

# The South Africa - UK International Economic Partnership (IEP)

## G20 AND AFRICAN INTERESTS RESEARCH PAPER

May 2024



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## DESCRIPTION OF THE SOUTH AFRICA – UK INTERNATIONAL PARTNERSHIP (IEP) PROJECT

The International Economic Partnership (IEP) is a programme which works through the global economic governance system to strengthen the influence of coalitions between South Africa, the UK and other low or middle-income countries, to bring about better pro-poor, inclusive policymaking, and a stronger economic recovery from COVID-19. Specifically, the programme aims to forge new ways of collaboration between the UK and South African governments by supporting South Africa's G20 presidency in 2025, unlocking structural barriers to growth and promoting economic policy coordination. The IEP is implemented by DNA Economics, Economic Research Southern Africa (ERSA) and the Overseas Development Institute (ODI) and runs until 2027. This research paper has been delivered as part of this partnership.

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## Acronyms

Term/Abbreviation	Definition
3E's+S	Energy Security, Economic Efficiency, and Environment + Safety
ACET	African Centre for Economic Transformation
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
AfIF	European Union African Investment Facility
AfIO	African Investment Observatory
AI	Artificial Intelligence
AMR	Antimicrobial Resistance
ARC	African Risk Capacity
AREI	African Renewable Energy Initiative
ASQIIA	Accelerating and Scaling-up Infrastructure for Africa
AU	African Union
AUDA	African Union Development Agency- New Partnership for Africa's Development
B20	Business20
BEPS	Base Erosion and Profit Sharing
BIS	Bank for International Settlements
BISIH	Bank for International Settlements Innovation Hub
BRI	Belt and Road Initiative
CAF	Capital Adequacy Framework
CBDC	Central Bank Digital Currency
CCUS	Carbon Capture Utilisation and Storage
CEM	Clean Energy Ministerial
COP	Conference of Parties to the UNFCCC
CRA	Credit Rating Agency
CwA	Compact with Africa
DSSI	Debt Service Suspension Initiative
DTIC	Department of Trade, Industry, and Competition
EELP	G20 Energy Efficiency Leading Programme
EJETP	Eskom Just Energy Transition Project

Term/Abbreviation	Definition
EMPOWER	Empowerment and Progression of Women's Economic Representation
EQUALS	Global Partnership for Gender Equality in the Digital Age
EU	European Union
FATF	Financial Action Task Force
FOCAC	Forum on China-Africa Cooperation
FSB	Financial Stability Board
FSN	G20 Food Security and Nutrition Framework
G20	Group of 20
G7	Group of 7
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IDA	International Development Association
IEA	International Energy Agency
ILO	International Labor Organisation
IMF	International Monetary Fund
KPI	Key Performance Indicators
kW	kiloWatt
LD	Leaders Declaration
LDCs	Least Developed Countries
LIC'S	Low Income Countries
MDB	Multilateral Development Bank
MSME's	Micro, Small, and Medium- sized Enterprises
NBFI	non-bank financial intermediation
OECD	Organisation for Economic Co-operation and Development
PIDA	Programme for Infrastructure Development in Africa
POPIA ACT	Protection of Personal Information Act
PRGT	Poverty Reduction and Growth Trust
RECEIC	Resource Efficiency and Circular Economy Industry Coalition
RST	Resilience and Sustainable Trust
SDGs	Sustainable Development Goals

Term/Abbreviation	Definition
SDR	Special Drawing Rights
SMART	Specific, Measurable, Actionable, Relevant, and Time Bound
SMEs	Small and Medium Sized Enterprises
STEM	Science, Technology, Engineering, and Mathematics
TVET	Technical and Vocational Training
UN	United Nations
UNECA	United Nations Economic Commission for Africa
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organisation
USA	United States of America
USD	United States Dollar
W20	Women 20
WBG	World Bank Group
We-Fi	Women Entrepreneurs Finance Initiative
WTO	World Trade Organization
WTO IFD	World Trade Organisation Investment Facilitation for Development

## Introduction

Established at the Leaders level in 2008 in the wake of the global financial crisis that began in the US with the subprime mortgage crisis, the G20 since then has positioned itself as the world's premier global economic governance forum. Over the years, however, its mandate has expanded significantly, moving beyond the finance and central bank priorities that characterised it in the years before it was elevated to summit level to include climate, digital governance, trade and infrastructure, development etc.

The membership of the G20 includes the G7 countries and a number of systemically important emerging markets. Until the admission of Africa as a full member during the Indian G20 presidency, the EU was the only regional organisation in the grouping. While the G20's membership was exclusive, its agenda had a global remit, dealing as it did with global economic governance issues. The G20 is not an implementing agency but because its members are important countries in the global system, consensus on global policies in the G20 can help to move processes in the formal multilateral bodies. Its legitimacy derives not from its membership composition (input legitimacy) but from its outputs, provided the decisions take into account not just the particular interests of its membership. In reality this has not always been possible and as geopolitical tensions grow, geo-economic rivalries and narrow national interests are playing an increasingly prominent role in some of the discussions.

A developmental element to the G20 deliberations entered the process in 2010 and resulted in coincided with the AU and AUDA-Nepad joining the meeting for the first time as observers. At the June 2010 Toronto summit, which by establishing the Development Working Group, formalised the G20's more comprehensive focus on development, the leaders' communiqué noted that 'narrowing the development gap and reducing poverty are integral to our broader objective of achieving strong, sustainable and balanced growth and ensuring a more robust and resilient economy for all'. The communiqué also noted that the G20 'must consider the impact of our policy actions on low-income countries'.

Later that year at the Seoul Summit, the G20 adopted the Seoul Development Consensus on Shared Growth and the Leaders communiqué recognised

*"the importance of addressing the concerns of the most vulnerable. To this end, we are determined to put jobs at the heart of the recovery, to provide social protection, decent work and also to ensure accelerated growth in low income countries (LICs)."*

The Seoul Development Consensus set out the G20's commitment "to work in partnership with other developing countries, and LICs in particular, to help them build the capacity to achieve and maximise their growth potential, thereby contributing to global rebalancing".

The 2013 summit in St Petersburg also made the link between development and the broader growth agenda more explicit, moving development out of a silo. The incorporation of Agenda 2030 into the Development Working Group's mandate in 2016 further illustrated the interlinkages between development and the financial and economic agendas.



Over the last decade the grouping has shifted its focus from immediate crisis mitigation to anticipating and heading off future global emergencies. While it was extremely effective in dealing with the global financial crisis, it has been less effective since then in crisis prevention.

Since the South Korean presidency in 2010, there has been a consistent push for the AU to be made a full member of the G20 to ensure that there was greater voice for Africa – the only continent in the G20 that had only one member, South Africa. This was finally accomplished when the Indian G20 presidency invited the AU to join in September 2023. This move adds more legitimacy to the grouping and creates an immense opportunity for the African Union (AU) to take full advantage of having a seat at the table to articulate its major global governance concerns.

The purpose of this paper is to assist South Africa in identifying the policies, programmes and interventions that align with Africa's interests to ensure that South Africa's G20 presidency in 2025 is African-centric. The paper reviews the last six G20 presidencies (India 2023, Indonesia 2022, Italy 2021, Saudi Arabia 2020, Japan 2019 and Argentina 2018). The paper also refers to the presidencies of Germany (2017) and China (2016) in regard to their specific Africa initiatives. In reviewing the presidencies the paper explores and analyses:

- The specific projects/activities that targeted Africa;
- The themes in the G20 that will aid in transforming Africa (i.e. transformational governance); and
- Initiatives of previous presidencies that should be continued/deepened and that also connect with the priorities that the recent AU summit in Addis Ababa identified as priorities for the G20.

This analysis is intended to assist South Africa in identifying the key African initiatives and priorities it should consider for its G20 Presidency in 2025.

The following section sets out the methodology the research team followed. Section 3 provides a high-level overview of the outcomes of each presidency. Section 4 then delves into a number of the commitments by theme, analysing the extent to which the commitments were SMART (Specific, Measurable, Achievable, Relevant and Timebound). Section five discusses the AU priorities and highlights some of the areas that South Africa has advocated for in the past.

## 1 Methodology

The approach the authors adopted for the review was to focus on the Leaders' Declarations (LD) for the six presidencies that preceded the Brazilian one (Argentina 2018 to India 2023).

Each presidency produces many outcome documents in each of the working groups in the respective sherpa and finance tracks. At various times the G20 presidency also commissions reports such as the one on capital adequacy requirements that feed into the deliberations of the various tracks. However, the LD reflect the agreements and outcomes at the most senior level; hence the focus of the paper. (For example, there have been occasions when the ministerial wording has been strengthened or diluted by the time the LD is finalised.)

In assessing the commitments made during the various presidencies, the authors distinguished between commitments that were concrete, specific and timebound and those that were not.

We have grouped the commitments of each presidency by theme and been selective in the sectors that we are focusing on. Those have been identified on the basis of African priorities as reflected in documents such as Agenda 2063, AU programmes such as the Programme for Infrastructure Development in Africa (PIDA), as well as international frameworks such as Agenda 2030 and the Paris Declaration. The report also discusses two initiatives from earlier presidencies, viz. China (2016) and Germany (2017) which had a specific Africa focus. China announced an initiative on the industrialisation of Africa and Germany, the Compact with Africa. The authors followed the same methodology by reviewing the LD and specific documents associated with these initiatives, including follow-up reviews/assessments that have been conducted.

## 2 Brief overview of each presidency

Over the past 15 years, since the Financial Crisis of 2008/9, the world has seen many changes. This has meant that each G20 Presidency has had to adopt new policies, frameworks and processes to adapt. Although the Sustainable Development Goals (SDGs) were established in 2015, not all of them have had a positive trajectory of being reached. Especially in Africa, the introduction of digital technology has increased the digital divide across many dimensions: youth, gender, agri-food sectors and with regards to financial inclusion. Climate change and climate finance has become a more prominent theme over the past two to three years. And healthcare and production and access to healthcare was given much attention during the pandemic. While these themes have contributed to the way in which the SDGs are being achieved, the global institutions and financial architecture have been put under strain. Reforms to MDBs and other IFIs have garnered more attention over the recent years.

As each country holds its presidency, their interests become apparent, both for their domestic concerns, but also for their position and role internationally. The emerging markets have different priorities to the advanced economies, and it is worth paying attention to the progression of the themes, and which countries drive which initiatives as each theme develops.

### 2.1.1 China's 2016 G20 Presidency

The theme of China's 2016 G20 presidency was "Towards an Innovative, Invigorated, Interconnected, and Inclusive World Economy". In 2016, the G20 Summit was held from 4 to 5 September in Hangzhou, China. The Chinese G20 presidency engagement with Africa was predicated on many years of Africa-China relations. It should be noted that the Chinese G20 presidency's African initiatives invited other G20 states to join China's existing partnerships with Africa, such as the Forum on China-Africa Cooperation (FOCAC) and the Belt and Road Initiative (BRI).<sup>1</sup> The 2016 summits most relevant commitment to Africa was the Supporting Industrialisation in Africa Initiative.

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<sup>1</sup>Van Staden, C & Sidiropoulos, E. 2019. "G20 – Africa Engagement: Finding a Roadmap to Shared Development" Occasional Paper. SAI/A.

The Industrialisation Initiative encouraged the G20 members to support industrialisation in Africa. Its recommendations were based on a report commissioned to the United Nations Industrial Development Organisation (UNIDO). The report identified the problem areas in African industrialisation and found that agriculture and agribusiness are areas of potential growth for Africa. The initiative called on G20 member states to support the industrialisation of Africa through skills sharing and skills training, investment, developing native knowledge bases, and supporting small and medium sized enterprises (SMEs). A sustainable development transition that includes African states as the primary stakeholders in their development was envisaged. A 2019 survey by UNIDO showed many G20 states and beneficiaries of the initiative were not aware of its existence. Hence, while China's G20 Presidency had a clear Africa element, it was less successful in ensuring the industrialisation initiative was incorporated into the policy actions of all G20 members.

### 2.1.2 Germany's 2017 G20 Presidency

The German G20 Presidency was entitled "Progressing our joint objective in the G20- strong, sustainable, balanced, and inclusive growth". The Summit took place from 7 to 8 July in Hamburg. The German G20 presidency had a significant focus on Africa. The G20 summit adopted the G20-Africa Partnership. Among the initiatives included in the Partnership were the G20 Initiative for Rural Youth Employment, the #eSkills4Girls initiative, the Women Entrepreneurs Finance Initiative (We-Fi), and the Compact with Africa (CwA).

