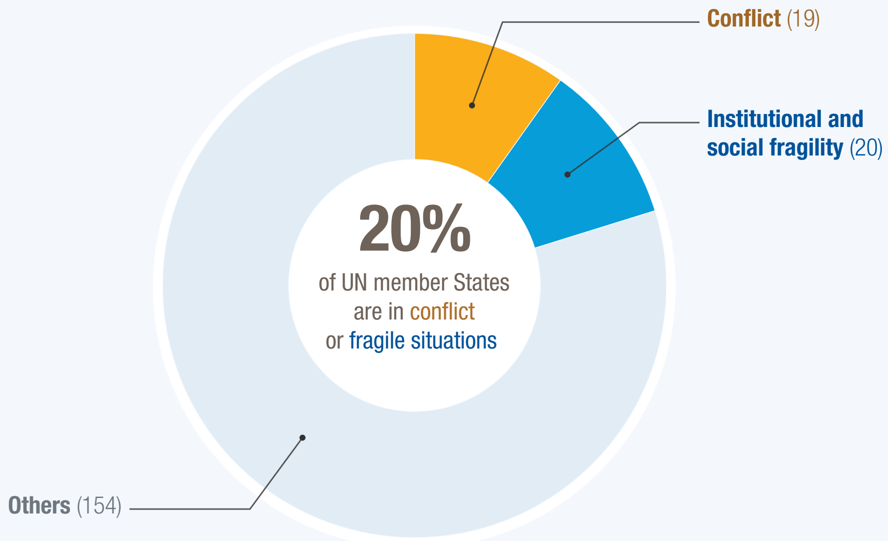
Conflict and protracted crises starkly illustrate the fragile nature of development gains.

39 countries, representing 20% of United Nations Member States, are considered in conflict or institutionally and socially fragile situations. Moreover, protracted crises not only undermine sustainable development efforts but also weaken countries' resilience to new shocks, exacerbating their vulnerabilities. These situations demand more attention due to their severe short-term and long-term socio-economic impacts on affected countries resulting from economic disruptions, loss of infrastructure, displaced populations and reduced investments. UNCTAD's recent reports on its assistance to the Palestinian people expose at length the devastating human cost of conflict, and how they can often derail sustainable development for generations.

In addition, conflicts and crises often have ripple effects that go beyond their epicentre.

They can extend to neighbouring countries and even distant economies through disruptions in international trade and financial flows, the diversion of aid and investments, and changes in economic cooperation. Recent work of UNCTAD, including through its involvement in the UN Global Crisis Response Group, has highlighted the ripple effects that conflicts or tensions can have on global trade and prices, which in turn can trigger cost-of-living crises across the globe. Multilateral coordination and timely, in-depth analyses can help to ensure prompt and preventive action, enhancing the resilience of both directly and indirectly affected economies while prioritising assistance for the most vulnerable populations.

Figure 12
Conflicts and crises keep hampering development.



Source: UNCTAD Secretariat based on World Bank.

Notes: Categorization of fragile and conflict-affected situations (FCS) by the World Bank Group as of July 2024.

Figure 13

Diversification is key to development and resilience to shocks.

Countries' level of human development and their commodity dependence

	Human development index	Share of commodity exports	Share of commodity dependent countries
Developed countries	0.91	30%	14%
Small island developing States	0.73	71%	60%
Developing countries	0.70	77%	66%
Least developed countries	0.52	88%	80%

Source: UNCTAD Secretariat based on UNCTADStat and UNDP.

Notes: Median values per country group. Commodity export dependence for the period 2020-2022. A country is considered as commodity export dependent when more than 60% of its total merchandise exports are composed of commodities. Human development according to the Human Development Report 2023/2024. Small island developing States (SIDS) as defined by United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS).

Sustainable development and resilience to shocks hinges on diversification.

Diversifying production and supply chains mitigates the impact of shocks and goes hand in hand with human development. In 2022, 80% of LDCs were commodity export dependent, with commodities representing an average of 88% of their exports. Global crises, such as the COVID-19 pandemic, highlighted the danger of over-reliance on a limited number of goods, services and trading partners for sustainable development. By diversifying the range of goods and services produced and traded and expanding export destinations and sources of imports, countries can reduce their dependencies and enhance their ability to withstand external shocks.

The poor pay the highest price for shocks, crises and their cross-border ripple effects.

In 2020, the COVID-19 pandemic quickly evolved from a health emergency into a global economic shock, pushing millions of people into extreme poverty. Its impact was particularly severe for the most vulnerable populations, both within and across countries. Mass layoffs disproportionately affected lower-skilled workers and women. Similarly, poorer households, which spend a larger portion of their income on food, were the hardest hit by the pandemic and trade disruptions in food and agricultural products. With the start of the war in Ukraine and trade disruptions in the Black Sea, grain prices soared to record levels, impacting food accessibility and affordability in developing countries.

Figure 14

Trade disruptions can lead to price hikes for essential goods, like food.

Price index (Jan 2019 = 100)

Source: UNCTAD Secretariat based on Refinitiv.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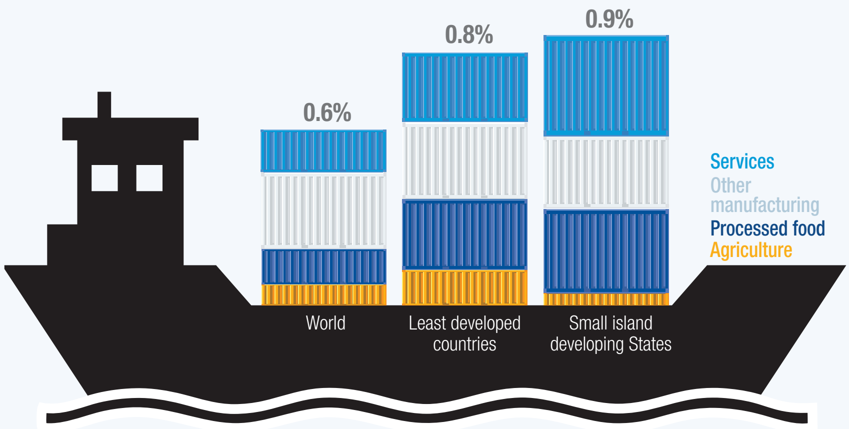
Small island developing States and least developed countries are disproportionately affected by maritime transport disruptions.

These regions heavily depend on maritime shipping for imports, including staple foods, and often lack domestic agricultural capacity to offset disruptions in international supply chains. In addition to trade disruptions related to conflict, droughts have impacted trade through the Panama Canal, causing severe congestion and delays. Maritime disruptions create ripple effects throughout global supply chains, as longer alternative routes increase costs for fuel, wages, insurance premiums, and chartering fees. Together these factors have contributed to rising consumer prices, with a stronger effect on vulnerable economies, including SIDS and LDCs.

Figure 15

Disruptions in maritime transport exacerbate price increases in vulnerable economies.

Impact of freight rate increases due to Red Sea and Panama Canal disruptions on the consumer price index, percentage change, October 2023–June 2024



Source: UNCTAD Secretariat based on the GTAP version 11 Data Base and other data provided by Clarksons Research, Shipping Intelligence Network and Maritech Services Limited, Sea.

Note: Median of the impact across economies in the respective economic group.

Pro-poor policies should aim for more resilient and more equitable trade.

Beyond the impacts of trade disruptions, significant bargaining imbalances and unfair trade practices affect the access to and affordability of essential goods, including food, which should be addressed primarily with competition policies. In the global grains market, for example, the top four companies control 70% to 90% of global trade, contributing to price instability and accessibility challenges. In addition, financialization of food trading can have direct consequences for food security and economic stability. Similar concerns exist in markets for seeds and fertilizers, where prices increased sharply in early 2022 and only gradually returned to levels prior to the war in Ukraine. Addressing these disparities and achieving fairer outcomes requires robust competition policies and regulatory reforms.

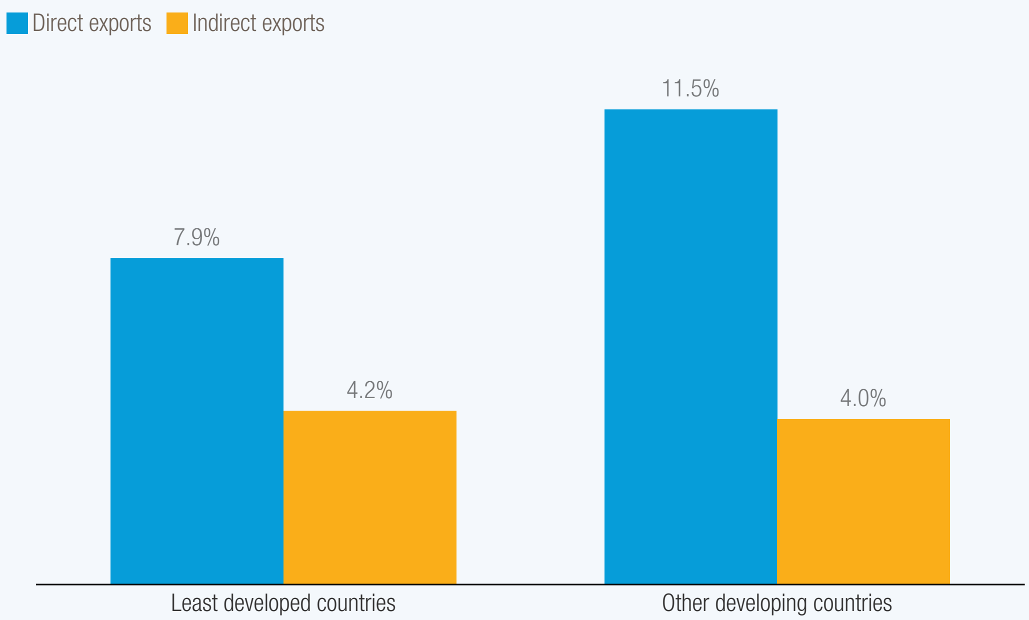
Trade benefits need to reach small enterprises for inclusive development.

MSMEs represent 90% of the businesses worldwide, generate 60-70% of employment and contribute to half of global GDP. Yet, international trade is dominated by larger enterprises. In developing countries, small and medium-sized enterprises (SMEs) account for just about 12% of exporting firms, while in LDCs, the figure drops to 8%. The situation is even more constrained for indirect exporting, where SMEs in both developing countries and LDCs contribute a mere 4% by selling products domestically to third parties engaged in international trade. The expansion of global value chains presents opportunities to integrate MSMEs into the international trade system. Establishing stronger links between MSMEs and larger domestic or foreign exporting firms can enable these smaller businesses to access new markets, technologies, finance and investments. Such integration not only fosters direct benefits, such as increased production and employment, but also generates indirect advantages stemming from the exchange of knowledge, technical expertise, market insights and skills.

Figure 16

Larger parts of society could benefit more from trade and global value chains.

