FINANCE & INFRASTRUCTURE

POLICY PAPER

B20 BRAZIL SECRETARIAT

FINANCE & INFRASTRUCTURE

POLICY PAPER

LEADERSHIP B20 BRASIL
Dan Ioschpe
Chair B20

Antonio Ricardo Alvarez Alban
President of the Advisory Council
President of the Brazilian National Confederation of Industry

Constanza Negri Biasutti
B20 Sherpa

FINANCE & INFRASTRUCTURE

POLICY PAPER

© 2024. B20 Brasil
Reproduction of any part of this material is permitted with proper source citation.

Secretariado B20 Brasil
CNI
Gerência de Comércio e Integração Internacional – GCII

CATALOGING IN PUBLICATION

B364f

B20 Brasil.
Finance & infrastructure : policy paper / B20. – Brasília : B20, 2024.

82 p. : il.

1.Global Economy 2. Economy Growth 3. Sustentability I. Título.

CDU: 330.34

B20 Brasil

Setor Bancário Norte
Quadra 1 – Bloco C
Edifício Roberto Simonsen
70040-903 – Brasília – DF
b20brazil@cni.com.br

TABLE OF CONTENTS

TABLE OF CONTENTS	5
FOREWORD BY THE TASK FORCE CHAIR	6
FOREWORDS BY THE TASK FORCE DEPUTY CHAIRS AND CO-CHAIRS	8
RECOMMENDATIONS: EXECUTIVE SUMMARY	12
INTRODUCTION	16
RECOMMENDATION 1	18
RECOMMENDATION 2	38
RECOMMENDATION 3	52
ANNEX A – ACRONYMS	71
ANNEX B – COMPOSITION AND MEETING SCHEDULE	74
ANNEX C – PARTNERS	82

FOREWORD BY THE TASK FORCE CHAIR

As we embark on this transformative journey, facing the dual challenges of population growth and climate change, the need for decisive action has never been clearer. We are in the decade of action, and our mission is to drive meaningful progress and ensure that our recommendations are effectively implemented. Building on the foundations laid by previous B20 meetings and COP 28, we are here to push these vital conversations forward.

Today, we see several significant trends reshaping the global financial and infrastructure landscape. Countries and companies are speeding up their net-zero transitions, opening up incredible opportunities for economic growth and shared prosperity. Viewing climate investments not as a burden but as a catalyst for development unlocks the vast potential of climate projects. We need to shift the narrative to see climate-smart development as essential to overall progress.

There is an urgent need to finance climate change adaptation and resilience, especially in emerging countries. We are hearing a growing call for stronger public-private finance connections and quicker innovation in financing mechanisms and tools. On the infrastructure front, we urgently need systems that support the net-zero transition and are resilient to climate change. We are also facing expanding infrastructure backlogs, a need to enhance efficiency, and growing infrastructure deficits in emerging markets.

These trends and challenges have shaped our 2024 Task Force discussions. Our Task Force includes diverse perspectives from different sectors and regions worldwide. With the support of our dedicated deputy chairs and co-chairs, we have developed focused, pragmatic, and actionable recommendations. Our goal was to find common ground and propose globally relevant recommendations by mobilizing public and private capital into infrastructure that supports the net-zero transition and climate resilience.

Over the past six months, we have fostered dialogue and collaboration among Task Force members, network partners, and contributors to develop these recommendations. We have identified three key areas: increasing public and private capital into scalable net-zero solutions, developing essential infrastructure, and leveraging the untapped potential of MSMEs to promote a sustainable future with economic progress and social development. Our recommendations include reviewing the role of public sector development finance (MDBs, DFIs, and ODAs); accelerating up the permitting process for infrastructure that supports the net-zero transition; and enhancing MSMEs' integration into global value chains through better financial inclusion and regulatory support.