The German G20 presidency also established the Think 20 Africa Standing Group as part of the Think20 engagement platform.

The G20 initiative for Rural Youth Employment has seen some success. Its goals were to create 1.1 million new jobs and to provide skills to at least 5 million youth by 2022. From 2017 to 2022, G20 states have invested over USD 20-billion in 671 projects to boost youth employment in Africa<sup>2</sup>. The goals of the #eSkills4Girls initiative are to promote opportunities and participation for women and girls in the digital economy as well as provide access to training in STEM fields. The initiative is in partnership with EQUALS Global Partnership for Gender Equality in the Digital Age and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The We-Fi initiative saw some success. The We-Fi initiative is part of the G20 Africa Partnership and G20 Entrepreneurship Action Plan with W20 and B20. It has allocated USD 1.2-billion in loans and grants to women led/owned businesses from 2017 to 2023 in 59 developing countries with active projects in Mozambique, Zambia and Nigeria<sup>3</sup> among others.

### 2.1.3 Argentina 2018 G20 Presidency

**Tagline:** Building consensus for fair and sustainable development

**Themes:** Future of work | Infrastructure for Development | Food and security

**Highlights:** Argentina's focus on infrastructure and development spanned the financial architecture, infrastructure and digital themes. The Repository of Digital Policies aimed at adoption of innovative digital economy business models and the 2018 Sustainable Finance Synthesis Report started to pivot the landscape of the global financial

<sup>2</sup> <https://www.oecd.org/development/the-g20-initiative-for-rural-youth-employment-ac173afe-en.htm>.

<sup>3</sup> <https://we-fi.org/>.

architecture through sustainable finance. Their Global Partnership for Financial Inclusion focused on how digitalisation could be used as a tool to financially include individuals and small business operating in the informal economy. During the Covid-19 pandemic, Argentina was considered an mRNA Hub to support vaccine manufacturing.

**New initiatives:** G20 Repository of Digital Policies; Global Partnership for Financial Inclusion; 2018 Sustainable Finance Synthesis Report; 2018 update on Leaders on Progress towards the G20 Remittance Target.

**Reaffirmed support on:** Brisbane Goal (women's entrepreneurship); #eSkills4Girls (women in STEM); sustainable Future of Work; G20 Antalya Youth Goal; eradicating child labour; innovative financial mechanisms for growth; IMF quotas; enhancing energy security; eradicating child slavery by 2025; ending HIV/AIDS, tuberculosis, and malaria.

**Africa Highlights:** The Buenos Aires G20 Action Plan outlines the concrete actions aimed at achieving the 2030 Agenda and recognises the importance of South-South and triangular cooperation in implementing it. Leaders continued their support to the G20 Partnership, including investment into Early Childhood Development, the Compact with Africa (CwA), and other relevant initiatives, such as those related to the G20 High Level Principles on Sustainable Habitat through Regional Planning, which addresses the growing population in Africa, especially in urban areas.

The Finance Track facilitated the activities of the Africa Advisory Group, which aims to bolster the effectiveness of the Compact with Africa Initiative and encouraged partners to mobilise private investment to support the growth prospects of the Compact Countries. They recommitted to industrialisation projects in Africa.

Argentina also committed to taking steps such as facilitating capacity building in public debt and financial management, and strengthening domestic frameworks, to address debt vulnerabilities in low-income countries.

The CwA aims to promote private investment in Africa and its infrastructure. There are currently 13 African Compact Countries: Benin, Burkina Faso, Côte d'Ivoire, DRC, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Togo and Tunisia. The initiative is supported by the African Development Bank (AfDB) and the International Monetary Fund (IMF), and the African Advisory Group monitors compact countries and produces bi-annual reports. The African Centre for Economic Transformation (ACET) also provides reports. Since 2017 there have been annual Compact with Africa Conferences. A part of the CwA is the investment towards African Renewable Energy. A total of €4-billion was pledged for green energy projects in Africa during the Compact with Africa Conference in 2023<sup>4</sup>.

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<sup>4</sup> <https://www.afdb.org/en/news-and-events/press-releases/germany-pledges-4-billion-euros-africas-green-energy-afdb-president-calls-enhanced-partnership-66107>.

### 2.1.4 Japan 2019 G20 Presidency<sup>5</sup>

**Tagline:** Ensure global sustainable development

**Theme:** Global Economy | Fostering Robust Global Economic Growth | Global Finance | Anti-corruption | Creating a Virtuous Cycle of Growth by Addressing Inequalities | Realising an Inclusive and Sustainable World

**Highlights:** Japan paid much attention to the changing demographic structure of their population, which unlike Africa is ageing. It adopted a human-centred approach to artificial intelligence (AI) and welcomed the non-binding G20 AI Principles drawn from the OECD recommendations on AI.

It endorsed the two-pillar approach developed by the Inclusive Framework on BEPS, which considers the location of both sales and users to address tax challenges arising from digitalisation and committed to redouble efforts for a consensus-based solution with a final report by 2020. It also welcomed the United Nations (UN) Security Council Resolution 2462 which stresses the essential role of the Financial Action Task Force (FATF) in setting global standards for preventing and combating money-laundering.

**New initiatives:** G20 Fukuoka Policy Priorities on Aging and Financial Inclusion; non-binding G20 AI Principles; G20 Ministerial Statement on Trade and Digital Economy; G20 Operational Guidelines for Sustainable Finance; updated list of jurisdictions (tax transparency); Energy Security, Economic Efficiency, and Environment + Safety (3E+S); (recognized opportunities for innovative technology for energy transitions, such as hydrogen and Carbon Capture, Utilisation and Storage (CCUS) technologies; Women at Work in the G20 Countries; Review of Progress: G20 New Industrial Revolution Action Plan/Supporting Industrialisation in Africa and LDCs

**Reaffirmed support on:** Brisbane Goal, #eSkills4Girls, We-Fi; empowering women and youth; eradicating child labour; bridging the digital divide; protecting intellectual property rights and fostering the adoption of digitalisation among MSMEs; encouraging the international market to increase transparency and discuss ways to enhance energy security; sustainable finance; ending HIV/AIDS, tuberculosis, and malaria.

**Africa Highlights:** Under the section entitled “Realising an Inclusive and Sustainable World”, Japan mentions its support for developing countries in progressing towards achieving their SDGs. They reiterated their continued support to the G20 Africa Partnership, including the Compact with Africa with strengthened bilateral engagement by G20 members and enhanced roles for the WBG, African Development Bank (ADB) and IMF in implementing the CwA, and G20 initiative on supporting the industrialisation of Africa and other relevant initiatives that contribute to the realisation of the African vision set out in the AU's Agenda 2063.

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<sup>5</sup> Japan Leader's Declaration and Ministerials

They also remained committed to addressing illicit financial flows and working towards achieving the 15th Replenishment of the African Development Fund. In their Review of Progress: G20 New Industrial Revolution Action Plan/Supporting Industrialisation in Africa and LDCs, they raise awareness to industrialisation in African countries.

### 2.1.5 Saudi Arabia 2020 G20 presidency<sup>6</sup>

**Tagline:** Realising opportunities of the 21st Century for all

**Themes:** Empowering people | Safeguarding the planet | Shaping new frontiers

**Highlights:** Saudi Arabia's presidency began a few weeks before the Covid-19 pandemic forced most parts of the world into a lockdown. According to International Labour Organization (ILO) estimates, G20 efforts to temporarily extend social protection measures have supported the livelihoods of nearly 645 million people.

This LD has three broad themes: building a resilient and long-lasting recovery (amid the Covid-19 pandemic, issues around health, digitalisation, anti-corruption and the global economy and institutions); ensuring an inclusive recovery that tackles inequalities (sustainability and the future of work issues); and ensuring a sustainable future (environmental issues and climate change)

For the first time, the LD included a separate section on health. Saudi Arabia introduced the Debt Service Suspension Initiative (DSSI), which allowed DSSI-eligible countries to suspend official bilateral debt service payments. As of 13 November 2020, 46 countries requested to benefit from the DSSI, amounting to an estimated USD 5.7-billion of 2020 debt service deferral.

This presidency also drew attention to energy access and using digital technology to assist in this regard. They introduced the G20 Initiative on Clean Cooking and Energy Access (Appendix II of Energy Communiqué) as more progress is needed towards achieving the goal of universal access to clean energy by 2030. In 2018, approximately 2.8 billion people still did not have access to energy and nearly 800 million people were lacking reliable access to electricity. Water, as a resource, was given specific mention with regards to hygiene and sanitation.

The G20 Roadmap towards a Common Framework for Measuring Digital Economy followed on from the 2017 Roadmap for Digitalisation developed under the German Presidency, the 2018 G20 Toolkit for Measuring the Digital Economy, and the call for efforts to improve the measurement of the digital economy in 2019 in Japan. It works towards accurate and effective measurement of the digital economy.

**New initiatives:** Empowerment and Progression of Women's Economic Representation (EMPOWER); G20 High-Level Policy Guidelines on Digital Financial Inclusion for Youth, Women and SMEs; G20 Support to COVID-19 Response and Recovery in Developing Countries; G20 Riyadh Infratech Agenda; G20 Smart Mobility Practices; G20 Roadmap toward a Common Framework for Measuring Digital Economy; G20 Initiative on Clean Cooking and Energy Access; G20 Dialogue on Water; Debt Service Suspension Initiative; G20 Menu of Policy Options to enhance Access to

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<sup>6</sup> Saudi Arabia Leader's Declaration and Ministerials

## Opportunities for All

**Reaffirmed support for:** Brisbane Goal (ILO and OECD to report progress on this); G20 Roadmap 2025 (Antalya Youth Goal); human-centred AI approach; IMF quotas; increase transparency and enhance energy security; *strengthen financial inclusion; 3E+S*;

**Africa Highlights:** The Summit recognised the specific Covid-19 financing related challenges in Africa and small island developing states. A total of 46 Countries joined the DSSI, many of which were from Africa.

Similarly to previous G20 Presidencies, Saudi Arabia reaffirmed its continued support for the G20 Initiative on Supporting Industrialisation in Africa and LDCs, the G20 Africa Partnership and the Compact with Africa, 'and other relevant initiatives'. Saudi Arabia also wanted to explore more sustainable financing options for growth in Africa.

It raised awareness of the lack of access to clean cooking in Africa and highlighted the importance of coordinating efforts through a series of regional Voluntary Collaboration Action Plans for Sub-Saharan Africa.

### 2.1.6 Italy 2021 G20 presidency

**Tagline:** People, planet, prosperity

**Themes:** People | Planet | Prosperity

**Highlights:** This presidency gave many updates regarding the Covid-19 pandemic and noted where the mRNA vaccine hubs would be – one of which was South Africa.

It introduced the Roadmap towards Brisbane Target.

Digitalisation was a significant theme. Induced by Covid-19, Italy introduced the G20 Menu of Policy Options for Digital Transformation and Productivity Recovery and promote universal, and affordable access to connectivity for all by 2025.

It also established the G20 Policy Examples on How to Enhance Adoption of AI by MSMEs and Start-Ups (skills, access to data and finance and addressed data gaps, by drawing attention to the importance of the availability of data. Sustainable investment in quality digital infrastructure contributes to decreasing the digital divide, and this Presidency promoted universal and affordable access to connectivity for all by 2025.

It also had Finance Ministers and Central Bank governors coordinating climate-related challenges, and allocating Sustainable (Climate) Finance.

**New initiatives:** G20 Roadmap Towards and Beyond the Brisbane Target (Annex 1); G20 Policy Principles to Ensure Access to Adequate Social Protection for All in a Changing World of Work; G20 Approaches on Safety and Health at Work; G20 Menu of Policy Options Digital Transformation and Productivity Recovery; G20 Policy Examples on How to Enhance Adoption of AI by MSMEs and Start-Ups; G20 High Level Principles for Children Protection and Empowerment in the Digital Environment; Digital Economy Working Group; Digital Demand-Driven Electricity Networks Initiative (3DEN); introduction of a Pillar dedicated to Protecting the Planet in the G20 Action Plan; the **FSB Roadmap for addressing financial risks in climate change**.