Share of direct and indirect manufacturing exports in total sales of small and medium-sized enterprises (SMEs), in % (average 2016-2021)



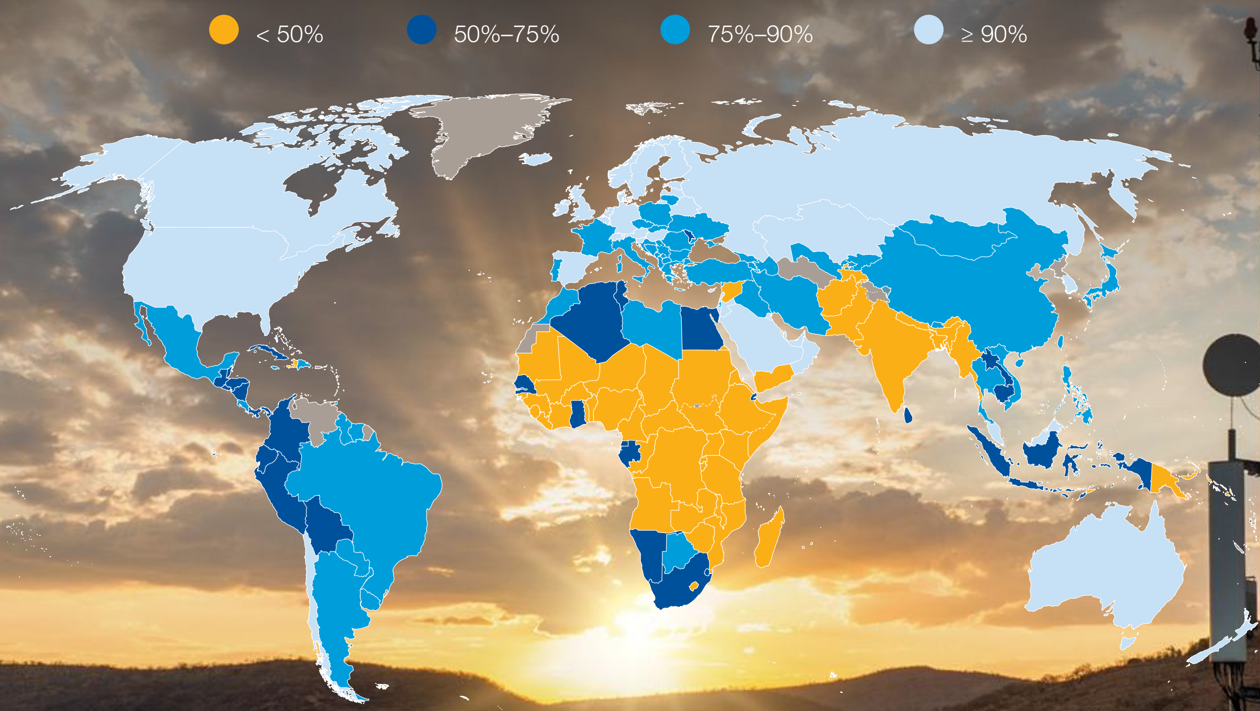
Source: UNCTAD Secretariat, based on WTO.

Note: Indirect exports are sold domestically to a third party that exports internationally.

Meanwhile, digital transformation poses new challenges to inclusive trade benefits.

The digital economy, fuelled by increasing internet access and the proliferation of electronic devices, is growing rapidly. It offers opportunities to reduce costs, accelerate the implementation of international and regional trade agreements and enhance efficiencies in areas such as customs clearance. However, digital transformation also introduces new challenges – including market concentration on a few dominant digital platforms, the need to regulate data flows, protect data privacy, address the growing environmental impacts of digital infrastructure, and tackle widening digital divides that risk deepening existing inequalities. Without policies to enhance countries' digital readiness and ensure adequate access to infrastructure, skills and resources, the most vulnerable populations are at risk of being left further behind. Only 35% of people in the LDCs use the Internet, compared to a global average of 67%, and globally, about 190 million more men than women are using the Internet, showing the urgent need for inclusive digital policies.

Figure 17
Digital divides amplify and are compounded by existing inequalities.
Share of individuals who used the Internet, in % 2019-2023



Source: UNCTAD based on International Telecommunication Union (ITU).

Note: For countries with missing data for 2023, the latest available is shown.

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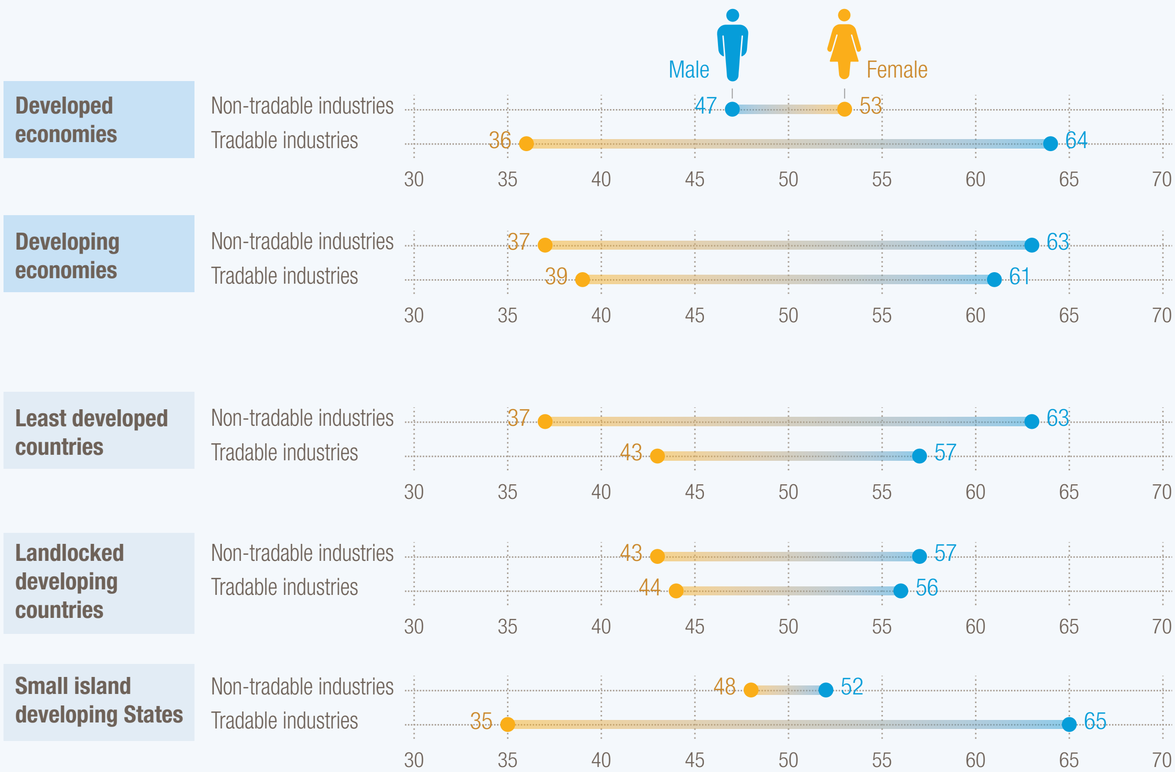
Persistent gender gaps are both unjust and economically costly.

Women in developing countries represent less than 40% of the workforce in tradeable and non-tradable industries. Bridging gender disparities in employment could increase global GDP per capita by nearly 20%. However, the transition to digital and low-carbon economies risks leaving women further behind. Over the past decade, gender gaps in the digital economy have cost low- and middle-income countries $1 trillion in GDP. Similarly, while the transition to the green economy could lead to more than 120 million jobs in the energy sector by 2050, thereof more than 40 million in renewables, most of these opportunities are expected to remain in mid-skill, male-dominated sectors. To ensure inclusivity, women must be empowered and recognized as agents of change in the green and digital transitions.

Figure 18
Empowering women in trade can unlock economic potential.
Share of employees in tradable and non-tradable industries by sex in 2022 (%)



Source: UNCTAD Secretariat, based on UNCTADstat.

Note: Small island developing States (SIDS) as defined by UN-OHRLLS.

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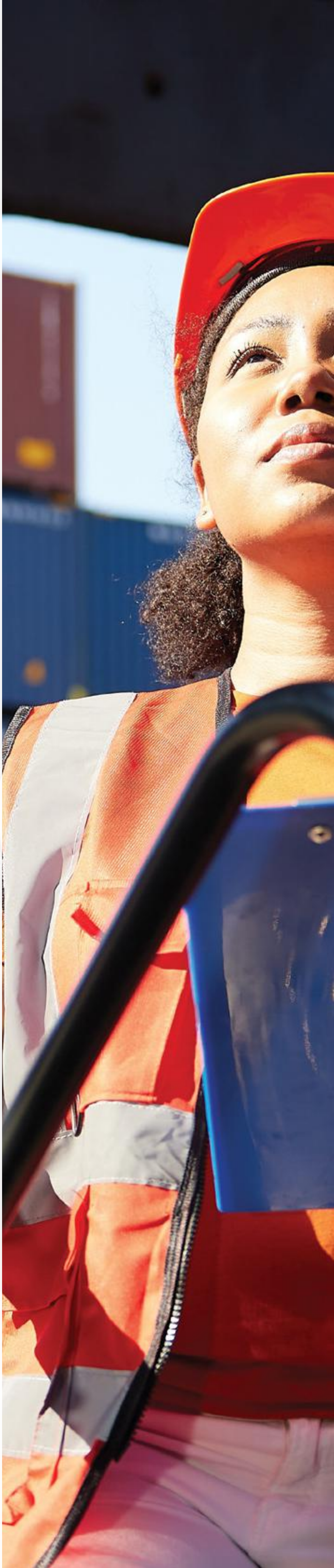


Gender-responsive policies are on the rise but not sufficient.

In recent years, trade agreements have increasingly incorporated gender considerations, with nearly one third of regional trade agreements now featuring such provisions, including stand-alone gender chapters. Similarly, gender-related aid has also increased. Nevertheless, current trade policies continue to affect men and women differently, and the funding gap for achieving gender equality in developing countries remains vast. The impact of global crises and economic shocks has intensified existing gender gaps. For instance, climate-related challenges could push 58 million women into food insecurity by 2030, 14 million more women than men, and 32 million women into extreme poverty, 2.5 million more than men. The most negatively affected women would live in Sub-Saharan Africa and Central and Southern Asia. These gendered vulnerabilities reflect a broader issue of unequal exposure to global crises, including those rooted in environmental degradation.

Youth can play a transformative role in sustainable development when given adequate support.

Representing 16% of the global population, about 1.2 billion individuals, they bring innovation, energy and ambition needed to drive progress. However, many young people face challenges, such as being out of education, employment, or training. To address these challenges, gender-responsive and youth-inclusive policies are essential to tackle overlapping vulnerabilities. Youth have the potential to advance the SDGs, for instance, by leading new businesses and driving digital transformation. Additionally, they are often involved in social enterprises and environmental projects, thereby creating economic value while promoting sustainable practices. Creating more and better jobs for women, youth, and informal workers is central for inclusive and sustainable growth.

The triple planetary crisis – climate change, biodiversity loss, and pollution – continues to exacerbate inequalities within and between countries.

Global production and distribution of goods contribute about a quarter of all carbon dioxide emissions while driving biodiversity loss and environmental degradation. For developing countries, the stakes are particularly high, as these crises deepen poverty and threaten hard-won development gains. Developing countries face heightened risks, as their limited resources make adapting to these challenges particularly difficult. Over the last 50 years, 69% of worldwide deaths caused by climate-related disasters occurred in LDCs. Addressing these environmental crises requires trade and investment policies that prioritise sustainability while overcoming barriers to the flow of environmentally friendly goods. It also requires systematic changes in production and consumption patterns, which are deeply intertwined with global trade dynamics.

A shift towards environmentally sustainable production and consumption patterns is essential to tackling these interconnected challenges.

Trade and investment-related policies can create conditions to channel resources, investment, technology, goods and services that support countries in advancing their Nationally Determined Contributions (NDCs) under the Paris Agreement. Trade-related measures targeting climate change mitigation already affect 26% of global trade. However, the complexity of diverging requirements across countries often increases trade restrictiveness, paradoxically making environmentally friendly "green" goods, such as plastic alternatives, more difficult to trade than "brown" goods like plastics. Making matters worse, tariffs on clean technologies are on average more than double those applied to fossil fuels, increasing costs and reducing rollouts; the IEA estimates that a 100% tariff on a solar photovoltaic module, for instance, erases the cost reductions related to the last five years of technological progress. Reducing barriers to the diffusion of environmentally friendly goods and technologies requires inclusive and harmonized approaches to trade.

Inclusive harmonized standards can promote sustainable production across global value chains.

Voluntary sustainability standards (VSS) – mostly designed by non-governmental organizations (NGOs) or private firms – can provide an avenue for developing countries to improve access to more profitable markets and align with sustainability goals. However, their limited adoption has constrained their potential to drive large-scale transformative change. In response, mandatory sustainability standards are gaining prominence, aiming to deliver stronger environmental and social outcomes. Yet, these mandatory standards often come with strict compliance and traceability requirements. These can disproportionately burden developing countries, particularly smallholder farmers, limiting their ability to compete in global markets. To avoid this risk, the international community should engage in dialogue to establish and implement inclusive standards coupled with increased climate financing for countries and targeted support for disadvantaged stakeholders. In addition, consumer protection laws must be enforced to ensure that consumers are not misled and can make more sustainable consumption choices. Capacity-building, technical assistance, climate financing, and targeted support for marginalized stakeholders could help them ensure equitable participation.

Renewable energy policies fall short of aligning with global climate and energy access goals.

