



CIPRIANI COLLEGE
OF LABOUR AND CO-OPERATIVE STUDIES



**DEVELOPMENT REIMAGINED:
REDESIGNING THE GLOBAL FINANCIAL
ARCHITECTURE (PART 3)**

WORK MATTERS

COLUMN

APRIL 2025

Development Reimagined: Redesigning the Global Financial Architecture (Part 3)

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This week we conclude our discussion on reimagining development. Over the last two weeks, we have argued that there is a need to confront this moment with bold strategic cooperation among the countries of the global south. We have also determined that we do not have the luxury of timidity. We have also identified the need to embrace the complexity of systems thinking as a means of making sense of a very dynamic situation and we have looked at the issues of ecological stability. We conclude this week with the practical issues of implementation.

How should we implement – Develop Strong Institutions

The current global financial architecture (GFA) is not designed to address all these elements. In fact, the GFA incorporates **asymmetries** (control over priorities, measures of risk that penalize vulnerability and generate low-resilience cycles, and a partial versus systems focus -- specifically, it uses inadequate cost measures that lead to perverse incentives). To be clear, **current reform efforts will not be sufficient to meet the needs of all stakeholders.** More substantial, comprehensive, and bold reforms (in voice, in finance, and in resilience) are needed to address these asymmetries.

The paradigm shift to ecological stability requires associated reform-oriented policies. For example, policies driving innovative finance should consider incentivizing investment in **natural capital**, promoting conservation, preservation, and restoration to unlock the wealth stored in nature's ecosystems. This can be advanced by: (a) adopting an augmented **total cost function** (giving 'investment return' a sustainability-based cost perspective); (b) using and developing the multidimensional vulnerability index (MVI) framework to capture and distinguish vulnerability and resilience; (c) advancing blended finance, as well as performance-

based and state-contingent classes of instruments to design terms of finance for pre-shock, shock, and post-shock periods; and (d) rewarding resilience -- penalize ecological stability stressors, reward nature-positive compressive buffers, and integrate sustainability-based inclusive governance and accountability systems in national economic planning.

This call for bolder reform should also include alternative perspectives on **four Cs**: **Capital** (give finance a purpose – although a powerful enabler, finance per se is insufficient on its own); **Coherence** (make a requirement in policy, vision, and fit-for-purpose investments); **Consistency** (foster long-term policy certainty with adequate risk-return metrics and incentives); and **Capacity** (underpin by a knowledge-driven, science-driven, multi-disciplinary, and multi-stakeholder integrated systems approach).

Building and Strengthening Our Institutions

No nation has ever achieved long-term development by relying on external institutions to serve its best interests. The Global South must invest in its own financial, trade, and research institutions to successfully navigate the changing landscape of multilateralism. This means strengthening organizations like the African Union, ASEAN, CARICOM, and others—not just as political forums, but as engines of economic integration, innovation, and self-sufficiency.

Institutions must also be built or repurposed, particularly to address areas where gaps exist. This has the promise of modifying the GFA bottom up; embracing technology transfer and mainstreaming evidence-based (data, information, knowledge architectures) capacity building with private sector innovators; promoting risk-sharing in infrastructure and high-impact ecological stability projects as joint responsibility to achieve national missions. Specifically, we need bespoke development banks tailored to the realities of the Global South, data hubs that allow us to control our own narratives, and

technology platforms that ensure we are not left behind in the digital revolution. We advocate for a coherently operating financing ecosystem of public development banks (PDBs), to leverage local institutional knowledge, encourage policy ownership, and promote aggregation for scale and efficiency.

Call To Action -- Lead Our Future

The Global South has spent decades calling for reforms to the global financial and trade systems. Rather than pleading for change, the Global South must forge its own path. This means designing financing mechanisms that allow us to harness our own wealth, investing in intra-South trade networks, and advancing policy coordination that places our interests first. The current geopolitical shifts present an opportunity that may not come again in our lifetime. The question is whether the Global South will rise to the occasion or continue to wait for change that is slow, conditional, and never in our full favor.

As **Amílcar Cabral**, the revolutionary thinker from Guinea-Bissau, warned, “*Tell no lies, claim no easy victories*”. The struggle for real economic sovereignty will not be given to us—we must claim it through deliberate action.

The time to act is now. This movement cannot be just another moment of grand speeches—**it must be an era of real action, strategic cooperation, and institutional strength**. Reform may come eventually, but it should not be a prerequisite for our progress. Our people cannot afford the luxury of passivity, and our leaders cannot afford the mistake of inaction. This is our moment to lead—not with hesitation, but with bold, strategic action, using a systems approach, the Onion Principle, and deep-rooted South-South cooperation.