**Reaffirmed support on:** Antalya Youth Goal; digitalisation reduces inequality; 3E+S; IMF Quotas; energy security; eradicate child slavery by 2025

**Africa Highlights:** Italy's Presidency supported the research, development and production of Covid-19 vaccinations and equitable distribution worldwide. Specifically to Africa, they supported increasing distribution administration and local manufacturing capacity in LMICs, including through technology transfer hubs, such as the mRNA Hubs in South Africa (also in South America: in Brazil and Argentina).

Italy welcomed the progress made and continued support to African Countries, through the G20 Initiative in Supporting Industrialisation in Africa and LDCs, the G20 Africa Partnership, the Compact with Africa and other relevant initiatives. They remain committed to addressing illicit financial flows.

Italian Ministers are collaborating on a four-year initiative focusing on the policy, regulatory, technology and investment context needed to accelerate power system decarbonisation, digitalisation, and effective utilisation of demand side resources (energy efficiency). Within the global focus, South Africa and Africa are a priority.

South Africa was chosen as an mRNA vaccine manufacturing hub.

### 2.1.8 Indonesia 2022 G20 Presidency

**Tagline:** Recover together, recover stronger

**Themes:** Global health architecture | Digital transformation | Sustainable energy transition

**Highlights:** Did not really have subheadings in the LD, but a large cross cutting theme throughout was digitalisation. It came up in future of work issues, food security and agriculture, and the Yogyakarta Financial Inclusion Framework placed significant emphasis on addressing digitalisation and sustainable finance developments.

The Indonesia Presidency focussed very much on climate, health and digital (post pandemic).

Significant steps were made to put Africa's position on the digital landscape through the G20 Compendium of Case Studies on Digital Infrastructure Finance: Issues, Practices and Innovations.

Signed Asia Initiative Bali Declaration to enhance the use of tax transparency for sustainable domestic resource mobilisation in the region. With the publication of the G20 Independent Panel for Review of MDBs, they provided recommendations for MDB Reform over 5 themes, which were then expanded on during the Indian Presidency.

**New initiatives:** G20 Yogyakarta Financial Inclusion Framework; G20 Compendium of Case Studies on Digital Infrastructure Finance: Issues, Practices and Innovations; signed Asia Initiative Bali Declaration (tax transparency); FSB consultative report on the review of its high-level recommendations for the regulation, supervision and oversight of "global stablecoin"; Resilience and Sustainable Trust (RST); G20 Independent Panel for Review of MDBs; **G20 Roadmap for Enhancing Global Payments;** Bali Energy Transitions Roadmap

**Reaffirmed support on:** Women in STEM (entrepreneurship); G20 EMPOWER; Antalya Youth Goal; pursuing inclusive labour market; eliminating child labour; digital health networks; digital connectivity; digital trade; Brisbane Goal and digital technology; IMF Quotas; energy security; eradicate child slavery by 2025



**Africa Highlights:** Indonesia's Presidency reiterated its continued support to Africa including through the G20 Compact with Africa and the G20 Initiative on Supporting Industrialisation in Africa and LDCs.

G20 Compendium of Case Studies on Digital Infrastructure Finance: Issues, Practices and Innovations assess development in Africa regarding digital infrastructure (loan structures and funding sources for infrastructure like telecoms cables in Djibouti, or connectivity cables in Malawi, as well as data privacy regulation and internet access).

Welcomed the Resilience and Sustainability Trust (RST) which helps low- and middle-income countries build resilience to external long term structural challenges that pose macroeconomic risks.

This Presidency welcomed the conclusion of the debt treatment to Chad and encouraged the timely conclusion of the debt treatment for Zambia by early 2023.

### 2.1.9 India G20 Presidency

**Tagline:** One Earth, one family, one future

**Themes:** Food security | climate and energy | Development | Health | Digitalisation

**Highlights:** Cross cutting themes with a focus on gender equality and empowering all women and girls, and green development for a sustainable future and accelerating progress on sustainable development goals. The Indian Presidency committed to halving the digital gender gap by 2030. Digitalisation is a significant player in reducing the gender divide and upskilling the more vulnerable parts of society.

The biggest highlight, from an African perspective, was the introduction of the AU as the 21st member of the G20 (or rather the GF21). And similarly to other BRICs countries, emphasised collaboration with Africa.

Introduction of the **G20 Roadmap for the Implementation of the Recommendations of the G20 Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks** aims to advance MDB Reform by providing forward momentum to MDB CAF recommendations from the previous presidency and provide forward-looking G20 guidance.

The report of the Independent Expert Group (IEG) recommended a triple agenda of reforms to multilateral development banks and the focus of the Global Sovereign Debt Roundtable is on processes and standards between (both public and private) creditors and borrowing countries.

**New initiatives:** Commit to halve the gender gap by 2030; commit to creating a Working Group of Women to support the G20's Women's Ministerial which was supposed to convene first meeting during Brazilian Presidency; welcomed G20 Toolkit on Cyber Education and Cyber Awareness of Children and Youth; High Level Principles for Digitalization of Trade Documents; Progress Report: FSB Roadmap for Addressing Climate-Related Financial Risks; Poverty Reduction and Growth Trust (PRGT); **G20 Roadmap for the Implementation of the Recommendations of the G20 Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks**; Global Sovereign Debt Roundtable; 2023 G20 Sustainable Finance Report (Volume 1); Voluntary Action Plan for Lowering the Cost of Finance for the Energy Transition.

**Reaffirmed support on:** Brisbane Goal; women in STEM; eliminating child labour; commitment to AI Principles; digital finance and inclusion; energy security; IMF quotas; Poverty Reduction and Growth Trust (PRGT)

**Africa Highlights:** India's Presidency reiterated its continued support of Africa including through the G20 Compact with Africa.

They welcomed the AU as a permanent member of the G20 and strongly believe that inclusion of the AU into the G20 will significantly contribute to addressing global challenges.

Committed to strengthen ties with and support the AU to realise the aspirations under Agenda. Reiterated strong support for Africa, including through the G20 Compact with Africa and G20 Initiative on Supporting Industrialization in Africa and LDCs.

Further support for discussing the deepening of cooperation between the G20 and other regional partners.

Supported Türkiye's efforts on the Memorandum of Understanding between the Russian Federation and the Secretariat of the UN on Promoting Russian Food Products and Fertilisers to the World Markets and the Initiative on the Safe Transportation of Grain and Foodstuffs from Ukrainian Ports (Black Sea Initiative) to meet the demand in developing and least developed countries, particularly in Africa.

The Indian Presidency welcomed the creditor committee for Ghana and called for a swift conclusion of debt treatment for Ethiopia.

### 3 Analysis of select commitments by theme

Every year each G20 presidency hosts close to 200 meetings in the finance and sherpa tracks. This is apart from the many meetings of the engagement groups, which include among others the Business 20, the Think 20, the Women's 20, the Civil 20 and the Youth 20. The agenda has expanded since 2008. In the current Brazilian G20 presidency, there are 15 working groups, two task forces and one initiative in the sherpa track, and seven technical groups and three task forces in the finance track.

Individual presidencies have wanted to leave their mark on the G20 and created new working groups, but the overlapping nature of many of the issues have also been recognised and various presidencies have combined some working groups. For example, in 2021, Italy combined the Energy Transitions and Climate Sustainability working groups. In the same year there were joint health and finance ministers' meetings reflecting the interrelationship between fighting the pandemic and finance. Reflecting that many issues in the sherpa track also have a finance dimension, the Brazilians have this year introduced joint sherpa and finance meetings.

As the summary of each of the presidencies above indicates, each presidency focused on numerous themes and published many accompanying outcome documents. For the purposes of this paper and given the time constraints the authors have selected a number of themes that we consider important in the context of African priorities. These may have a direct reference to Africa or relate to reforming global governance rules or

institutions. We have used the Leaders' Declaration as the basis for this analysis referring to ministerial and working group documents only to shed more light on decisions reflected in the final communiqué.

The section covers the following themes:

- Global financial architecture and economic stability
- Sustainability and development
- Infrastructure
- Environment and climate change
- Agriculture and food security
- Labour
- Women's empowerment and youth

The issues covered under each of them are not exhaustive. We have identified the most pertinent elements and also sought to highlight recommendations that are concrete, although many are not specific or measurable or time-bound. It is also important to bear in mind that decisions of the G20 on global governance are one part of the process of driving reforms or new rules, as these take place in the more formal multilateral bodies such as the IFIs or the OECD Inclusive Forum or the Financial Stability Board.

### 3.1 Global Economic Reform and Financial Architecture

Strong and effective financial institutions provide a safety net and underpin economic growth and sustainable development. These are the original focus areas of the G20 before its agenda expanded. The current international financial architecture was designed in 1945, after the Second World War, for industrialised countries when neither climate change risks nor social inequalities such as the gender divide were considered prominent development challenges<sup>7</sup> nor how decision-making from a fully industrialised perspective affects countries with much shallower financial market development at lower tiers of economic development. After the financial crisis in 2008, "the G20's reform efforts...[have]... greatly strengthen[ed] the liquidity and risk management of the banks in the G20 Countries"<sup>8</sup>. While this improved the ability to manage shocks, the financial architecture is still under strain as the credibility and ability of key institutions to manage macro-economic stability and achieve fair and equitable outcomes, such as the IMF is questioned. As the commitments regarding the international financial system are made in each subsequent presidency, the stress on the financial system as well as the need for global reform are highlighted.

#### 3.1.1 Financial Architecture and Multilateral development banks

Argentina (2018) reaffirmed its commitment to "further strengthening the global financial safety net with a strong, quota-based and adequately resourced IMF at its centre". This was reaffirmed by Japan (2019), Saudi Arabia (2020),

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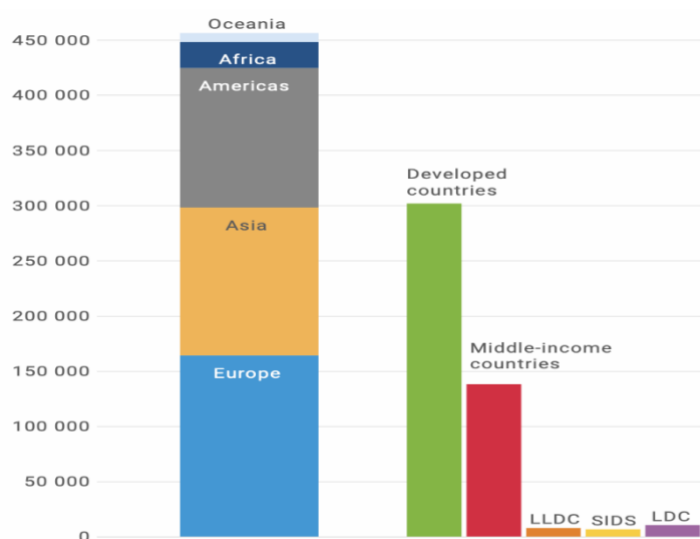
<sup>7</sup> <https://sdgs.un.org/sites/default/files/2023-08/our-common-agenda-policy-brief-international-finance-architecture-en.pdf>

<sup>8</sup> The G20's Reform of Bank Regulation and the Changing Structure of the Global Financial System - Knight - 2018 - Global Policy - Wiley Online Library)

Italy (2021), Indonesia (2022) and India (2023). The quota formula was subjected to two general reviews: in 2019 and 2023. Both Argentina and Japan called on the IMF and World Bank to work with borrowers and creditors to improve transparent recording, monitoring and debt management. Saudi Arabia (2020) supported the IMF in addressing challenges in developing countries and called on it to analyse the external financing needs of LICs. Italy (2021) called on the IMF to establish a new **Resilience and Sustainable Trust (RST)** to provide affordable long-term (20-year maturity and 10 ½ year grace period) financing to help low-income countries to achieve a stable balance of payments, including on the African continent by 2022. This was welcomed in the Indonesian Presidency (2022), which also called for additional pledges to be made to the **Poverty Reduction and Growth Trust (PRGT)**, an IMF Fund that provides LICs with funding with favourable interest rates (in 2024 the interest rate is zero percent)<sup>9</sup>. This was reiterated by the Indian G20 Presidency.

In August 2021, the IMF issued USD 650- billion worth of Special Drawing Rights (SDR). Because their allocation is based on the quota system, African countries received just 5% of the total (USD 33-billion)<sup>10</sup>. The unequal distribution of the IMF's SDRs to address global reserves needs during the Covid-19 pandemic, is illustrated in the graph below.