Many developing countries, particularly LDCs, struggle to attract investment in renewable energy, limiting their ability to expand capacity and meet climate goals. While advanced economies need to double their installed renewable energy capacity to meet climate targets, LDCs require a 25-fold increase. Despite their potential, most developing countries are slipping into traditional trade patterns, exporting raw materials for solar and wind energy technologies while importing intermediate and finished products. Trade, investment and aid policies need to adapt to enable developing countries to better integrate into global value chains and scale renewable energy solutions. For developing countries endowed with critical energy transition minerals (CETMs), strategies should focus on value addition and diversification while mitigating environmental and social risks linked to extractive industries.

The environmental footprint of digitalization continues to expand.

The fast-growing digital economy is intensifying environmental challenges, with increasing e-waste, energy consumption and emissions. The production and operation of digital devices, data centres and ICT networks account for an estimated 6% to 12% of global electricity use. Between 2010 and 2022, waste from screens and small IT equipment increased by 30%, reaching 10.5 million tons. Developing countries disproportionately bear the ecological costs of digitalization while reaping fewer benefits, as they often export low-value-added raw materials and import high-value-added devices, while struggling with mounting digital waste.

Millions of tons of plastic waste are released each year, many of which pollute our oceans.

Out of more than 350 million tons of plastic waste generated per year, around 11 million enter the oceans. Despite over $1.2 trillion in plastic trade in 2022, fragmented global efforts and a lack of unified measures have impeded efforts to curb plastic pollution. However, trade in non-plastic substitutes and related services aimed at preventing plastic pollution offers a sustainable pathway. These alternatives were traded at an estimated $400 billion in 2022. There is a substantial economic potential in environmentally friendly plastic alternatives, many of which are found in developing countries, such as seaweed, bamboo, coconut husks and banana peels. However, realising this potential requires significant investment, innovation, and robust regulatory frameworks to scale these solutions effectively.

Biodiversity loss threatens nature, economies and the livelihoods of billions of people.

Over 4.3 billion people rely on biodiversity for their livelihood, with 70% of the world's poorest and most vulnerable populations living in rural areas. Biodiversity not only sustains livelihoods but also underpins more than 55% of global GDP, valued at $58 trillion. However, marine ecosystems face acute risks from overfishing, jeopardising food security and incomes, particularly in many developing countries, where small-scale fishing prevails. Plastic pollution, heavy metals and hazardous chemicals infiltrate ecosystems, contaminating food and impacting human health. These challenges indicate the urgent need to address unsustainable practices while safeguarding natural resources. Efforts to foster economic growth with the sustainable use of resources, as promoted by green and blue economy initiatives, offer significant opportunities for developing countries. Similarly, adopting circular economy approaches focused on reusing, repairing, and recycling materials and products can help reduce waste and minimize environmental impact while unlocking new economic potential for these economies.

Transport and logistics enable connectivity and trade but significantly contribute to global emissions.

The transport sector is the second-largest source of global greenhouse gas emissions after electricity and heat production. The shipping industry accounts for over 80% of the world's trade volume and nearly 3% of global greenhouse gas emissions, with emissions having increased by 20% in one decade. Alternative fuels show promise, but their adoption remains in the early stages, with 98.8% of the fleet still sailing on fossil fuels. The sector faces multibillion-dollar investment needs per year to decarbonize ships by 2050. In addition, regulations and contracts are evolving to tackle the environmental impacts of the shipping industry. Sustainable and smart transport solutions are essential for mitigating risks, stabilizing costs, and fostering resilient supply chains in the face of climate change and global disruptions, but they increase the need for investments and capacity-building activities for developing countries.

Challenges at the intersection of trade and sustainable development require collaborative solutions.

International coordination can maximize the positive spillovers of climate policies and minimize trade tensions arising, for example, from carbon leakage. UNCTAD's research and capacity-building initiatives help shape trade practices to pursue development paths that are economically, socially, and environmentally sustainable.

“The path to inclusive and sustainable diversification is within reach”

- We analyse the global developmental impacts of crises and shocks as they unfold.
- We enhance resilience by promoting climate- and nature-aligned diversification, institutional capacity, and inclusion in growth strategies.
- We shape policies on trade, investment, finance, technology, and entrepreneurship to promote development that is economically, socially and environmentally sustainable.
- We advocate for competition and consumer protection laws and policies to safeguard citizens’ health and economic interests while promoting the fair and efficient distribution of economic benefits among market participants.
- We foster inclusivity by increasing productivity across sectors and widening opportunities of trade and investment, including better jobs for women, youth and informal workers.

2.3 More abundant and stable finance for development

The interdependence of finance, trade, and development is a central feature of the global economy that has shaped UNCTAD's work since its inception.

This relationship reflects how the dynamics of the international financial system and global trade work together to create an enabling environment for development. Progress in one area drives advancements in others. An inclusive and responsive international financial and monetary system that addresses the needs of developing countries is an essential component of the ability of developing countries to drive sustainable growth and fuel the economic transformation needed for equitable, inclusive, and sustainable development.

Currently, the International Financial Architecture (IFA) is outdated and misaligned with the needs of developing countries.

A modern, development-focused system must ensure stable and positive financial flows to developing nations, aligned with the investment requirements of the SDGs. However, for much of the past 60 years, financial resources have predominantly flowed in the opposite direction—from developing to developed countries.[5] This has left some developing countries in a situation of financial fragility, vulnerable to external shocks and limited their ability to mobilize resources for structural transformation and sustainable development.

Figure 19
An International financial architecture fit for purpose.

Source: UNCTAD Secretariat.

[5] This is referred to as net negative financing flows. The term is used for situations in which total financial outflows of a country, including items such as external debt service, profit repatriation and illicit financial flows, surpass financial inflows from items such as FDI, ODA and other external financing. This dynamic depletes domestic resources and hampers investment in development and climate goals. Furthermore, as net negative transfers imply an ever-increasing need for external financing to meet ongoing transfers, this leaves countries experiencing this dynamic in a situation of financial fragility highly vulnerable to external shocks.

Reshaping the IFA presents a unique opportunity to empower developing countries and unlock their economic potential.

Seizing it requires an adaptive and forward-looking framework to help countries analyze, anticipate and respond to the dynamic and interdependent nature of the global economy. Through time, UNCTAD has developed a macro-financial analytical approach to development that allows a deeper and adaptive focus on long-term capital for development and necessary elements for an ambitious process of reform.

1 The first element of this process is a renewed effort to foster an enabling environment at all levels that ensures abundant, effective, and resilient financing.

In this context, the international financial and monetary system is understood to be more than the sum of financing flows; rather, it is a foundational global infrastructure for growth, trade, resilience, and transformation. Ensuring that this foundation is inclusive, flexible and adequate is essential for expanding domestic policy space and advancing sustainable development.

2 Second, a reform of international financial architecture.

The global economy has evolved exponentially. However, the post-war governance, institutional and regulatory structures have not kept up with the realities of a changing world. This limits the ability of developing countries to articulate their financial needs and aspirations to influence key decisions that shape their future. Reforming the IFA is vital to ensure inclusive and effective multilateral governance, institutions and regulations.

3 Third, promoting sustainable finance and investment.

Sustainable finance and related financial products are increasingly becoming essential sources of funding for development. However, financial flows often remain misaligned with the needs of sustainable development, leaving key investments underfunded. Scaling up public and private financing while aligning investment incentives, reporting standards, and data with the SDGs is crucial to bridging this gap.

4 Fourth, strengthening international development cooperation.

Achieving the full potential of global cooperation requires addressing unfulfilled commitments in development assistance and climate finance, as well as overcoming the fragmented landscape of international cooperation. Strengthening North-South, South-South and triangular partnerships can enhance collaboration, drive inclusive growth, and accelerate sustainable development.

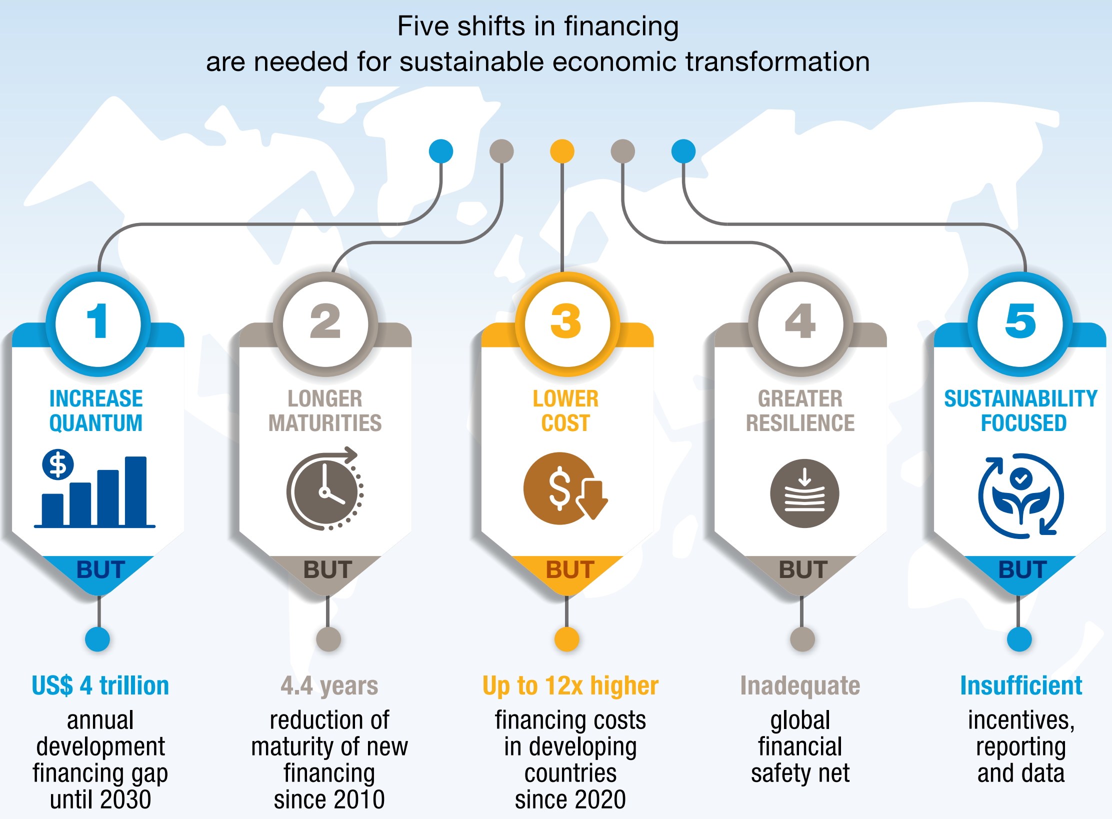
Addressing climate change must be mainstreamed across these efforts.

An effective response to the climate challenge involves not only building resilience to its impacts but also leveraging the broader economic opportunities and trends it can drive. These include, but are not limited to, industrial policy, trade dynamics and technological competition. Development in a climate-constrained world requires a transformational approach to climate finance that includes both adaptation and mitigation, consistent with the commitments under the United Nations Framework Convention on Climate Change (UNFCCC) and guided by the principle of common but differentiated responsibilities and respective capabilities. This vision must also incorporate the concept of a just transition to ensure climate-aligned financing and structural transformation, address inequalities within and between countries, and deliver sustainable, inclusive outcomes.

Much hinges on the way in which the climate finance gap is closed.

UNCTAD has advocated for a strong multilateral and multistakeholder effort, anchored through a New Collective Quantifiable Goal (NCQG), with public finance taking the lead. This is particularly vital as the focus must be on both the quantum and quality of climate finance. Modelling indicates developing countries require around $1.1 trillion annually from 2025, rising to $1.8 trillion by 2030. Ensuring a climate finance mix that prioritizes grants, highly concessional finance, and long-term credit for developing countries is crucial, especially since many essential climate investments–particularly in adaptation and addressing loss and damage–lack clear revenue streams and are unlikely to attract private capital, regardless of market conditions or incentives. Such an approach would also help prevent exacerbating the debt burden of developing countries, which currently restricts their capacity to invest in climate action.

Figure 20
Financing for development needs to be more abundant, stable and on better terms.



Source: UNCTAD Secretariat.

Note: Average maturity of new disbursements of external public and publicly-guaranteed debt for middle-and low-income countries.

Actions across these elements aim to promote five key transformations in financing for development, ensuring that the quantities, conditions, and terms of financing are consistent with sustainable economic progress. These transformations include:

1

Increase in the quantum of available development finance:

Developing countries face an annual development financing gap of $4 trillion until 2030. Without a massive and coordinated global effort to mobilize resources, the SDGs will remain unattainable. Protecting people and the planet demands a bold scaling-up of financial resources across countries and sectors.