**Figure 1: Size of SDR Allocation by Region and Country Group, 2021 in Millions of SDR**



**Source:** Calculations by the Department of Economic and Social Affairs based on IMF data. **Abbreviations:** LLDC: Landlocked developing countries; SIDS: Small Island Developing States; LDC: Least Developed Countries.

Contrary to the allocation of SDRs, access to the RST is capped at either 75% of a country's IMF quota or SDR USD 1-billion, whichever is lower. As of July 2023, this cap limited available financing to only USD 16.1-billion for eligible

<sup>9</sup> [www.imf.org/en/Topics/PRGT](http://www.imf.org/en/Topics/PRGT)

<sup>10</sup> <https://www.brettonwoodsproject.org/2023/12/what-is-the-imf-resilience-and-sustainability-trust/>

countries. This is significantly lower than expected<sup>11</sup>. Since countries can use SDRs for a wide range of operations, from accumulating international reserves, paying off loans, or bolstering their fiscal position in times of need, SDRs can support a country in achieving its developmental goals. On average, 38% of government revenue is absorbed by servicing debt, rising to 54% in Africa. Fiscal sustainability is a concern for many African countries, and access to SDRs can alleviate these pressures<sup>12</sup>.

Compounding the debt distress is a worsening climate crisis. The RST's terms make it difficult for eligible countries to use the RST as a credit facility. The report of the Independent Expert Group (IEG), appointed under the auspices of the 2023 Indian G20 Presidency, recommended a triple agenda of reforms to multilateral development banks (MDBs):

- adopting a triple mandate of eliminating extreme poverty, boosting shared prosperity, and contributing to global public goods;
- tripling sustainable lending levels by 2030; and
- creating a third funding mechanism which would permit flexible and innovative arrangements for purposefully engaging with investors willing to support elements of the MDB agenda.

The New Delhi Declaration committed to 'collectively mobilize more headroom and concessional finance' to boost the World Bank's capacity to support low and middle-income countries that need help in addressing global challenges, with a clear framework for the allocation of scarce concessional resources, and to provide strong support for the poorest countries. The G20 in New Delhi also asked the IMF and the World Bank, "in coordination with other relevant international institutions, to support efforts at enhancing domestic resource mobilisation in EMDEs. We call on the MDBs to also leverage private capital through innovative financing models and new partnerships to maximise their development impact".

The Italian Presidency launched an **Independent Review of MDBs' Capital Adequacy Frameworks** with the mandate 'to provide credible and transparent benchmarks on how to evaluate MDBs' CAF; enable shareholders, MDBs and Credit Rating Agencies (CRAs) to develop a consistent understanding; and enable shareholders to consider potential adaptations to maximise the MDBs financial capacity'.

Indonesia (2022) welcomed early deliberations and urged MDBs to continue to discuss options for implementing the recommendations of the G20 Independent Review of MDBs Capital Adequacy Frameworks within their own governance frameworks. During this presidency in 2022, the G20 Independent Panel for Review of MDBs published their report. This report provided recommendations for MDBs that spanned over five themes: MDBs were advised to adapt an approach to defining risk tolerance; give more credit to callable capital; expand uses of financial innovations; improve CRA assessment of MDB health; and increase the access to MDB data and analysis.

The New Delhi Declaration responded to this and tasked the International Financial Architecture Working Group to develop the **G20 Roadmap for the Implementation of the Recommendations of the G20 Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks**. While containing several recommendations for

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<sup>11</sup> 2023: Bretton Woods Project

<sup>12</sup> Debt Service Watch Database; Source: 2023, Reforms to the International Financial Architecture

MDBs, and how they can partner together, the objective of this Roadmap is to provide forward momentum to the MDB CAF agenda by taking stock of the CAF implementations from the previous updates and provide forward-looking G20 guidance. The updates by MDBs on the implementation of the CAF recommendations are shown in the table below<sup>13</sup>.

**Table 1: Update by MDBs on the implementation of CAF recommendations**

Under Implementation	To be implemented in the short term (2023/2024)	Preparing to be implemented in the long term (Beyond 2024)	Not largely considered by MDBs <sup>3</sup>
<b>1a Shift risk appetite definition toward shareholder-defined limits.</b>			
AfDB, ADB, AIIB, EBRD, EIB, IDB, IsDB, NDB, WBG			
<b>1b Ensure frameworks account for MDB-specific features.</b>			
AfDB, ADB, AIIB, EBRD, EIB, IDB, IsDB, WBG	NDB		
<b>1c Relocate specific numeric leverage targets from MDB statutes.</b>			
	AfDB, ADB, AIIB <sup>4</sup> , EBRD, IDB, WBG <sup>5</sup>	EIB <sup>6</sup>	, IsDB, NDB
<b>2a Incorporate a prudent share of callable capital into the calculation of capital adequacy.</b>			
IDB, EBRD, WBG <sup>7</sup>	IsDB <sup>8</sup>		EIB, ADB, AIIB, AfDB, NDB
<b>3a Endorse MDB consideration of non-voting capital classes (paid-in equity or hybrid) to contribute to available capital.</b>			
	AfDB, WBG, ADB	EBRD, IDB, NDB,	AIIB, EIB, IsDB
<b>3b Introduce &amp; scale portfolio risk transfers to the private sector, including through outright shares, insurance and securitization. Note: mostly implemented in a different way through portfolio risk transfers between MDBs and risk transfers to private sector.</b>			
AfDB, ADB, AIIB, IDB, EBRD, WBG	IsDB, NDB	EIB	
<b>3c Encourage shareholder guarantees on loans related to crosscutting priorities.</b>			
AfDB, ADB, EBRD, EIB, IDB, WBG	AIIB, IsDB	NDB	
Under Implementation	To be implemented in the short term (2023/2024)	Preparing to be implemented in the long term (Beyond 2024)	Not largely considered by MDBs <sup>3</sup>
<b>3d Support collective shareholders commitments of pools of additional callable capital.</b>			
	AfDB	WBG	ADB, AIIB, EBRD, EIB, IDB, IsDB, NDB
<b>3e Support adaptation of MIGA's products &amp; reinsurance capability to transfer portfolio level risk from MDB balance sheets.</b>			
		AfDB, EBRD, IDB, NDB	ADB, EIB, AIIB, IsDB
<b>3f Consider ways to provide MDBs access to central bank liquidity.</b>			
EIB, IsDB <sup>9</sup>		IDB	AfDB, ADB, AIIB, WBG, EBRD, NDB
<b>4a Strengthen communication with credit rating agencies.</b>			
AfDB, EBRD, EIB, AIIB, IDB, IsDB, NDB, WBG, ADB			
<b>4b Encourage steps by rating agencies to strengthen their MDB evaluation methodologies.</b>			
	AfDB, ADB, AIIB, EBRD, EIB, IDB, IsDB, NDB, WBG		
<b>4c Take proactive approach to incorporation of ESG factors in rating methodologies.</b>			
WBG	AIIB, EIB, IDB, IsDB, NDB	EBRD	AfDB, ADB,
<b>5a Strengthen the ability of shareholder boards to effectively set parameters of capital adequacy policies and overseeing their implementation.</b>			
WBG, EBRD, EIB, AIIB	, IDB, IsDB, NDB		ADB, AfDB,
<b>5b Establish yearly capital benchmarking report presenting key elements &amp; data in comparable format with harmonized definitions. Support regular reviews of capital resources.</b>			
EIB	AfDB, ADB, AIIB, EBRD, IDB, IsDB, NDB, WBG		
<b>5c Establish enhanced dialogue and cooperation on capital adequacy and risk management.</b>			
EIB, EBRD	AfDB, ADB, AIIB, IDB, IsDB, NDB, WBG		
<b>5d Transform GEMs into stand-alone entity to support improved knowledge for MDBs, private investors and CRAs.</b>			
	AfDB, ADB, AIIB, EBRD, EIB, IDB, IsDB, NDB, WBG		

<sup>13</sup> July 2023, G20 Roadmap for the Implementation of the Recommendations of the G20 Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks: [https://cdn.github.org/umbraco/media/5355/g20\\_roadmap\\_for\\_mdbscaf.pdf](https://cdn.github.org/umbraco/media/5355/g20_roadmap_for_mdbscaf.pdf)

Recommendations regarding all five themes identifies during the Indonesian Presidency are either under implementation or were to be implemented by the end of 2024. Most of the recommendations not yet considered, fall under the third theme (expanding the uses of financial innovations). It is estimated that additional lending capacity from MDBs will be approximately more than USD 200-billion over the next 10 years, should these capital adequacy framework recommendations be implemented. It must be noted that this is an estimate at best<sup>14</sup>. Until these CAF recommendations are implemented (MDB Reforms), and until it becomes easier for LICs to access credit from the IMF's RST, the financial architecture, and debt burden will be fraught for emerging economies. Other avenues must be pursued.

### 3.1.2 Debt relief and sustainability

Building on the Monterrey Consensus of the International Conference on Financing and Development (2002), the Addis Ababa Action Agenda (2015) recognizes the need to assist developing countries in attaining long term debt sustainability. To prevent an unsustainable debt situation, both debtors and creditors must share the responsibility. Argentina (2018) committed to taking steps such as facilitating capacity building in public debt and financial management, and strengthening domestic frameworks, to address debt vulnerabilities in low-income countries, while supporting the WBG, the IMF and the Paris Club. Japan (2019) also supported the Paris Club, which is an informal group of creditors whose role it is to find solutions to payment difficulties of the debtor countries.

With the onset of CovidD-19 in early 2020, the G20 committed to implementing **The Debt Service Suspension Initiative (DSSI)**, to facilitate pandemic-related spending till June 2021 (with a possibility of extending for another six months). Before the pandemic, 46 countries were spending more on debt servicing costs than on health care<sup>15</sup>. Monitored by International Financial Institutions (IMF and WBG), DSSI-eligible countries were allowed to suspend bilateral debt payments. Saudi Arabia reiterated the importance of improving debt transparency by both debtors and creditors. As of November 2020, 46 countries had joined the DSSI and an estimated USD 5.7-billion of debt service had been suspended. (LD 2020). This amount increased to USD 12.7-billion across 50 countries in 2021 (LD 2021).<sup>16</sup>

The DSSI was replaced by the Common Framework for debt treatment beyond the DSSI in November 2020. By considering debt treatment on a case-by-case basis, debtor countries have more certainty, and the G20 creditors and Paris Club Creditors, come together. As both debtors and creditors do due diligence and assess the risks, transparency increases. In 2022, the Indonesian Presidency welcomed the conclusion of the debt treatment to Chad and encouraged the timely conclusion of the debt treatment for Zambia by early 2023. The Indian Presidency welcomed the creditor committee for Ghana and called for a swift conclusion of debt treatment for Ethiopia. Because the Common Framework was taking too long to negotiate debt restructuring for those that had applied, the Indian presidency together with the IMF and the World Bank, launched the Global Sovereign Debt Roundtable. This comprises official bilateral creditors (both traditional creditors members of the Paris Club and new creditors), private creditors and borrowing countries. The focus of the Global Sovereign Debt Roundtable is

<sup>14</sup> July 2023, G20 Roadmap for the Implementation of the Recommendations of the G20 Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks: [https://cdn.github.org/umbraco/media/5355/g20\\_roadmap\\_for\\_mdcbaf.pdf](https://cdn.github.org/umbraco/media/5355/g20_roadmap_for_mdcbaf.pdf)

<sup>15</sup> Kring, 2021, The failures of the G20s Debt Service Suspension Initiative, <https://eastasiaforum.org/2021/09/07/the-failures-of-the-g20s-debt-service-suspension-initiative/#:~:text=The%20DSSI%20has%20been%20criticised,payments%20to%20official%20bilateral%20creditors,>

<sup>16</sup> For a complete list of Low Income Countries benefiting by DSSI, see World Bank, Debt Service Suspension Initiative



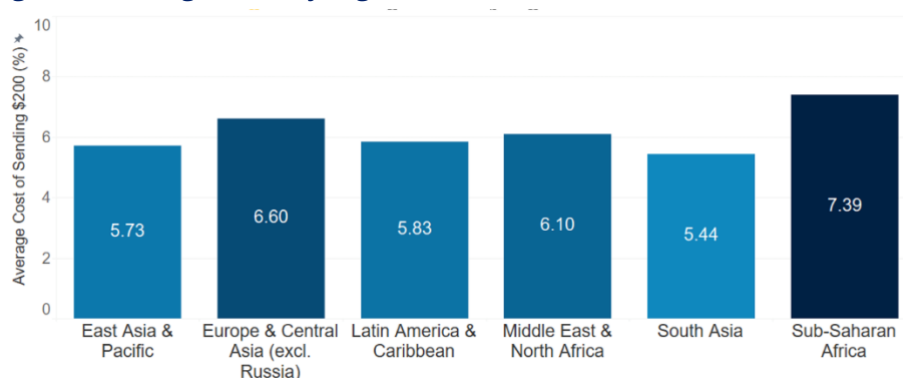
on processes and standards, not specific country cases, nor does it replace existing restructuring mechanisms such as the Common Framework.