2

Longer maturities:

External lending to developing countries has become increasingly short-term. Between 2010 and 2022, the average maturity of new financing declined by nearly a quarter. Shorter maturities divert resources away from the long-term investments needed to achieve the SDGs, forcing countries to prioritize immediate debt repayment over development goals.

3

Lowering the cost of financing:

Investments in the SDGs and climate action are particularly sensitive to the cost of capital. Since 2020, developing countries have faced financing costs up to 12 times higher than those in developed ones. Higher costs force countries to delay essential investments, slowing progress towards the SDGs and climate resilience.

4

Addressing the inadequacies in the Global Financial Safety Net (GFSN):

Access to the GFSN remains limited for many developing countries and is often confined to highly conditional IMF lending. Insufficient and restricted access to the different components of the GFSN leaves countries highly vulnerable to external shocks, which have been exacerbated by factors including the growing financialization and deregulation of the global financial system. These dynamics constrain their ability to undertake long-term, transformative investments.

5

A focus on sustainability:

Aligning financial incentives with sustainable development is essential for leveraging the growing importance of the sustainable finance market and ensuring investments contribute to the SDGs. Improved incentives, innovative financing instruments, robust reporting, and standardized data practices are necessary to channel resources into activities that promote sustainability and climate resilience.

These five transformations ought to dramatically reshape the way in which at least four different channels of financing for development operate.

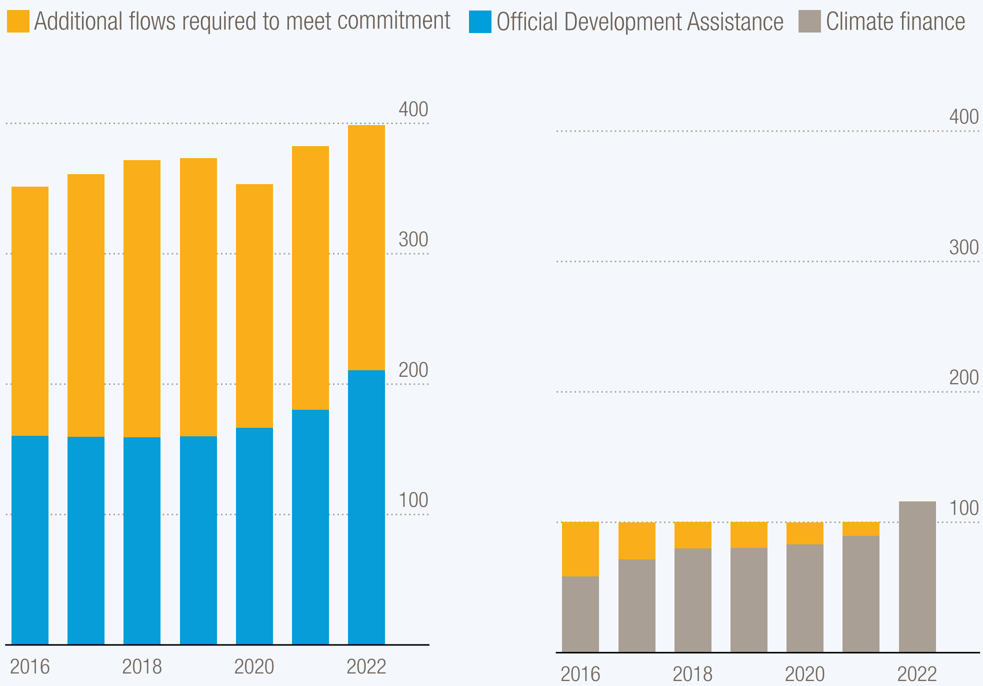
The first channel is international development cooperation, encompassing both development and climate finance.

International public finance is critical for complementing domestic resource mobilization and scaling up private finance in developing countries. However, persistent non-compliance with commitments undermines its potential impact. Between 2016 and 2022, the gap between pledged and delivered Official Development Assistance (ODA) and climate finance amounted to a cumulative $1,394 billion and $137 billion, respectively. This shortfall limits the ability of developing countries to address pressing challenges, from sustainable structural transformation to climate resilience.

Figure 21

There is a lack of compliance with commitments on development and climate finance.

Public development and climate finance in US$ billions (2016-2022)



Source: UNCTAD Secretariat calculations based on OECD data.

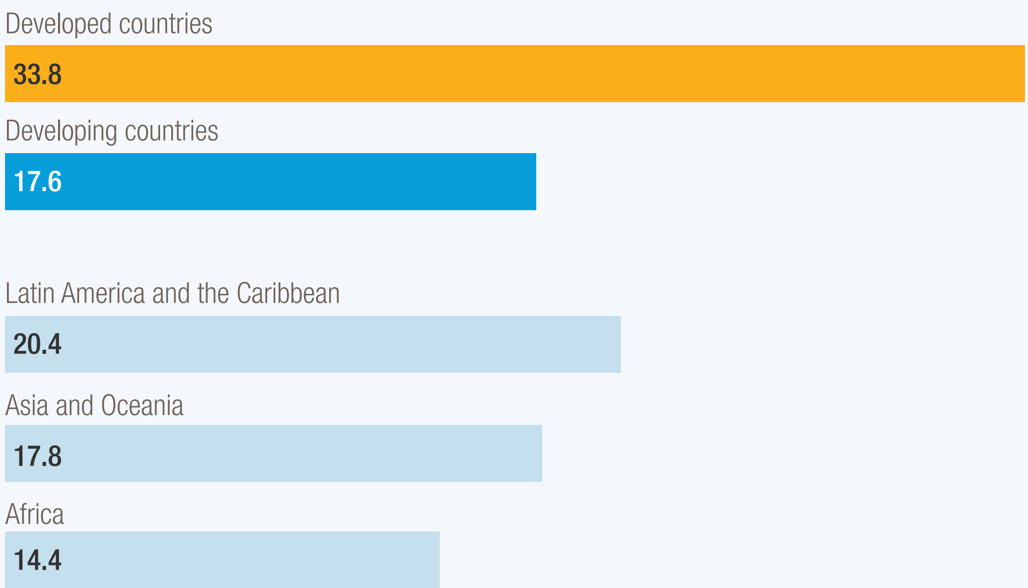
Delivering on these commitments is a vital step towards realizing the full potential of international cooperation.

Fulfilled commitments not only build trust and enhance capacities but also foster stronger partnerships between North-South and South-South actors. Efforts in this area must prioritize mechanisms that monitor the additionality and complementarity of ODA and climate finance. It is equally essential to develop methodologies and financing approaches that reflect and address multiple dimensions of vulnerability, including climate-related risks, while aligning with the evolving policy priorities of recipient countries.

A second critical channel is Domestic Resource Mobilization (DRM).

Currently, developing countries collect tax revenues equivalent to only 52% of what developed countries raise, with an even sharper disparity in Africa, where the figure drops to 44%. This revenue gap significantly constrains the fiscal space needed to make investments in achieving the SDGs.

Figure 22
Domestic resources need to be mobilized for the SDGs.
General government tax revenues as % of GDP (2010-2020)



Source: UNCTAD Secretariat calculations based on UNU-WIDER Government Revenue Dataset.

Note: Median value per country group. Average for the 2010–2020 period.

Addressing this challenge requires a focus on open and equitable international tax cooperation.

Advancing the proposed UN Framework Convention on International Tax Cooperation is a key step in this direction. It can equip developing countries with the tools to tackle tax evasion, avoidance, and profit shifting. Complementary efforts are also needed in areas such as investment policy and taxation. Strengthening tax incentives to attract sustainable investments while ensuring transparency and fairness can significantly boost revenues and drive economic growth. Additionally, combating illicit financial flows (IFFs) is critical. IFFs, including money laundering, corruption, and trade misinvoicing, are estimated to drain over $89 billion annually from African economies. This represents a substantial loss of resources that could otherwise be directed towards achieving the SDGs.

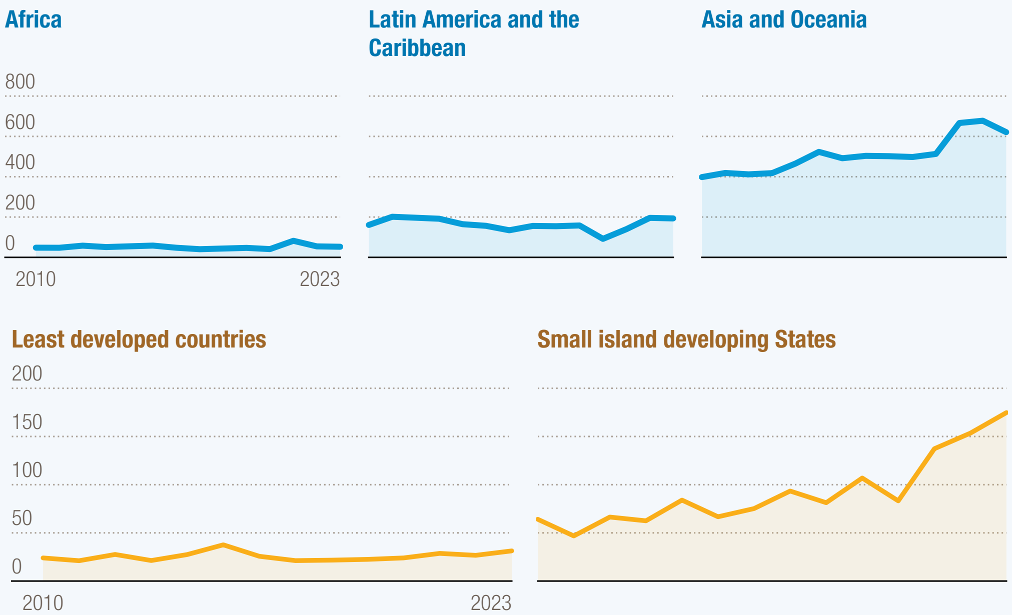
In addition, building robust domestic tax systems is essential.

Measures such as improving tax administration, including digital taxation, and fostering progressive tax policies can significantly enhance DRM. International cooperation, capacity-building initiatives, and technology-driven solutions, such as e-tax systems, are crucial in supporting these efforts.

Figure 23

Foreign direct investment to developing countries recently decreased.

Foreign direct investment in US$ billions (2010-2023)



Source: UNCTAD Secretariat based on UNCTADstat.

The third channel is FDI, which remains one of the main and most stable sources of external finance for developing countries.

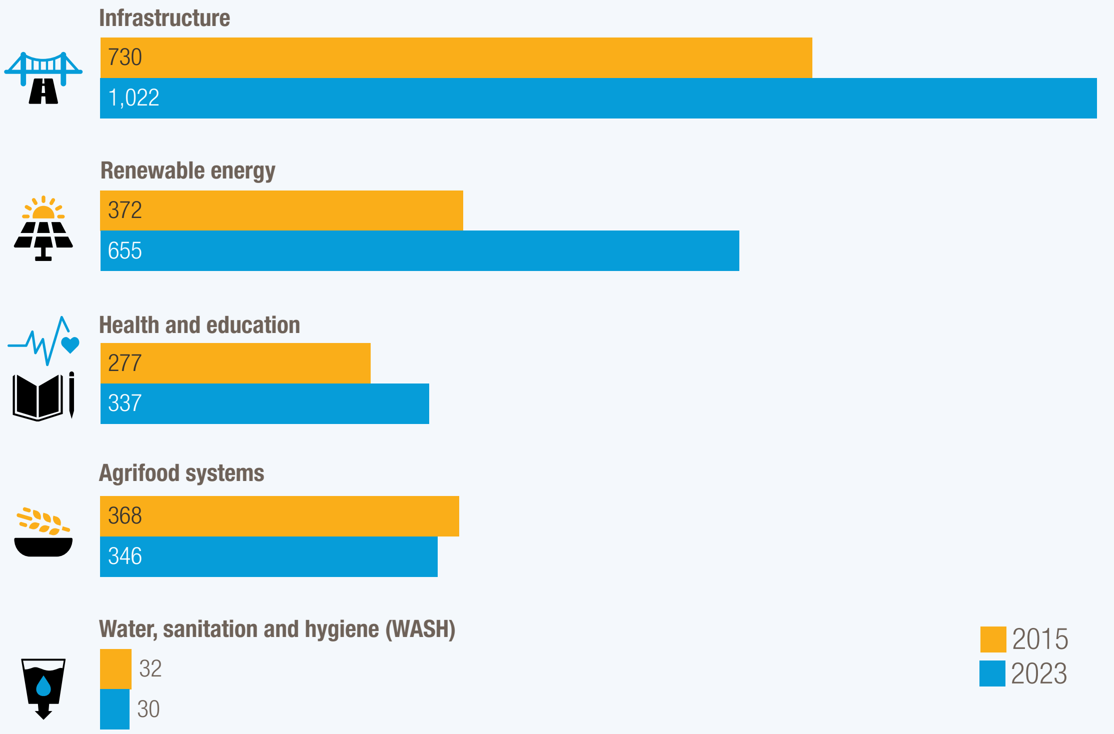
Between 2010 and 2023, FDI to developing countries grew from $607 billion to $867 billion. However, recent declines in FDI flows threaten to widen the estimated $4 trillion annual investment gap needed to achieve the SDGs. Moreover, the distribution of FDI remains highly unequal, with Africa and LDCs consistently receiving a declining share of global FDI inflows.