The DSSI has been criticised for failing to compel all creditors to participate. Of 73 eligible LICs, only 45 beneficiary countries have sought to suspend debt payments to official bilateral creditors. Since only a limited scope of debt service is covered, deferred debt service through July 2021 totalled only USD 4.6-billion<sup>17</sup>.

### 3.1.3 Financial inclusion and remittances

Remittances represent a major source of income for many. According to the **2018 update on Leaders on Progress towards the G20 Remittance Target** (produced during the Argentinian presidency), remittances far exceed official development assistance for low- and middle-income countries. While decreasing, Sub-Saharan Africa had consistently remained the costliest region to send remittances to. In 2023, the average cost of sending a USD 200 remittance to Sub-Saharan Africa was 7.39%, as shown in the graph below.<sup>18</sup>

**Figure 2: Average costs by region of the world**



The **2021 G20 Roadmap for Enhancing Cross Border Payments** laid out a path for lowering the cost, speed, access and transparency of remittances, issues that have been on the G20 agenda for some years and are important for financial inclusion. It stipulated achievable and quantifiable goals for addressing the challenges of cross-border payments<sup>19</sup>:

- Regarding cost: the roadmap reaffirmed the UN SDG that the global average cost of sending USD 200 remittance should be no more than 3% by 2030, with no corridors with costs higher than 5%;
- Regarding speed: 75% of cross-border remittance payments in every corridor (sum of remittances sent between two countries) are to be made available to their recipients within one

<sup>17</sup> Kring, 2021, The failures of the G20s Debt Service Suspension Initiative, [https://eastasiaforum.org/2021/09/07/the-failures-of-the-g20s-debt-service-suspension-initiative/#:~:text=The%20DSSI%20has%20been%20criticised,payments%20to%20official%20bilateral%20creditors\\_](https://eastasiaforum.org/2021/09/07/the-failures-of-the-g20s-debt-service-suspension-initiative/#:~:text=The%20DSSI%20has%20been%20criticised,payments%20to%20official%20bilateral%20creditors_)

<sup>18</sup> World Bank, 2003, Remittance Prices Worldwide Quarterly: An Analysis of Trends in Cost of Remittance Services, September, Issue 47, World Bank Group: [https://remittanceprices.worldbank.org/sites/default/files/rpw\\_main\\_report\\_and\\_annex\\_q323\\_1101.pdf](https://remittanceprices.worldbank.org/sites/default/files/rpw_main_report_and_annex_q323_1101.pdf)

<sup>19</sup> 2021 G20 Roadmap for Enhancing Cross Border Payments



hour of initiation, and the remaining 25% to be made available within one business day, by the end of 2027;

- Regarding access: more than 90% of individuals (including those without bank accounts) who wish to receive or send a remittance payment should have access to means of cross border electronic remittance payment by end 2027; and
- Regarding transparency: by the end of 2027, all payment service providers are to provide a list of information to payers and payees (including relevant charges, FX exchange and conversion rates).

Indonesia (2022) endorsed the milestones and in 2023, the FSB published the Consolidated Progress Report for the **G20 Roadmap for Enhancing Global Payments**<sup>20</sup>. Moving into the next phase of action and practical improvements, the cross-border payments programme now has available data measuring how far the FSB needs to go to meet the 2027 targets that G20 Leaders endorsed. This progress report found the following:

- Regarding costs: the global average cost of sending a USD 200 remittance is 6,3% (ie. above the target of 3%), and globally, 20% of corridors have average costs greater than 5% for sending USD 200.
- Regarding speed: Globally, the proportion of remittances services that make funds available to the receiver in one hour is 53% (less than target of 75%), and the proportion that do so in one business day is only 77% (as opposed to the target 100%).
- Regarding access: the report gives a broad approximation and considers the proportion of adults with a transaction account at a regulated financial institution, and found this to be 76%.
- Regarding transparency: 98% of remittances services in the dataset are transparent about total fees and FX margin for senders.

Achievement of the targets will require collaboration between and beyond the G20. In 2023, the Bank for International Settlements' Committee on Payments and Market Infrastructures (CPMI) established a community of practice for central banks as payment system operators, with more than half of central banks not being G20. The IMF and WB have also enhanced their technical assistance (TA) programme to support the cross-border payments roadmap. Encouraging the adoption of real-time gross settlement (RTGS) systems can also make remittances more accessible to all. These transactions can be done online if internet is available, or offline at an RTGS-enabled bank branch.

Access to remittances and financial inclusion therefore depend on the level of digitalisation, or interconnectedness of countries and banking institutions. Although the Italian Presidency promoted "affordable access to connectivity for all by 2025", amidst the Covid-19 pandemic, Africa's digitalization featured more prominently in the Indonesian (2022) and Indian (2023) Presidencies. As of 2020, 23% of the population in LDCs had no access to the internet and

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<sup>20</sup> 2023 Consolidated Progress Report for the G20 Roadmap for Enhancing Global Payments: <https://www.fsb.org/wp-content/uploads/P091023-2.pdf>

the gender gap in terms of access to the internet in Africa, is more than the global average of 17%<sup>21</sup>. Access to technology and digital financial inclusion matter to achieving SDGs, especially in Africa.

Under the Argentinian Presidency, the **Global Partnership for Financial Inclusion** focused on how digitalisation could be used as a tool to financially include individuals and small business operating in the informal economy. That same year, the G20 Sustainable Finance Study Group, published the **2018 Sustainable Finance Synthesis Report**, which started to pivot the landscape of the global financial architecture through sustainable finance. This concept is broadly understood as ‘financing’, as well as related institutional and market related arrangements that contribute to the achievement of strong, sustainable, balanced and inclusive growth, through supporting directly and indirectly the framework of the Sustainable Development Goals (SDGs)<sup>22</sup>.

The Report outlines 3 ways in which sustainable finance can be achieved: firstly, by creating sustainable assets for the capital markets; secondly, by developing sustainable private equity and venture capital; and thirdly, by applying digital technology to sustainable finance. An example of a private equity/venture capital fund operating in Africa is the Moringa Fund, which operates between France and Emerging Markets. The private equity investment fund, which was worth €84-million in 2018, targets early-stage and development-stage companies operating or developing agro-forestry farming with high environmental and social impacts across Sub-Saharan Africa and Latin America. A South African example of using digital technology, identified in the report, is a crowdfunding platform, called StartMe, which allows entrepreneurs, schools and communities to raise funding for projects that contribute towards the SDGs<sup>23</sup>.

To meet the growing demand for investments that support the SDGs, the Italian G20 Sustainable Finance Working Group published the **2021 Synthesis Report**. This report identifies existing approaches, challenges, and recommendations for the following three topics: improving comparability and interoperability of approaches to align investments to sustainability goals; overcoming information challenges by improving sustainability reporting; and enhancing the role of International Financial Institutions in supporting the goals of the Paris Agreement and 2030 Agenda. The **G20 Sustainable Finance Roadmap** reiterated these objectives.

With many emerging and developing countries, in 2021, being dominated by traditional carbon intensive activities and facing climate transitions risks, the 2021 Synthesis Report identified that MDBs could play a more constructive role in developing a financing climate transition framework in emerging markets and developing countries, helping the segments of the population that are particularly vulnerable to coping with the transition. The following recommendations were given to MDBs. MDBs should:

- raise their ambitions in financing climate actions;
- scale up their de-risking facilities for crowding in private sector finance;
- set up efforts to support developing countries in developing policy frameworks for sustainable finance;

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<sup>21</sup> The G20 Compendium of Case Studies in Digital Infrastructure Finance (Indonesia, 2022)

<sup>22</sup> 2018 Sustainable Finance Synthesis Report, Executive Summary, p1: [https://g20sfgw.org/wp-content/uploads/2021/06/G20\\_Sustainable\\_Finance\\_Synthesis\\_Report\\_2018.pdf](https://g20sfgw.org/wp-content/uploads/2021/06/G20_Sustainable_Finance_Synthesis_Report_2018.pdf)

<sup>23</sup> Ibid.

- enhance engagement with countries on nationally determined contributions (NDCs) and long-term strategy (LTS) development and implementation; and
- devote resources to financing the climate transition.

The **2023 G20 Sustainable Finance Report (Volume 1)** from the Indian Presidency outlines progress and challenges in promoting sustainable finance globally. It identifies three priorities regarding institutional and market barriers to sustainable finance: mechanisms for mobilisation of timely and adequate resources for climate finance; enabling finance for the SDGs; and capacity building of the ecosystem for financing toward sustainable development. Recommendations relevant to MDBs in this report, pertain to its risk management approaches to mitigate risks to investors, and better leverage existing resources.

It emphasizes the importance of aligning financial flows with sustainable development goals and transitioning towards a low-carbon economy. The report highlights efforts to integrate environmental, social, and governance (ESG) factors into investment decisions and improve transparency and disclosure practices. Key topics include green finance, climate risk assessment, and the role of public-private partnerships in financing sustainable development. It calls for enhanced international cooperation, regulatory frameworks, and innovation to scale up sustainable finance and address pressing environmental and social challenges.

Over the past seven years, the global financial architecture has evolved to adapt the risks pertaining to climate change and social inequalities. There is still much pressure on MDBs and IFIs to understand and better manage the risks involved in lending to LICs, and their difficulties in accessing credit.

### 3.2 Development and the Sustainable Development Goals

Development emerged as an important element of the G20 in 2010, as indicated above. The Development Working Group was established in the sherpa track. In 2016 during the Chinese presidency, Agenda 2030 and the SDGs were for the first time part of the accountability assessment conducted by the Development Working Group. While many of the SDGs require implementation at national level, there are also aspects that require global collective efforts. In addition, G20 members can also set an important example for other countries. The annual Accountability Update, produced by the Development Working Group, provides a stocktake of progress on these. At the half-way mark of Agenda 2030 in 2023, the Indian G20 focused on the imperative of accelerating the implementation of the SDGs. The G20 2023 Action Plan on Accelerating Progress on the SDGs was adopted in that regard. The New Delhi Declaration highlighted the importance of mobilizing additional finance to realize the goals. The Development Working Group (DWG) is a part of the Sharpe Track of the G20. It is the primary forum for discussion on developing countries.

The DWG's work is guided by six principles:

- Economic Growth
- Development partnership

- Addressing systemic weaknesses requiring joint cooperation
- Private sector participation
- Complementarity of development efforts
- Tangible outcomes.

The Seoul Development Consensus for Shared Growth is a comprehensive document which outlines the Multi-Year Action Plan on Development. This Action Plan focuses on 10 themes and the actions necessary to fulfil the plan.

The Seoul consensus brought up the need for a measurable accountability framework. Since 2011, there has been a DWG annual report that measures the G20 states commitments to the SDG's. Since 2013, a Comprehensive Accountability Report has been produced every three years. The 2021 G20 Italian presidency introduced the Matera Declaration on Food Security, Nutrition, and Food Systems.

The declaration encouraged the international community to build inclusive and resilient food chains to ensure nutrition for all by 2030. The 2021 Rome Update is a document by the DWG that follows all the commitments and actions of G20 countries towards achieving Agenda 2030. The COVID-19 pandemic set back many countries' initiatives.

The 2021 Rome Update highlighted the importance of collaboration in sustainable recovery. The Italian G20 presidency took in input from a variety of stakeholders, particularly developing countries, to enable effective and coordinated multilateral response to major global challenges. According to the Rome Update, there are two G20 commitments that have been completed, with 33 being assessed as 'on track'. The completed commitments are:

- the call on the UNDP to develop operational guidelines for stakeholders wishing to identify inclusive business, and for businesses interested in self-assessing their models, and
- the call on the OECD to develop an inventory of public policies and legal frameworks that shows existing best practice policies.

### 3.3 Infrastructure

Infrastructure has been a continuous feature of the G20 summits, especially since the Seoul consensus on development was adopted in 2010. For Africa it is one of the most important elements for its growth and development, seen in the AU's Agenda 2063 and its Programme for Infrastructure Development in Africa (PIDA). The launch of the G20 Africa Partnership in 2017 had the goal to support private investment, sustainable infrastructure and employment in African countries through facilitating partnerships between African countries, international organisations and other interested parties. By proposing to work through the priorities set by the African Union and implementing initiatives using the union's agencies such as NEPAD, the G20 emphasized the need for African ownership of its infrastructure initiatives and synergy in action on Africa's infrastructure development.

The Argentine presidency focused on the issue of infrastructure as an asset class. And the Leaders' communique in November 2018 endorsed the Roadmap to Infrastructure as an Asset Class and the G20 Principles for the Infrastructure Project Preparation Phase. It also stressed that the G20 was taking actions to achieve "greater contractual standardisation, address data gaps and improve risk mitigation instruments".

During its G20 presidency, Japan built on an initiative it championed in 2016 as chair of the G7, when the group adopted the Ise-Shima Principles for Promoting Quality Infrastructure Investment. The G20 summit in Osaka adopted the G20 Principles for Quality Infrastructure Investment. This has led to the launch of programmes such as the multi-year program on "Accelerating and Scaling-up Quality Infrastructure for Africa (ASQIIA)" launched in 2023 (jointly by OECD Development Centre, AUDANEPAD and African Centre for Economic Transformation (ACET)) to support infrastructure project development cycles in Africa and increase quality investment in infrastructure.

### 3.4 Environment and climate change

The climate change debate has been a feature of the G20 since the earliest summits. In 2009, the G20 Pittsburgh Summit committed "to phase out and rationalise over the medium-term inefficient fossil fuel subsidies, [that encourage wasteful consumption], while providing targeted support for the poorest. Argentina (2018) acknowledged this in their Energy and Environment Ministerial; Japan (2019) reaffirmed this commitment, encouraging the international market to increase transparency and discuss ways to enhance energy security. Saudi Arabia (2020) reaffirmed this commitment in the medium term. Italy (2021), Indonesia (2022) and India (2023) agreed to increase their efforts to implement this goal. Yet the removal of fossil fuel subsidies remains a very politically-difficult decision for many countries. In 2022, total fossil fuel subsidies amounted to USD 7-trillion (7% of global GDP), and 80% of coal consumption was priced at below its efficient level<sup>24</sup>. This is a 67% increase from 2011, where total subsidies were valued at USD 4.1-trillion<sup>25</sup>.

In 2022, 26% of total fossil fuel subsidies were concentrated in the Middle East and North Africa, and only 2% of total fossil fuel subsidies were concentrated in Sub-Saharan Africa.<sup>26</sup> Despite the relatively low proportion of fossil fuel subsidies, removing them can lead to social unrest, as seen in Nigeria, Kenya, Ethiopia and Angola<sup>27</sup>. Debt-ridden countries in Africa such as Angola, Senegal and Nigeria have been compelled to reduce subsidies to ease the pressure on their fiscus.

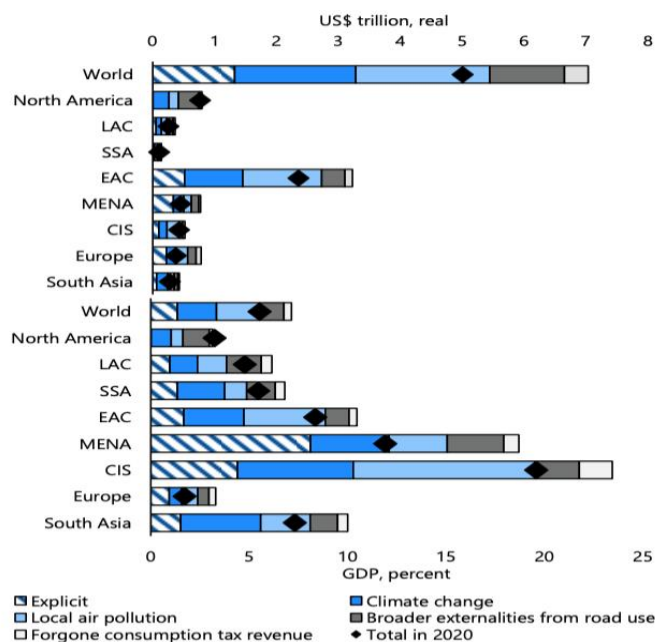
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<sup>24</sup> IMF Fossil Fuel Subsidies Data: 2023 Update, WP/23/169, August 2023

<sup>25</sup> Coady, Parry, Sears and Shang, 2015, How Large are Global Energy Subsidies? IMF Working Paper 15/105, International Monetary Fund  
Source: <https://www.imf.org/external/pubs/ft/wp/2015/wp15105.pdf>

<sup>26</sup> IMF Fossil Fuel Subsidies Data: 2023 Update, WP/23/169, August 2023

<sup>27</sup> Grishenken, 2024, AfDB warns of risks of unrest in African countries after fuel subsidy removal

**Figure 3: Global Fossil Fuel Subsidies by Component and Region, 2022**

Source: IMF staff calculations. Note: abbreviations are as follows: Commonwealth of Independent States (CIS), East Asia and Pacific (EAP), Latin America and the Caribbean (LAC), Middle East and North Africa (MENA), and Sub-Saharan Africa (SSA).

In addition to publishing an update on progress in Reform of Inefficient Fossil-Fuel subsidies that encourage wasteful consumption 2021, Italy (2021) noted that phasing out inefficient fossil fuel subsidies is one of the key actions that would reform harmful incentives and align financial flows with the Paris Agreement (2015). The Rome Declaration agreed to put an end to the provision of international finance for new unabated coal power generation abroad by the end of 2021. The war in Ukraine, however, has changed the calculus in many countries in this regard. The Low-Cost Financing for the Energy Transitions report<sup>28</sup>, jointly published by the Indian G20 presidency and IRENA India (2023), recognized that developing countries need to be supported in their transitions to low carbon/emissions, and committed towards facilitating low-cost capital for project financing. The India G20 adopted a Voluntary Action Plan for Lowering the Cost of Finance for the Energy Transition.

### 3.4.1 Investing in renewable energy

Renewable energy has also been frequently mentioned in the G20 summits but the commitments have been vague. The German G20 presidency also adopted the **G20 Hamburg Climate and Energy Action Plan for Growth (2017)** which encouraged accelerating access to affordable, reliable, sustainable and modern energy in Africa, Asia Pacific

<sup>28</sup> IRENA, 2023, Low Cost Finance for the Energy Transition, [https://mc-cd8320d4-36a1-40ac-83cc-3389-cdn-endpoint.azureedge.net//media/Files/IRENA/Agency/Publication/2023/May/IRENA\\_Low\\_cost\\_finance\\_energy\\_transition\\_2023.pdf?rev=02ba5ca271cc40e7a0c9d76586fd209f](https://mc-cd8320d4-36a1-40ac-83cc-3389-cdn-endpoint.azureedge.net//media/Files/IRENA/Agency/Publication/2023/May/IRENA_Low_cost_finance_energy_transition_2023.pdf?rev=02ba5ca271cc40e7a0c9d76586fd209f)

and other regions to address energy poverty through national, bilateral and multilateral actions and initiatives. Germany continues to build ties with and support Africa with its energy transition.

Argentina's and Italy's commitments were mostly weak, promoting awareness at best, apart from a couple of commitments to addressing data gaps, improving risk mitigation instruments and scaling up Research Deployment on making clean solutions more efficient and competitive. Japan (2019) recognized opportunities for innovative technology for energy transitions, such as hydrogen and Carbon Capture, Utilisation and Storage (CCUS) technologies. There were, however, no firm commitments to Africa's energy transition apart from 'to ensure access and clean energy for all, especially in developing countries' (Leaders Declaration 2021, para21) and to 'support developing countries in their efforts to advance progress' (Leaders Declaration 2019).

Japan (2019) acknowledged the importance of energy transitions that realise 3E+S to 'transform energy systems into affordable, reliable, sustainable and lower GHG emissions systems as soon as possible, recognizing...different national paths to this goal' (Leaders Declaration 2029, para 37). This was reiterated by Saudi Arabia and Italy during their presidencies.

Indonesia (2022) reiterated the commitment towards achieving SDG 7 and launched the Bali Energy Transitions Roadmap — a detailed list of actions related to three priorities: securing energy accessibility, scaling up smart and clean energy technologies and advancing clean energy financing. Under the second priority, there is a notable mention of maximising integrated approaches for joint clean cooking and electrification, in Sub-Saharan Africa.

The Indian G20 adopted the Voluntary Action Plan for Promoting Renewable Energy to accelerate universal energy access and also undertook to encourage efforts to triple renewable energy capacity by 2030.

### 3.4.2 Climate Finance and SDGs

As climate change is becoming more prominent, Argentina welcomed the Sustainable Finance Synthesis Report 2018 by the G20 Sustainable Finance Study Group. This report seeks to identify voluntary options to expand private investment in sustainable activities that achieve positive environmental impacts and social and economic co-benefits. Japan stated that 'mobilizing sustainable finance and strengthening financial inclusion are important for global growth'. Saudi Arabia (2020) restated this. The Argentinian G20 Sustainable Finance Report states that the EU Commission estimates a yearly investment gap of at least €180-billion to achieve its climate energy targets by 2030<sup>29</sup>.

The Italian Presidency welcomed the **FSB Roadmap for addressing financial risks in climate change** and both the Indonesian and Indian Presidencies supported taking forward its implementation. Four goals were laid out in the 2023 Progress Report: FSB Roadmap for Addressing Financial Risks in Climate Change<sup>30</sup>:

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<sup>29</sup> 2018 Sustainable Finance Synthesis Report

<sup>30</sup> 2023 Progress Report: FSB Roadmap for Addressing Financial Risks in Climate Change

- Achieve globally consistent, comparable, and decision-useful public disclosures by firms of their climate-related financial risks.
- Establish a basis of comprehensive, consistent, and comparable data for monitoring climate-related financial risks globally.
- To more systematically assess and better understand climate-related financial vulnerabilities and potential financial stability impacts.
- Establish effective and, where useful and appropriate, consistent supervisory and regulatory approaches and tools to address climate-related risks, both within individual sectors and at the system-wide level.

### 3.5 Agriculture and food security

Agriculture and food security was first mentioned as a topic under the Russian presidency (2013), where the G20 recognised the importance of boosting agricultural productivity, investment and trade to strengthen the global food system to promote economic growth and job creation. No measurable targets or timelines were specified for this objective. Australia in 2014 put forth the G20 Food Security and Nutrition Framework (the FSN Framework) in response to the 2013 agreement and its objectives included Increasing investment and productivity in food systems. The Framework noted that the G20 can add value to efforts for food security and nutrition by providing international leadership and encouraging international cooperation, supporting initiatives which have collective benefits beyond the G20, sharing knowledge, information, and experience, coordinating domestic policy in G20 economies, and extending knowledge and practice to non-members, including LICs.

In 2021 under the Italian presidency, the G20's commitment to achieving food security and adequate nutrition for all was reiterated and the Matera Declaration was endorsed. The Matera Declaration calls for G20 countries and partners to implement agriculture and food security actions including by stepping up North-South, South-South and Triangular cooperation, with the aim to reach a world free of hunger and malnutrition, realise the right to adequate food, alleviate poverty, and promote just, peaceful and inclusive societies. However, although the commitments in the declaration are strong and specific, it is not time bound and does not contain measurable targets.

The Indian G20 presidency tackled food security through the prism of women's empowerment, emphasising that innovation for inclusive agri-value chains and systems by and for women farmers had to be encouraged, among others.



### 3.6 Work

The G20 has looked at the issue of labour through the perspective of youth unemployment and the future of work, which is discussed in the G20 youth section of this paper. It has also grappled with the crimes of slavery, human trafficking and child labour.

In relation to the eradication of slavery, human trafficking and child labour, the German G20 summit committed to taking measures to eradicate 'modern slavery, forced labour, human trafficking, and child labour'. The initiative aims to eradicate child slavery by 2025. In Argentina, the 2018 summit declaration stated their commitment to achieving this goal. The Indonesia presidency stated support for the eradication of child and forced labour as did the Indian G20.