The sectoral allocation of FDI to developing countries also highlights structural issues.

A significant portion of FDI in these countries continues to focus on extractive industries, limiting its contribution to broader development objectives. While the number of projects in SDG-relevant sectors grew by about 4% annually between 2015 and 2023, this growth was largely concentrated in infrastructure and renewable energy.

Critical sectors, such as agrifood systems and water and sanitation, saw fewer internationally financed projects in 2023 than in 2015, when the SDGs were adopted. This uneven investment landscape undermines progress towards the SDGs, particularly in regions and sectors that need it most.

Figure 24
Investment in the SDGs has failed to take off in some critical sectors.
Number of annual international investment projects in sectors relevant to the SDGs in developing countries (2015-2023)



Source: UNCTAD Secretariat.

Note: Infrastructure includes transport infrastructure, power generation and distribution (except renewables) and telecommunication. Agrifood systems includes agricultural production and processes; fertilizers, pesticides and other chemicals; research and development; and technology.

Addressing these issues requires strategies that promote economic diversification, sustainable and resilient economies, and a strengthened sustainable finance and investment ecosystem.

FDI is a key source of financing, and also an engine of knowledge transfer, economic diversification and enhanced export sophistication.

With declining opportunities in resource-based FDI and low-value manufacturing, developing countries must shift towards high-value sectors like green industries and digital services. Policies that foster regional value chains, empower SMEs, and create pathways in SDG-aligned sectors, such as renewable energy, can accelerate this transformation.

The transition to sustainable and resilient economies demands large-scale investments in renewable energy and climate infrastructure.

Strategic planning for energy transitions–including clear emission-reduction pathways and infrastructure gap assessments–is essential to guide investors. Partnerships between international investors, multilateral financial institutions, and governments can significantly reduce capital costs through innovative instruments such as green bonds and debt swaps. Harmonizing sustainability standards and addressing greenwashing are also key to encouraging sustainable investments.

A robust sustainable finance ecosystem is necessary to close the financing gap for the SDGs and climate goals.

Enhancing investment facilitation, improving international investment agreements (IIAs), and leveraging de-risking tools like blended finance and investment guarantees can attract additional private capital. Mobilizing resources from sovereign wealth funds and institutional investors for SDG-aligned projects can also play a crucial role in bridging this gap.

The fourth channel is debt financing, which plays a critical role in funding investments essential for sustainable development.

However, for many developing countries, debt has become a significant obstacle to achieving the SDGs. Public debt in developing countries surged from $8.1 trillion in 2010 to $28.8 trillion in 2023. This rapid increase has forced governments to allocate a growing share of their revenues to debt servicing. In 2023 alone, these countries spent $847 billion on net interest payments, equivalent to 7.8% of government revenues. This diverts critical resources away from essential investments in health, education and infrastructure.

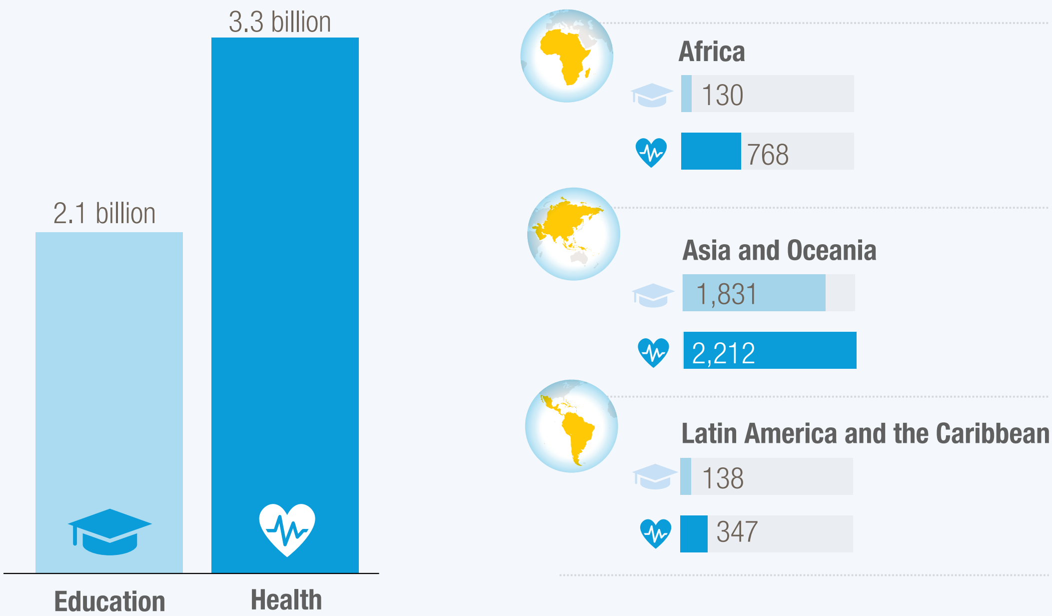
The unequal structure of the global financial and monetary system exacerbates this burden.

Rising interest rates disproportionately impact vulnerable economies. In Africa, borrowing costs are up to twelve times higher than in developed countries, deepening financial distress. Approximately 3.3 billion people live in countries where governments spend more on interest payments than on healthcare or education. Without systemic reforms, these disparities will continue to undermine efforts towards sustainable development.

Reforming the international financial architecture is a critical first step to addressing these challenges.

Inclusive and representative governance, institutions and regulations are needed to reflect the dynamic nature of the global economy. This includes, in addition to changes in these areas, macro-financial tools to monitor and address global imbalances, and a multilateral mechanism for debt crisis resolution. Such a mechanism would enable countries to prevent, respond to, and recover from debt distress while promoting fair and efficient outcomes. Additionally, the risks posed by financialization underscore the need for enhanced monitoring and regulatory frameworks to ensure financial stability and safeguard the real economy from excessive speculative activities. In parallel, efforts must focus on fostering net positive financing flows to developing countries and reducing the cost of capital, which remains a significant barrier for many vulnerable economies.

Figure 25
There is a need to reform the global debt architecture to support sustainable development
Population in developing countries where spending on interest exceeds education or health (2020-2022)



Source: UNCTAD Secretariat.

Multilateral financing must be strengthened.

This requires enhancing the capacity of global and regional financial institutions to meet the needs of developing countries. Scaling up lending, particularly through concessional financing, is essential to bridge development funding gaps and support sustainable investments. Improved responsiveness during crises can further mitigate the risk of prolonged debt distress, ensuring that resources are available when most needed.

Efforts must also focus on enhancing sustainability and transparency.

Capacity-building initiatives to strengthen debt management and accountability are critical for enabling countries to prevent, respond to, and overcome debt distress. Expanding sustainable finance is crucial to ensure that borrowing supports long-term development goals rather than becoming a barrier. Furthermore, advancing the implementation of UNCTAD's Principles on Responsible Sovereign Lending and Borrowing is essential. These principles provide a foundation for fostering responsible lending and borrowing practices, creating a global debt framework that prioritizes sustainability, equity, and resilience. Together, these actions can reshape the global debt landscape into one that promotes sustainable development and structural transformation.

> We need a global financial architecture that puts people and planet first

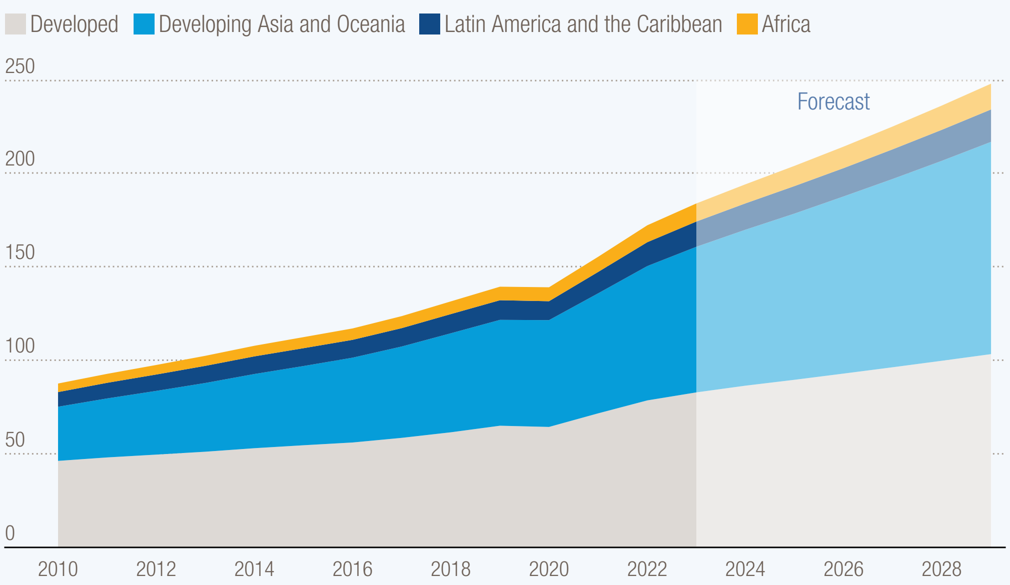
- We work towards creating an enabling environment for the mobilization of domestic resources.
- We advocate for development and climate finance flows that meet the needs of developing countries in both quantity and quality.
- We support countries in making financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.
- We support countries in investment promotion and facilitation.
- We advocate for stable, open, responsible and transparent global investment conditions.
- We lead whole-of-UN efforts and engage with different international fora for international financial architecture reform, including a global debt architecture that works for development.

2.4 More multilateralism in a multipolar world

The rise of the Global South has decentralized the world economy, especially in the last three decades.

Adjusted to differences in price levels across countries, in 1990 developing countries accounted for 34% of the world's economic output in PPP. However, by 2013 the Global South had surpassed the output of developed countries, reaching a share of 55% in 2024 and is forecast to reach almost 60% by 2029. The bulk of global economic growth in the near future is expected to come from the Global South. As a result, today's world economy is characterised by a diversity of economic centres of gravity.

Figure 26
Nearly 70% of global economic growth in the next five years will come from the Global South.
World annual GDP in US$ trillion, by region



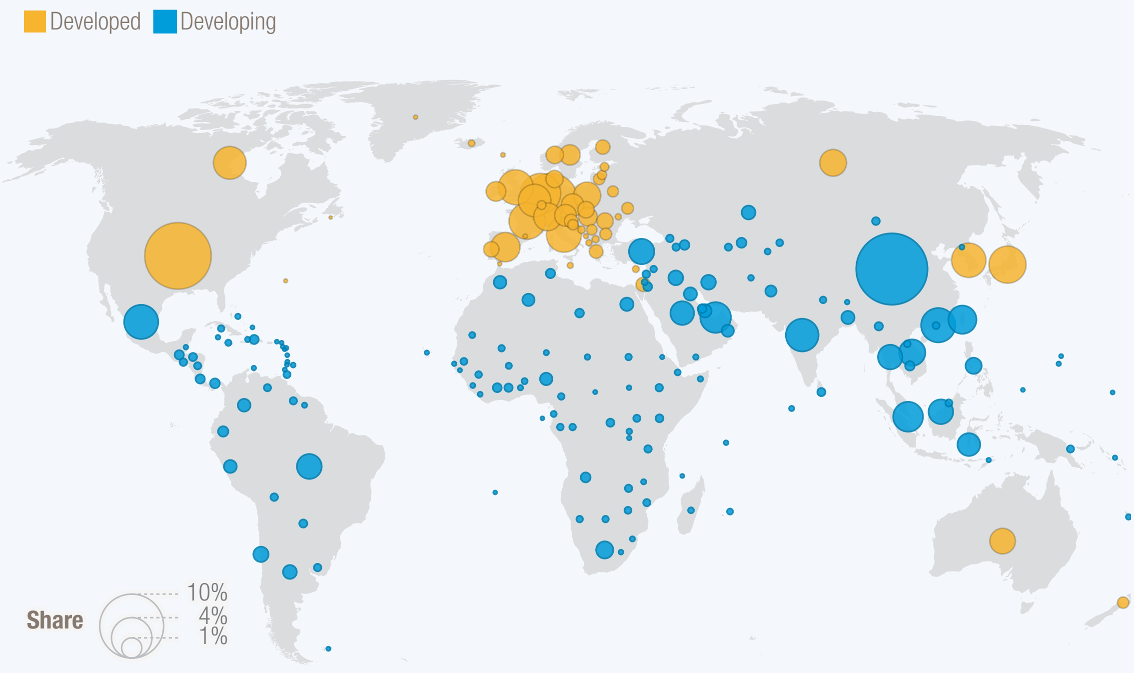
Source: UNCTAD Secretariat, based on IMF and World Economic Outlook.

Note: Gross domestic product (GDP) in purchasing power parities (PPP). Forecast for the period 2024-2029.

Multilateralism is the means to make all voices heard in a multipolar world.

While decentralization can be an important force for inclusion, this multipolar landscape also introduces greater complexity to multilateralism. The differing interests and priorities among global centres often lead to challenges, risking fragmentation rather than cooperation. Without a strong multilateral core based on fairness and a rules-based global economy, the voices of many developing countries may be overshadowed by competing interests, particularly in areas such as trade and investment. Multilateral frameworks are essential for mediating and balancing diverse interests, fostering cooperation even amid strategic competition. Effective multilateralism reduces the risk that geopolitical tensions escalate into economic fragmentation. By establishing universally agreed-upon rules, it creates a predictable and stable environment for global economic and political interactions, which is important for all economies, but particularly for smaller ones, low- and middle-income countries.

Figure 27
Multipolarity seen through the trade lens
Share of global merchandise trade in 2023 (%)



Source: UNCTAD Secretariat based on UNCTADstat.

Notes: Based on the average of total merchandise exports and imports at current prices in US$. Data refer to statistical territories. Statistics published for China exclude those for Hong Kong, Special Administrative Region; Macao Special Administrative Region and Taiwan Province of China, as trade statistics are reported for each.

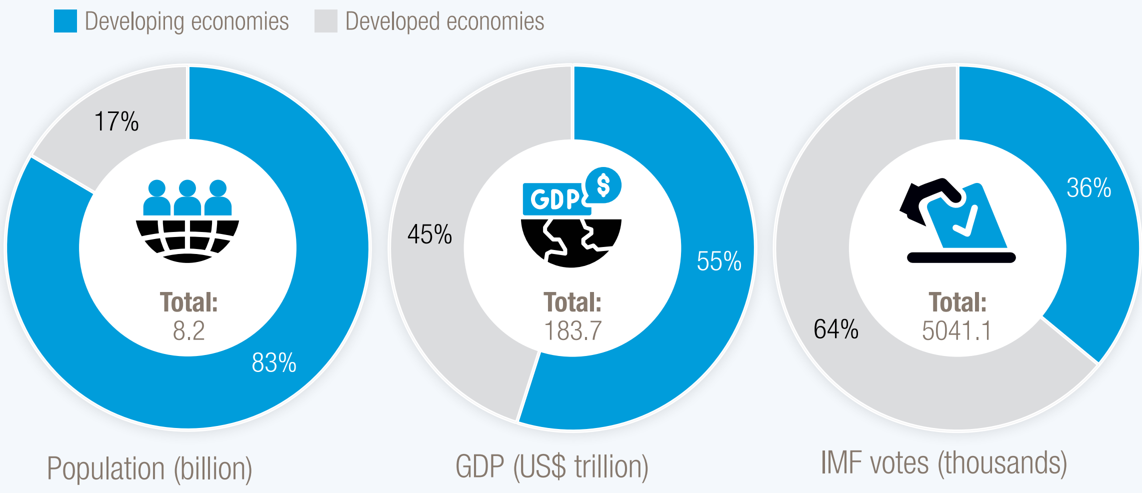
However, multilateralism is suffering from a trust deficit.

Partly, this is due to current institutional frameworks often falling short in supporting countries in delivering essential public goods and ensuring adequate living standards for a significant portion of the global population. More fundamentally, it reflects the system's slow adaptation to the emergence of a multipolar world, including the lack of equitable representation in the governance of multilateral institutions.

Developing economies, home to most of the world's population, face stark disparities in economic output and institutional representation.

While the global economy is continuously decentralizing, its governance remains relatively centralized. Developing countries account for 83% of the world's population but contribute only 55% to the global GDP (in PPP), reflecting challenges in productivity, infrastructure, and access to resources. In contrast, developed countries, with just 17% of the population, command a disproportionate 45% of global GDP. This imbalance extends to institutional representation, where developing economies hold only 36% of the IMF's voting share, far below their population and GDP contribution, while developed countries control 64%. Addressing these inequalities demands urgent reforms to promote equitable economic growth and representation, which can restore trust in a more inclusive and sustainable global economic framework.

Figure 28
Global governance must keep pace with the changing reality



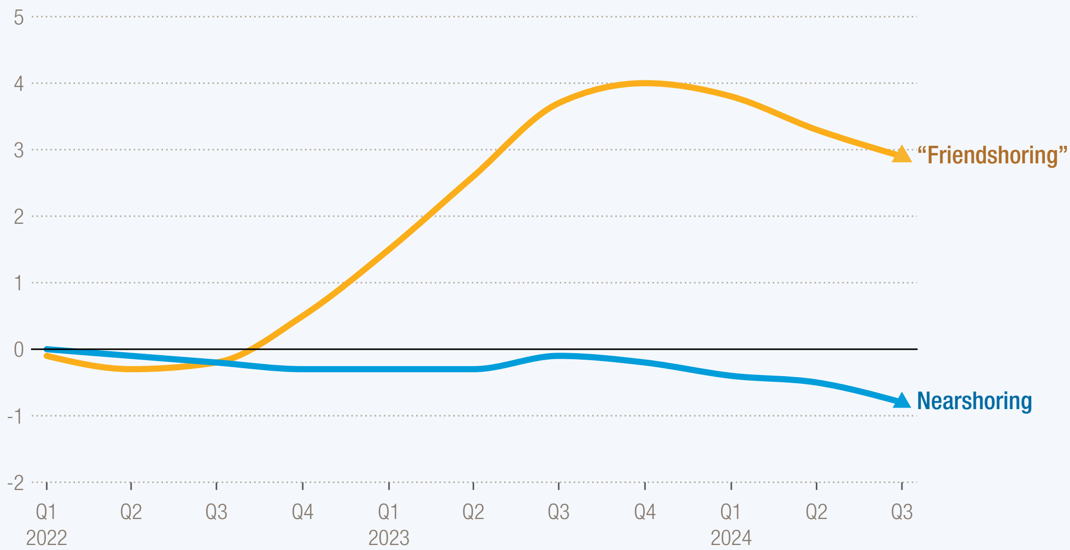
Source: UNCTAD Secretariat based on UNCTADstat and IMF.

Note: Population and IMF vote shares for the year 2024. Gross domestic product (GDP) in purchasing power parity (PPP) for 2023.

Trade should be a force for shared prosperity, not geopolitical rivalry.

The emergence of a multipolar world economy, compounded by cascading crises and other destabilizing forces, has weakened multilateralism and increasingly aligned trade patterns with political divides. Restrictions on developing countries' autonomy to engage in trade and benefit from the global economy undermine efforts to address global challenges such as poverty, climate change and inequality.

Figure 29
Recently, trade patterns have aligned more closely with political alliances.
Annual change relative to 2021 (%)



Source: UNCTAD Secretariat calculations based on national statistics, UN voting data and CEPII geographic data.

Note: Nearshoring is calculated as the reverse of the trade-weighted average distance in km. Friendshoring is calculated as trade-weighted political proximity as measured by the United Nations voting patterns.

Protectionism is eroding the multilateral trading system.

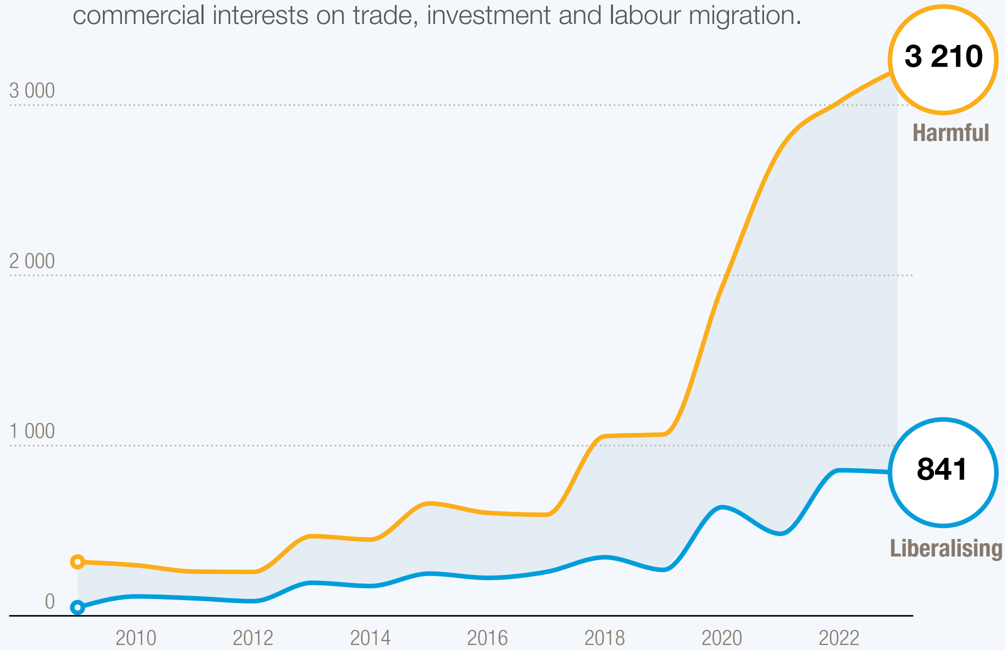
Existing frameworks have proven insufficient to deliver for the most vulnerable economies, to halt the global increase in pollution and within-country inequality, and to keep pace with pressing global developments. From climate change to the accelerating technological transformation and the growth of services, multilateral negotiations in these critical areas have seen little progress in decades. While plurilateral negotiations continue in some sectors, there has been a noticeable rise in protectionist measures. These measures undermine multilateral rules to the detriment of small, low- and meiddle-income economies, which often lack the policy tools or economic influence to navigate a trade environment where, increasingly, might is right.

In this sense, multipolarity without multilateralism may lead to fragmentation, hindering sustainable development.

Trade and investment are ever more influenced by protectionist measures driven by a range of economic and non-economic objectives. The rise of protectionism exacerbates policy uncertainty, increases risk premiums and can distort trade and investment decisions.

Although many policies aim to promote commendable goals, such as better jobs and environmental sustainability, a fragmented approach can undermine the capacity of developing and vulnerable economies to achieve the SDGs by integrating themselves into global markets.

Figure 30
Protectionist measures are on the rise.
Announcements of changes in the relative treatment of foreign versus domestic commercial interests on trade, investment and labour migration.



Source: UNCTAD Secretariat based on The Global Trade Alert.

Note: Data includes central government statements, subnational actors, as well as public corporations and public financial institutions. Analysis focus on the relative treatment in the areas of trade in goods and services, investment as well as labour migration.

High levels of inequality between and within economies undermine the developmental benefits of trade.

High inequality, including the pronounced disparities along rural-urban and gender lines, weakens the historically positive link between trade, economic growth, and poverty reduction. This is particularly the case in the most vulnerable economies, especially those in Sub-Saharan Africa, and among LDCs, LLDCs, and SIDS, whose poor remain largely unconnected to global trade.

For many developing countries, particularly the poorest ones, the prospects of a better integration into global markets remains an elusive goal.