In the wake of the Covid pandemic which impacted global markets significantly, both the Saudi and the Italian presidencies highlighted these issues. Saudi Arabia's G20 presidency acknowledged the ILO and OECD's report on the Impact of COVID-19 on Global Labour Markets. Italy's G20 presidency committed to strengthen social protection systems according to the G20 Policy Principles to Ensure Access to Adequate Social Protection for All in a Changing World of Work. The Indian presidency stated the importance of supply side policies that ensure the growth of productivity.

### 3.7 Women's empowerment and youth

The first substantial initiative in relation to gender by the G20 is the Brisbane 25 by 25 goal. This was an outcome of the Brisbane G20 summit in 2014. The goals of the initiative were to reduce the gender gap in the workforce by 25% by the year 2025. In 2018, the Buenos Aires communique reaffirmed the G20's commitment to progressing the Brisbane goal. In 2019, Japan produced a report titled "Women at Work in the G20 Countries". This was to become an annual report by the presidencies in collaboration with the ILO and OECD. The Brisbane Goal aims to create quality work for women and to address the biases against women internationally. In 2021 the G20 presidency published a "G20 Roadmap Towards and Beyond the Brisbane Target: more, better, and equally paid jobs for women". According to the report prepared for the Indian Presidency in 2023, progress towards the Brisbane Goal stagnated in 2020 (as did everything else). Since then, there have not been substantial improvements to the G20 states' earnings, working conditions and employment in relation to women. The target of 2025 is unlikely to be met.

The #eSkills4Girls initiative was introduced in 2017 by the German G20 Presidency. The initiative aimed to create opportunities for women and girls in the digital economy, as well as providing skills training. Subsequent G20 presidencies reaffirmed their support for engaging women in STEM. In 2023 the G20 Indian presidency made the commitment to halve the digital gender divide by 2030.

The Women Entrepreneurs Financing Initiative (We-Fi) was introduced in 2017 by the German Presidency. The initiative aimed to support female entrepreneurship in developing states. The initiative was very important to the

G20 Africa Partnership and the G20 Entrepreneurship Plan. The initiative is a collaboration with the B20 (Business20) and W20(Women20). In 2019, Japan encouraged the continued implementation of the initiative. To date We-Fi has provided at least USD1.2-billion to women owned businesses in 59 developing states. These include Zambia, Nigeria and Mozambique. Most of the investment comes from multilateral institutions such as the World Bank. This initiative is important because it has delivered on goal to “increase women's access to capital”<sup>31</sup>.

The G20 alliance for the Empowerment and Progression of Women's Economic Representation (EMPOWER) initiative was officially launched in 2020 under the Saudi Presidency. The aim of the initiative was to advance the involvement of women in the private sector and to take stock of the G20 states' commitments towards women's advancement in the private sector. There is an annual EMPOWER summit, and the tracking of state commitments is done through the G20 EMPOWER KPI Dashboard on the EMPOWER website<sup>32</sup>.

The first important mention of youth was in the Antalya Leaders' Declaration in 2015. In 2015, G20 Leaders agreed to the goal of reducing the share of young people who are most at risk of being permanently left behind in the labour market by 15% by 2025 in G20 countries. This is called the Antalya G20 Youth Goal. Many of the initiatives created by the following presidencies were predicated on “furthering the Antalya youth goal”. The goal is incredibly pertinent to the African continent. *More than one in four young people in Africa – around 72 million – are not in employment, education or training, and two-thirds of them are young women.*<sup>33</sup>

The 2017 Rural Youth Employment Initiative aims to generate opportunities for decent work for rural African youth. The initiative is based on six areas, including closing gaps in data and knowledge and promoting a skills revolution. The goals of the initiative were to create 1.1 million new jobs and to provide skills to 5 million young Africans by 2022. From 2017 to 2022, USD 20-billion was spent on Rural Youth Employment in Africa, 6.38 million youth were trained in how to be employable, and over 2.86 million jobs were created. According to the OECD, this is an overachievement of 128% for job creation and 261% for skills training<sup>34</sup>.

### 3.8 Health and Vaccine Manufacturing

The 2018 Argentinian G20 presidency committed to ending HIV/AIDS, tuberculosis and malaria. The Japanese G20 presidency also committed to do the same. The Saudi G20 Presidency supported a step up to the COVID-19 Response, endorsing the G20 Menu of Policy Options to enhance Access to Opportunities for All, to be leveraged to improve the speed and sustainability of recovery. The 2021 Italy presidency supported increased vaccine

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<sup>31</sup> 2017 G20-leaders-declaration\_Hamburg.pdf Leaders Declaration P 11

<sup>32</sup> G20 EMPOWER India Presidency 2023, 2023, G20 EMPOWER Dashboard 2023. <https://g20empower-india.org/kerala/G20%20EMPOWER%20KPI%20Dashboard%202023.pdf>

<sup>33</sup> <https://ilostat.ilo.org/african-youth-face-pressing-challenges-in-the-transition-from-school-to-work/>

<sup>34</sup> The G20 Initiative for Rural Youth Employment (oecd-ilibrary.org)

distribution in LMICs through technology hubs, such as the newly established mRNA hubs in Brazil, South Africa and Argentina and launched a Joint Health-Finance Task Force to report on pandemic preparedness and prevention. The Indian G20 presidency encouraged the WHO to access quality, affordable, safe and effective vaccines, diagnostics, therapeutics, and other medical measures.

From 2018-2023 the G20 Presidencies made commitments to supporting the tackling of Antimicrobial Resistance (AMR). Most of these commitments other than the 2021 Joint- Health Task Force do not set out specific actions, responsibilities or timelines.

### 3.9 Compact with Africa (CwA) (G20 2017)

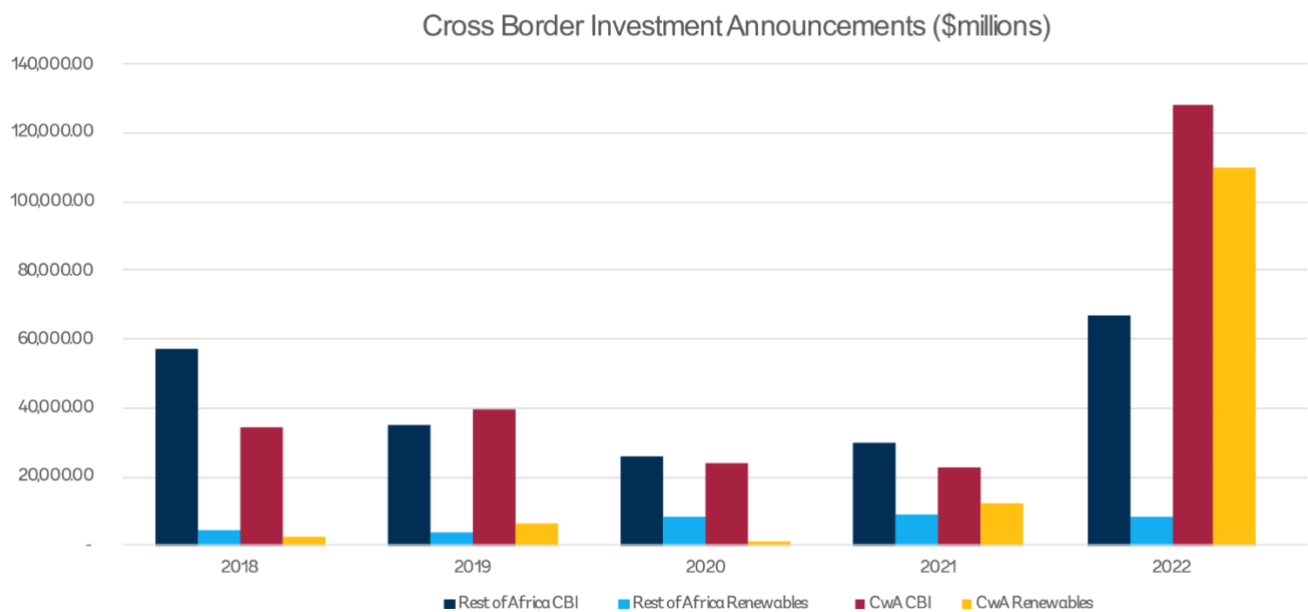
In 2017, the German G20 Presidency launched the Compact with Africa (CWA) as a part of the G20 Africa Partnership. The initiative's goals are to promote private investment in sustainable infrastructure. The initiative does this through reforms on a macro, business and financing metric. The CwA brings together like-minded African compact states, IO's, and other G20 partners to coordinate specific reform agenda, encourage policy measures, and create better visibility for compact states for private investment. Compact states join voluntarily. There are 12 African Compact states: Benin, Burkina Faso, Cote d'Ivoire, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Togo and Tunisia. The initiative is monitored by the African Advisory Group (AAG), which reports the progress, measurable targets and future targets of each compact state to the G20 Finance Ministers and Central Bank governors. Bi-annual reports by the AAG for the CwA are available from the CwA website.

Compact states have Compact Teams of the representatives of relevant stakeholders. These teams coordinate the required measures and speak on behalf of their state. The AAG hosts an annual investors event and there are also regular CwA events such as the last CwA Conference in 2023. Berlin aimed at complementing and reinforcing the ongoing work within the initiative. There was a reinvigoration of the CwA in 2022 with updated implementation reforms such as to formalize the membership process by only admitting reform-minded states. The CwA 2.0 has been more effective according to the latest CwA report titled "G20 Compact with Africa Compact Monitoring Report, Africa Advisory Group Meeting, November 2023". The report states that the Compact states were able to recover from the Covid-19 pandemic, outperforming non-compact states in the categories of FDI, exports, domestic investments and GDP growth. This shows that the CwA 2.0 was able to help compact states recover from the global shutdown effectively.

The report states that the growth of compact states seen in 2022 would slow down in 2023 due to high inflation and other limiting factors. CwA states have been increasingly vulnerable to debt with CwA states having a projected debt-to-GDP ratio of 78% compared to non-compact African states with a projected debt-to-GDP ratio of 59%. From March 2020 to August 2023 the IMF approved USD 25.7-million in financing requests. From August 2022 to August 2023 the IMF spent 9% of its capacity development funding on compact states. One of the aims of the CwA 2.0 is to mobilize and enable private capital. One of the mechanisms used to achieve this is support for the AfCFTA. Egypt

and Morocco were the primary drivers of compact states outperforming their peers in FDI, The CwA is unique initiative as it is run primarily by the AAG. The 2019, 2020, 2021, 2022, and 2023 presidencies reiterated the G20's support for the CwA, with funding coming from stakeholders, IO's and the German government. The German G20 Presidency's commitment to the initiative can thus be seen to be bearing fruit. The German governments continued support of the initiative has likely been a factor in its success and longevity.

**Figure 4: Compact with Africa Countries Outperforming their Peers in Green Foreign Direct Investment**



**Source: Financial Times CBI Announcements database as cited in The World Bank Group, 2023, G20 Compact with Africa, Compact Monitoring Report: Africa Advisory Meeting, November 2023**

### 3.10 Supporting Industrialisation in Africa Initiative (G20 2016)

In 2016, the Chinese G20 presidency launched the G20 Initiative on Supporting Industrialization in Africa and Least Developed Countries initiative. The focus of the initiative is to promote inclusive and sustainable structural transformation through knowledge sharing and peer-learning in Africa and LDC's. This is to ensure good practices, policies, measures, and other guiding tools to build capacity. The initiative supports states in industrializing through trade in accordance with the WTO guidelines. The leader's declaration for 2016 stated that the initiative will "Facilitate the leveraging of multi-stakeholder resources for investment in trade, connectivity, transport and industrial corridors, and support local development of special economic zones, industrial parks and science and technology parks to attract investment and talent". (LD, Initiative, Para 5). Among other areas, this initiative promotes investment in sustainable and secure energy, renewables and energy efficiency, and sustainable and resilient infrastructure.

The initiative has seen many presidencies recommitting to its goals. In 2018, the Argentinian G20 presidency recommitted to the industrialisation projects in Africa (CwA and the Industrialisation Initiative) and welcomed the concrete policy solutions developed by the Global Forum on Steel Excess Capacity (GFSEC) facilitated by the OECD. These policy solutions include states sharing data on market-distorting subsidies and other support by government or government agencies. Furthermore, the GFSEC and the OECD developed a mechanism to improve exchange information on crude steel capacity developments which led to greater transparency than available before.