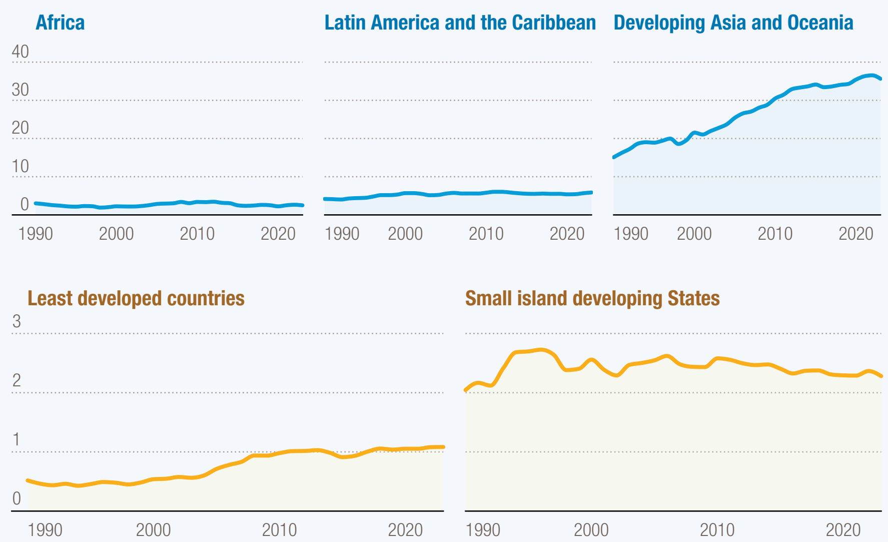
In addition to the structural challenges that vulnerable economies face, the cost of trade policy fragmentation affects them disproportionately. Between 1990 and 2023, high-income developing countries' share of global merchandise exports more than doubled, from 17% to 35%. For middle-income developing countries, it increased from 5% to 8%, while for low-income countries, it hardly grew and always remained below 1%.

SDG target 17.11.1 is to double LDCs' share of global exports from 1% in 2011 to 2% by 2030. However, since 2011, this share has stagnated at around 1%. These persistent disparities underscore the need for adequate Special and Differential Treatment, providing developing and least developed countries with sufficient policy space to improve the terms of their integration in the global markets.

While rising, the potential of South-South and regional trade remains largely untapped, offering opportunities to reduce regional trade disparities.

While the export share of developing countries doubled from 22% to 44% between 1990 and 2023, Latin America and the Caribbean saw only a modest increase from 4.2% to 5.9% and Africa's share even declined from 3.0% to 2.5%. Currently, South-South market access is less favourable than between developed and developing countries. Addressing tariffs and non-tariff measures for stronger South-South integration could provide opportunities for diversification and trade sophistication. One existing platform that could support the process is the Global System of Trade Preferences among developing countries (GSTP), established through UNCTAD discussions in 1989, although it is still pending ratification.

Figure 31
Poorer economies struggle to integrate into global markets.
Share of global merchandise exports between 1990 and 2023 (%)

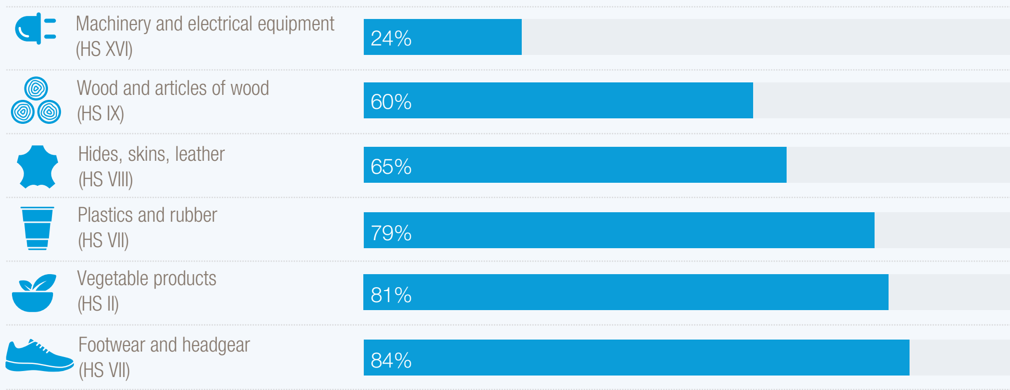


Source: UNCTAD Secretariat based on UNCTADstat.

Countries need new support measures to fully benefit from preferential treatment.

To promote export-led growth in developing and least developed countries, the international community has implemented several measures. One such initiative is the Generalized System of Preferences (GSP), established in 1971 under the auspices of UNCTAD. It allows developed countries to offer preferential tariff rates on imports from developing countries. Similarly, the Duty-Free and Quota-Free (DFQF) Initiative enables nearly all products originating from LDCs to enter developed country markets without tariffs or quotas. However, these trade preferences are often underutilized.

Figure 32
Multilateral initiatives to support the export growth of developing countries remain underutilized.
Utilization of the Generalized System of Preferences (GSP) by least developed countries between 2021 and 2023, in % of all covered trade by sector



Source: UNCTAD Secretariat based on Database on GSP utilization.

Note: UNCTAD has held the mandate to monitor the utilization of the Generalized System of Preferences schemes since 1975 and, more recently, the trade preferences granted under the Duty-Free Quota-Free initiative in favour of LDCs. HS numbering refers to the sections of the Harmonized System to classify goods.

The loss of international support measures is a major concern for countries graduating from the LDC category.

LDC graduation reflects significant progress in a country's development, particularly in terms of income, human assets, and economic and environmental vulnerability. However, this transition to the developing country status also means losing preferential treatment in international trade and financial assistance. To support these countries in maintaining their development momentum, it is important to assess their vulnerabilities and productive capacity gaps and provide evidence-based recommendations as they navigate the transition phase.

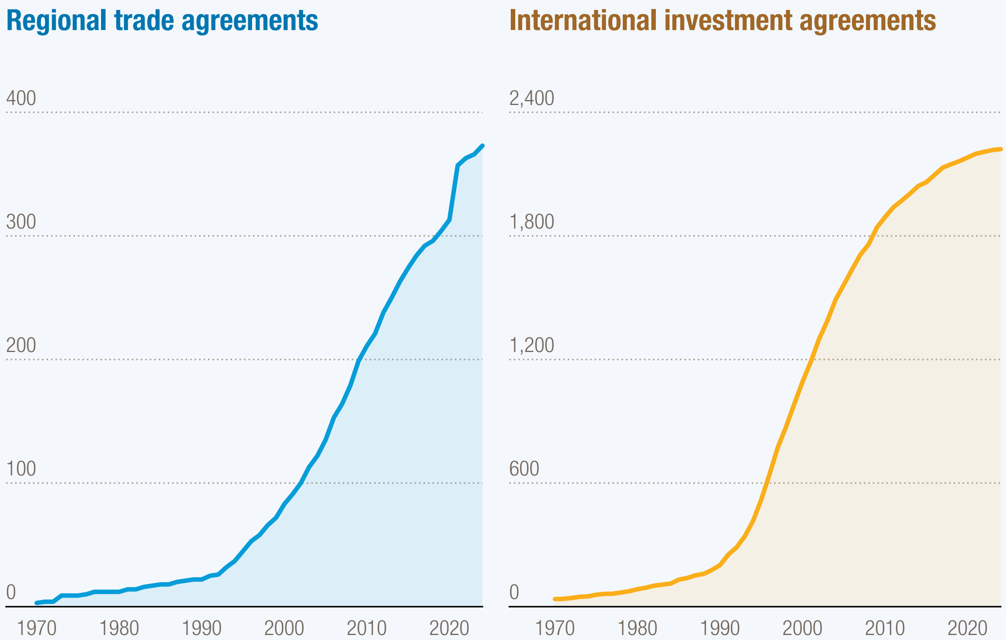
Developing countries need more policy space under multilateral rules to foster structural transformation amid fiscal constraints.

Unlike other economies with greater fiscal capacity, developing countries face barriers such as high technology costs, limited knowledge transfer, and restricted policy tools, widening the competitive gap. This is particularly the case in a context of rising protectionism, where many countries may be flaunting rules of the World Trade Organization (WTO) with the hopes of increasing their net manufacturing exports. An open discussion on this issue, including the potential to update or if not at least expand the availability of waivers to WTO TRIPS (Trade-Related Aspects of Intellectual Property Rights) and TRIMs (Trade-Related Investment Measures) agreements, would allow developing countries to advance innovation, industrial growth and renewable energy.

Well-managed, multipolarity with multilateralism can become a factor of inclusion

Regional agreements, which can promote structural transformation in developing countries, are a case in point. In recent years, there has been a strong rise in bilateral and regional agreements, with an increasing number of deeper WTO-plus provisions with a focus on sustainability. Since the early 1990s, the number of regional trade agreements (RTAs) and IIAs has surged more than tenfold. While only 22 RTAs were in force in 1990, that number has grown to over 350 by 2024. A similar pattern is observed for IIAs, which increased from 202 in 1990 to more than 2,200 by 2024. While welcome, regional and bilateral agreements add layers of complexity to the global trade and investment landscape.

Figure 33
The proliferation of trade and investment agreements complement multilateralism.
Number of regional trade agreements and international investment agreements in force over time.



Source: UNCTAD Secretariat based on International Investment Agreements Navigator and World Trade Organization.

Multilateral fora can play a critical role in modernizing trade and investment relationships in a more harmonized and inclusive manner.

Over time, older-generation trade and investment agreements are revised to integrate sustainable development imperatives. In parallel, national and international trade and investment policy tools emerge, such as investor-state dispute settlement, taxation of investment, de-risking and FDI screening. To make sure that such measures are in line with inclusive progress towards the SDGs, there is a pressing need for dialogue, exchange of best practices and efforts to establish regionally harmonized treaty standards. Additionally, technical solutions for standardizing trade processes and cross-border data flows can be harnessed at the multilateral level to promote interoperability, reduce costs and encourage interregional trade.

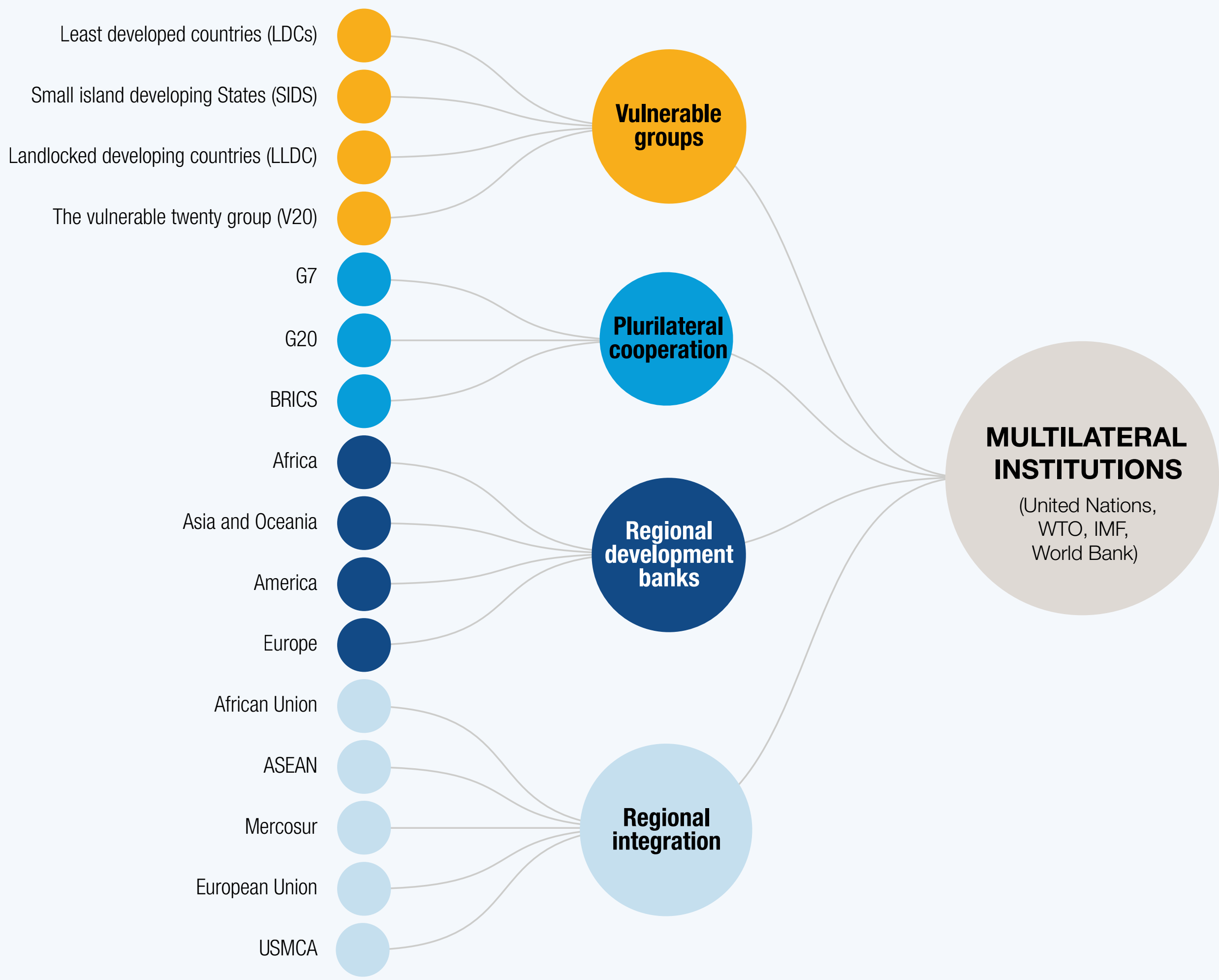
To make the most out of the inclusive potential of multipolarity, we must build on what the UN Secretary-General calls "Networked Multilateralism".

In recent years and decades, almost paralleling the rise of regional trade and investment agreements, many plurinational and regional bodies have emerged. On development finance, this includes regional development banks such as the African Development Bank; on trade and policy, bodies such as the AfCFTA and the Association of Southeast Asian Nations (ASEAN); on economic cooperation, forums such as the G20; and in advocacy for consensus building efforts, country groupings such as the SIDS, LDCs, LLDCs and the Vulnerable Twenty (V20) Group have raised the voice of vulnerable countries. The key will be in ensuring these bodies create a larger network of action that does not seek to replace the multilateral system, with the UN at its core, but to strengthen it. To de-centralize is not to replace the centre – it is to expand it.

But even as we build these networks, reform remains critical for many institutions of the multilateral system, and especially those of the International Financial Architecture.

As noted in the previous chapter, the current international financial architecture is struggling to adapt to the changing economic and geopolitical landscape, with issues around governance representation becoming larger by the year. The IFA is designed to ensure global monetary and financial stability, facilitating long-term financing and development finance, and supporting countries in times of financial crises. As such, it plays a key role in creating a conducive environment for international trade, domestic investment and attracting foreign direct investment.

Figure 34
Multipolarity requires a stronger and wider multilateral network.



Source: UNCTAD Secretariat.

Note: The information contained in the figure is illustrative and not exhaustive.

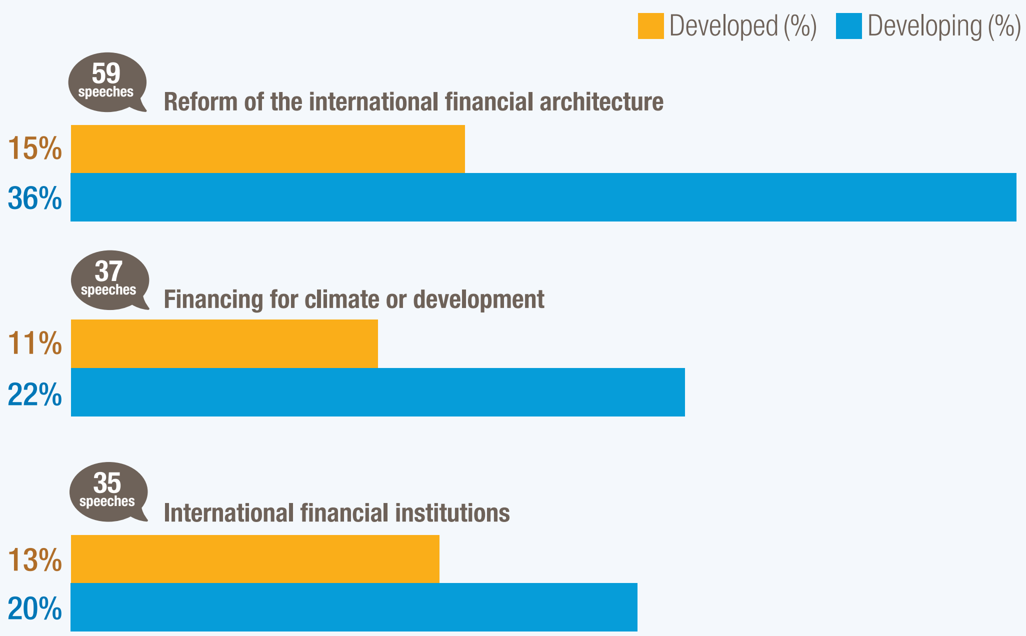
However, the inequities within the current international financial system can hinder progress towards achieving the SDGs.

Structural asymmetries within the IFA affect developing countries' access to long-term sustainable development finance and exacerbate the impact of shocks, such as exchange rate fluctuations. A governance system that imposes more stringent adjustments on developing countries in response to macroeconomic imbalances has contributed to unsustainable debt burdens. Global public debt has doubled since 2010, reaching an all-time high of $97 trillion in 2023. More than 40% of the world's population lives in countries where debt interest payments exceed spending on education or health.

The discontent with the global financial architecture is growing, and countries call for its reform.

In September 2024, 59 world leaders at the UN General Assembly addressed the need for reform of the IFA to better respond to the challenges of today and foster sustainable development. For instance, improving access to concessional loans and grants, enhancing transparency in financing terms and conditions, establishing rules to improve developing countries' resilience during external crises, implementing automatic debt restructuring and creating a global authority to coordinate and guide sovereign debt restructuring.

Figure 35
World leaders call for the reform of the international financial architecture.
Share of speeches at the UN General Assembly



Source: UNCTAD Secretariat based on 193 speeches of the General Debate at the 79th Session of the UN General Assembly, 24-28 and 30 September 2024.

“Multipolarity is a fact, multilateralism is a choice we must make”

- We support global governance reform so that it fairly reflects the economic and demographic realities of today’s world, as called for in the Pact for the Future.
- We engage in networked multilateralism to help build consensus both inside and outside UNCTAD, supporting our membership in doing the same with policy-oriented research and technical solutions.
- We advocate for reforming the international trade and financial systems to make them more equitable, inclusive, development-oriented and aligned with climate goals.
- We invest in our capacity to cooperate, mediate, and forge a common path towards a sustainable future.

3

16 Actions for UNCTAD 16

More diversified economies

1 MINERALS.
Positioning ourselves as a global knowledge hub for critical energy transition minerals to support an energy transition within development strategies that are in line with the Paris Agreement and the SDGs. This includes enabeling the twin transitions to clean energy and a digital economy while fostering structural change through value addition and domestic processing.

2 SERVICES.
Expanding our work on services as a new frontier of economic diversification, ranging from traditional to knowledge-intensive and digital sectors, including creative industries, through data collection, policy analysis, technical assistance and consensus building.

3 DIGITAL TECHNOLOGIES.
Helping developing countries enhance their readiness to leverage data and digital technologies and capacities, including artificial intelligence capacities, for economic diversification and inclusive development, while reducing environmental impact and ensuring open, fair and safe digital markets. Building on the new Global Digital Compact mandate on data governance and flows.

More inclusive, sustainable, and resilient economies

4 INDUSTRIAL POLICY FOR INCLUSION AND RESILIENCE.
Elevating our support to developing countries in building resilience and broad-based prosperity through low-carbon structural transformation, enhanced productive capacities and increased economic complexity to address the challenges posed by climate change, inequality, and rapid technological advancements.

5 DEVELOPMENT DIMENSION OF THE TRIPLE PLANETARY CRISIS.
Advancing the discourse on the development dimension of climate and environment-related policies to foster international cooperation, climate finance, and help developing countries strengthen the economic and environmental sustainability of food systems and capture emerging business opportunities in the green, blue and circular economies.

6 INCLUSIVE TRADE.
Increasing our work on ensuring a better integration of developing countries and vulnerable economies into the global trading system, including African countries, LDCs, LLDCs and SIDS. Ensuring that trade offers opportunities for all, including vulnerable and disadvantaged consumers, women, persons with disabilities, youth, and micro, small and medium-sized enterprises and agricultural producers, in all regions.

More abundant and stable finance for development

7 INVESTMENT AND SUSTAINABLE FINANCE.
Stepping up our support to member States to help them build a sustainable and innovative finance ecosystem, notably by supporting harmonized sustainability standards, updating investment treaties, and promoting investment flows towards developing countries at scale.

8 DEBT AND DEVELOPMENT.
Supporting countries in their efforts to reform, through multiple international fora, the global debt architecture, develop debt sustainability methodologies and innovate tools, and assisting in debt management and crisis prevention and resolution, including through programs such as the Debt Management and Financial Analysis System (DMFAS). Advocating for broader reforms around the Global Financial Safety Net and development finance to ensure new debt crises do not unfold in the future.

9 DOMESTIC RESOURCES.
Promoting open and equitable international tax cooperation, helping developing countries to develop data and policies to address the challenges of illicit financial flows in a comprehensive and inclusive manner, and improving their ability to reap their full customs revenue through programs such as the Automated System for Customs Data (ASYCUDA).

More multilateralism in a multipolar world

10 INTERNATIONAL FINANCIAL ARCHITECTURE.
Investing in consensus building for the reform of the international financial architecture to make it more inclusive and fairer, ensuring it meets the development and climate financing needs of developing countries affordably, at scale, and with a long-term horizon. Stepping up our advocacy efforts in relevant fora, such as ECOSOC and the G20.

11 MULTILATERAL TRADING SYSTEM.
Expanding support to developing countries in taking a leading role in reforming the multilateral trading system (MTS), helping them navigate tariff and non-tariff measures, trade-restrictive policies, and the proliferation of conflicting standards. Assisting countries in advocating for WTO reform, implementing the obligations of the MTS and better handling outstanding negotiations and WTO accessions, to face growing protectionism through rules-based trade, and future-proof investment and trade policies.

12 NETWORKED MULTILATERALISM.
Enhancing our capacity to build consensus both within UNCTAD and beyond, including within UN-wide processes as well as other regional, plurinational, and South-South international bodies and frameworks such as the Global System of Trade Preferences among developing countries (GSTP), the AfCFTA, the G20, ASEAN, and others.

Cross-cutting actions

13 CRISES, SHOCKS AND DISRUPTIONS.
Enhancing our capacity to assess the socio-economic impacts of global shocks, disruptions to global supply chains, and crises as well as their potential spillover effects in developing countries, and efficiently and effectively providing assistance to mitigate these challenges.

14 GLOBAL COOPERATION.
Strengthening our support for North-South, South-South and triangular cooperation towards sustainable and equitable development.

15 DATA.
Expanding our data capabilities to harness the data revolution for evidence-based policymaking and the provision of new digital public goods.

16 GENDER.
Implementing a cohesive trade and gender strategy, to foster a deeper understanding of the trade and women nexus and to provide analysis, tools, and data that support the implementation of inclusive policies.

As the world changes, so must we.

UNCTAD must be

RESPONSIVE.

Ensuring the organization remains nimble and attuned to the needs of member States, providing timely technical cooperation, facilitating consensus during crises, and communicating research to bring a development perspective to global shocks.

RAPID.

Increasing our capacity for fast response, harnessing new methods to leverage real-time data, and building multi-stakeholder, agile networks of action to address emerging challenges and opportunities in a global economy.

RESULTS-BASED.

Ensuring our actions have a tangible impact on the ground, focusing on operational efficiency, securing effective budget utilization, streamlining processes for better outcomes, and promoting interdivisional collaboration for a unified approach.

RELEVANT.

Anticipating future trends to ensure our work remains impactful in a changing world and society.

The United Nations Conference on Trade and Development – UNCTAD – is the leading body of the United Nations focused on trade and development.

UNCTAD works to ensure developing countries benefit more fairly from a globalized economy by providing research and analysis on trade and development issues, offering technical assistance and facilitating intergovernmental consensus-building.

Standing at 195 countries, its membership is one of the largest in the United Nations system.

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