In 2019, the Japanese Presidency published the Review of Progress: **G20 New Industrial Revolution Action Plan/Supporting Industrialisation in Africa and LDCs** which assessed China's **G20 Initiative on Supporting Industrialisation in Africa and Least Developed Countries**. The report states that by 2019, the initiative was considered "somewhat effective" by the G20 members. This is because there is a lack of awareness about the initiative. The interviewed G20 states argued that it is difficult to establish a link between the initiative and subsequent actions to help industrialize Africa and LDC's. This is likely due to the fact that the Chinese government has many initiatives in industrializing Africa, these include the Belt and Road initiative. It is possible that it is difficult to link the initiative to successful actions because there is an overlap in the mandate of initiative and other development initiatives by many states.

The report interviewed 19 African states and only four were aware of the initiative. This is concerning as industrialisation in Africa and LDC's has not advanced much since the launch of the initiative. Furthermore, the last two G20 presidencies did not directly address the initiative but did state support for sustainable development in Africa. The OECD released in November 2022 the Equitable Framework and Finance for Extractive-based Countries in Transition (EFFECT) providing a toolbox for policy makers to chart just, realistic and sustainable low carbon pathways, consistent with development priorities. EFFECT implementing tools currently under development will provide guidance for African fossil fuel and mineral-rich producing countries to pursue decarbonized and sustainable industrial development, gas as a transitional fuel, minimising lock-in and stranded assets risks. The OECD jointly implements EFFECT in Africa with the African Development Bank (AfDB). In 2023, jointly with the African Union Commission (AUC), ECA, African Export-Import Bank (Afreximbank) and the Ministry of Industry and Youth Entrepreneurship of Niger, the OECD contributed to the AUC Industrialization Summit hosted by the Government of Niger.

## 4 Alignment of South Africa's interests and AU priorities

South Africa's engagement in the G20 has been one that emphasises developing country concerns, particularly those of Africa. During the financial crisis, when the advanced economies were taking measures to stabilise the banking system, South Africa and other developing countries argued that the remedies being considered were not always appropriate for their context and it might in fact have negative unintended consequences.

For many years South Africa was also co-chair of the Development Working Group, where many of the challenges faced by developing countries were articulated. Since then, the intersectionality of many of these issues has been recognised and development cuts across many other working groups, such as health, climate and education etc.

In the development working group, South Africa has also brought to the table the issue of illicit financial flows, given the specific challenges that many African countries face in that domain – although the issue has faced opposition from certain developed economies.

Considering South Africa's own domestic challenges (poverty, unemployment and inequality), and those that resonate on the Continent, there are a number of possible priorities for the country to reflect on as it prepares for the G20 presidency. The overarching framework for such priorities could be the UN Sustainable Development Goals (which also intersect with the AU's own Agenda 2063). These goals underscore the social, environmental and economic imperatives that are essential for development and sustainability. Social inclusion, solidarity and resilience could be possible overarching themes.

At the AU summit in February 2024, several preliminary priorities were identified to push for in the G20. These were:

- The second 10-year implementation of Agenda 2063
- The global financial architecture
- International food security and agriculture
- Just energy transition (electricity and renewable energy)
- Trade and investment
- Health and vaccine manufacturing.

Some of these are discussed further below.

## 4.1 The reform of the international financial architecture

Like many countries in the global south, South Africa and the continent have advocated for reforming the international financial architecture, recalibrating it to a fairer setup that benefits not just the global north, but also developing countries. President Cyril Ramaphosa reiterated this position in his remarks at the High-Level Dialogue on Financing for Development Summit held during the UN General Assembly in September 2023, citing the need for reform and strengthening of the global financial architecture to allow developing countries to participate equally in the decision-making process of the international economic order.<sup>35</sup> Key areas of reform identified by South Africa include the need for multilateral development banks to respond more to the needs of developing countries, reforming the credit ratings system which puts developing countries at an unfair disadvantage, ensuring that the

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<sup>35</sup> South African Government News Agency, "Reform the international financial architecture – President Ramaphosa" SAnews.gov.za, 23 September 2023

international tax system reflects capacities and needs of developing countries, and promoting innovative climate financing to encourage more private capital.

South Africa's position on global financial architecture reforms is already well aligned with the priorities of the AU. The AU has established the high-level working group on the global financial architecture which is coordinated by the United Nations Economic Commission for Africa (UNECA), and comprises of the AU, African ministers of finance, planning and economic development, the African Development Bank, Afreximbank and the World Bank Group, with participation of staff and executive directors of the IMF. This working group serves as a forum for developing proposals for reforms of the global financial architecture to address Africa's needs and ensure that Africa speaks with one voice and that this voice is heard. This group has proposed reforms to the global debt framework and called for more action reforming the debt architecture.<sup>36</sup> It has also called out the “biased” credit rating system and emphasised the need to address its transparency and regulatory issues.

Driving the MDB reform agenda, building on the Indian and the Brazilian presidencies would also be critical as these banks will play a crucial role in mobilising funding for sustainable development.

## 4.2 Debt restructuring

With a rising debt problem on the continent, international efforts have been adopted to address it, but these have fallen short. The G20's DSSI launched in 2020 in the wake of the pandemic and its successor the Common Framework on Debt Treatment have also largely failed to achieve their objectives. For the DSSI, its uptake faced several challenges including its limited scope targeting only official bilateral debt, lack of participation by private creditors due to its voluntary nature, coordination challenges and geopolitical back-and-forth among multiple creditors. Furthermore, its potential negative impact on a country's credit ratings and its lack of inclusion of comprehensive debt relief measures also impeded its effectiveness. The Common Framework has also failed to move quickly enough. It took Zambia over three years to negotiate a deal, for example.

There are already proposals on the table, including setting standards for participation of private sector creditors and safeguarding credit ratings in the case of pre-emptive debt restructuring, among others.

The AU has also indicated that debt for nature swaps and availing funding for the loss and damage fund are essential for a green transition. The issue of international taxation is also on the table but may be difficult to make much progress on.

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<sup>36</sup> United Nation Economic Commission for Africa, “African Ministers call for a reformed global debt architecture” 20 March 2021

### 4.3 Trade and investments

Trade and investment have been at the top of Africa's economic agenda. The AfCFTA is arguably the AU's biggest and most consequential project currently being undertaken. Set to create one African market with a combined GDP of USD3.4-trillion and 1.3 billion consumers, the AfCFTA is a key component of agenda 2063 seeking to promote socio-economic development on the continent through increased intra-African trade. G20 infrastructure support and support of the AfCFTA are keys to trade development for both intra-African trade and Africa's trade with the rest of the world. Therefore, it is essential that Africa uses the G20 platform to push for programmes supporting intra-African trade through the AfCFTA as well as those supporting trade between Africa and the rest of the world (i.e., WTO initiatives) which have been promoted in all G20 presidencies.

South Africa is a crucial player in the success of the AfCFTA. In 2022, South Africa's exports to other African countries totalled USD30-billion, roughly a quarter of all its exports.<sup>37</sup> This shows that the African market is of strategic importance for the South African economy. As such, on 31 January 2024 South Africa officially started trading under the AfCFTA having finalised (along with 11 other countries) the legal modalities to enable trade to commence in numerous products lines.<sup>38</sup> South Africa's interest in the success of the AfCFTA, therefore, makes trade and investment a key priority in its agenda at the G20.

The AU's pursuit of the AfCFTA is also intended to help Africa accelerate the development of its regional and local value chains, an area that South Africa leads on the continent, but where Africa lags behind other regions. The AfCFTA's protocol on Investment, which was adopted on 9 February 2023, is intended to serve this function through promoting, facilitating and protecting intra-African investments. In the context of the G20, the AU has called for an engagement that drives more investment.

The Department of Trade, Industry, and Competition (DTIC) has worked to strengthen the G20 group of developing countries at the WTO with the aim of placing developing countries at the centre of the negotiations.<sup>39</sup> With the G20 committing to promoting rules based trade under the WTO rules, South Africa should work with the AU (in its new capacity as a member of the G20 grouping) to continue to push for changes that will push African countries to the centre of WTO negotiations and promote the interests of the continent especially in relation to the AfCFTA.

Protectionism in trade, which has been rising for many years, but has become more acute recently, is now coupled with 'green' protectionism. These issues are becoming increasingly geo-economically determined, but in the interest of preserving the credibility of the WTO as the apex of the global trading system it is important that initiatives to counter these can be put on the table.

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<sup>37</sup> Tralac, "South Africa: Intra-African Trade and Tariff Profile 2022.

<sup>38</sup> South African Government, "President Cyril Ramaphosa: Launch by South Africa of preferential trade under the African Continental Free Trade Area" 31 January 2024

<sup>39</sup> South African Government, "World Trade Organisation" (The Department of Trade, Industry, and Competition)



## 4.4 Climate change and the just transition

Although South Africa's experience in climate change mitigation and just energy transition can be helpful in climate change discussions between the AU and the G20, many African countries are primarily concerned with climate change adaptation and loss and damage as opposed to mitigation given their low contributions to carbon emissions, be it historical or current. As such, the mobilisation of adaptation financing and the operationalisation of the loss and damage fund are the more pressing issues for many African countries. South Africa's influence in the G20 can also be used to pursue these goals for the continent. An advocate of increased climate (and other development financing), South Africa can push the global north members of the G20 to fulfil their climate financing commitments such as the USD 100-billion pledge, and make meaningful contributions to the loss and damage fund which thus far has not been met with enthusiasm by them<sup>40</sup>.

Regarding the mitigation of environmental degradation and climate change, South Africa stands as a key player on the continent given its carbon emissions profile and the subsequent action that it has undertaken. Having partnered with developed countries in the G20 (France, Germany, the United Kingdom and the United States of America, along with the European Union) to implement an ambitious just transition project, South Africa is a key voice in energy transition and climate change mitigation for African countries and its experience will serve other African countries that are in the process of or are seeking partnerships with other G20 countries (e.g., Senegal).

In 2022, South Africa successfully shut down the Komati Power Plant, a coal fired power plant that had served the country since 1961 but has begun its transition to a renewable energy hub. Implemented with the support of the World Bank under the USD497-million Just Energy Transition Project (JETP), the decommissioning and repurposing of the Komati power station (with renewable energy and batteries), if successful could provide a blueprint for a just energy transition in South Africa and beyond<sup>41</sup>.

## 4.5 Reforming global multilateralism

South Africa has long been an advocate for reforming the current framework of global multilateralism to address systemic inequities and ensure greater inclusivity for developing nations. Central to its stance is the push for increased representation of countries from the Global South in international institutions like the UN, World Bank and IMF. South Africa seeks reforms in governance structures, voting mechanisms and resource allocation to rectify disparities and enable fair participation in decision-making processes.

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<sup>40</sup> See Joseph Upile Matola, "The G20 and African Climate Finance" (South African Institute of International Affairs, 2023)

<sup>41</sup> Factsheet: Eskom Just Energy Transition Project in South Africa (worldbank.org)

By championing these reforms, South Africa seeks to contribute to a more just and sustainable global system that promotes peace, prosperity, and development for all nations, irrespective of their economic or political status.

Against this backdrop, South Africa is well positioned to use its stature in the region and experience in international diplomacy including its leverage as a member of the BRICS Plus group to promote a fairer multilateral cooperation framework.

## 5 Conclusion

There has been some positive progress in initiatives that have a direct African focus, and although their implementation is not always an all-of-G20 endeavour, it doesn't take away from the projects. Initiatives such as the industrialisation and Compact are worth continuing, although some reflection on their modalities over the last 7-8 years would be appropriate.

However, there is also a much bigger opportunity as the AU joins the G20 – that of driving a more Africa-sensitive transformation of the global governance system – both in the short and in the medium term. There is already significant traction in this regard. Many of the initiatives that have a clear Africa focus are useful, but the G20 can be more than that. The AU has already begun to identify priority areas. As it deepens its engagement in the G20 it should focus its efforts on the major transformational agenda items that can have meaningful long-term impact, such as the push for reforms to the global financial architecture including on the matters of debt, scaling up of MDBs, and IMF reforms. Focus should also be put on socioeconomic issues such as gender inclusion, climate change adaptation, and decent work.

As South Africa prepares to take the presidency, it should work closely with the AU and provide expertise and guidance on the issues that it has been championing at the G20 and other projects/activities that targeted Africa. These include just energy transitions, reforms to multilateral organisations to make them work for Africa too, trade and investment and climate change adaptation. Furthermore, initiatives of previous G20 presidencies that also connect with the priorities that were flagged at the recent AU summit in Addis Ababa should be continued and deepened.