While the task ahead is challenging, it also presents an incredible opportunity for collaboration and innovation. By fostering dialogue and cooperation among diverse stakeholders, including governments, civil society, and the private sector, we can explore new pathways to sustainable development. Looking to the future, it is clear that mobilizing public and private capital into scalable net-zero solutions, and empowering MSMEs, is not just an option – it is a necessity. This is underscored by the growing demand for critical infrastructure, research, development, and education, all vital for meeting the needs of a burgeoning global population. Together, we can chart a course toward a more sustainable future for generations to come, building a fairer world and a sustainable planet.

Luciana Ribeiro
Chair of the B20 Brasil Task Force on Finance & Infrastructure
Founding Partner, eB Capital

FOREWORDS BY THE TASK FORCE DEPUTY CHAIRS AND CO-CHAIRS

DEPUTY CHAIRS	FOREWORDS
Jorge Hargrave Director, Maraé Investimentos	*Access to adequate financial mechanisms and infrastructure are key roadblocks to transitioning to a net-zero economy, especially for emerging and developing economies. This Task Force provides practical recommendations to governments and multilateral institutions, reflecting diverse global perspectives. We are hopeful that G20 countries will adopt these measures and are ready to further collaborate to implement them.*
Dr. Luisa Palacios Senior Research Scholar, Center on Global Energy Policy, Columbia University SIPA	*The net zero transition requires a significant mobilization of capital in green infrastructure that is also climate resilient and inclusive. The B20 Finance & Infrastructure Task Force is proposing actionable recommendations to more effectively mobilize financing and reduce barriers to scaling green infrastructure investments in a way that fosters inclusivity and strong private-public collaboration.*

CO-CHAIRS	FOREWORDS
Gianluca Riccio Chair of Finance Committee BIAC, Business at OECD	*The G20 offers a platform in shaping the World's future, by demonstrating global leadership in innovation and interoperable policies to drive sustainable growth and support the transition to a net-zero economy. The B20 Finance & Infrastructure Task Force work is dedicated to offering actionable recommendations to guide transitions towards cooperation and inclusivity and equip firms with necessary skills.*

CO-CHAIRS	FOREWORDS
Harrison Lung Group Chief of Strategy Officer, e&	*The B20 Finance & Infrastructure Task Force aimed to provide practical recommendations, focused on sustainability, climate change and enabling MSMEs. Our objective for these recommendations is to provide a step-change from the current state through facilitation of public-and-private partnerships to achieve a resilient and sustainable economy.*
John W.H. Denton Secretary General, ICC	*I am pleased with the opportunity to co-chair the B20 Finance & Infrastructure Task Force this year and provide the views of ICC's 45+ million companies. Pursuant to the Brazilian B20 theme "Inclusive Growth for a Sustainable Future", I am particularly satisfied with our progress on SME financial inclusion. I look forward to working with our G20 partners on the implementation of our recommendations.*
Karen Fang Managing Director, Global Head of Sustainable Finance, Bank of America	*We are honored to co-chair the B20 Finance & Infrastructure Task Force for this year's B20. We hope our recommendations on inclusive global energy transition are pragmatic, leveraging multi-stakeholder collaboration across the public and private sector including governments, agencies, MDBs and DFIs, regulators, as well credit rating agencies, banks, investors and corporations.*
Ambassador Majid Al Suwaidi CEO, Alterra; Director-General and Special Representative, COP28 Presidency	*The B20 and G20 can together play a critical role in driving the narrative shift from climate finance being a burden to becoming an unprecedented investment opportunity for socio-economic growth and shared prosperity. This report builds on the COP28 Global Climate Finance Framework and offers recommendations on how to galvanize transformational levels of private capital towards the climate agenda.*

CO-CHAIRS FOREWORDS

Marc-André Blanchard
Executive VP and Head, CDPQ

Closing the investment gap for achieving a just energy transition and sustainable growth stands as the most urgent challenge of our time. But it also represents an unparalleled economic opportunity. The recommendations presented here I believe provide a practical yet ambitious path forward for securing a more prosperous, sustainable future.

Marcelo Marangon
President and Chief Country Officer, Citi Brazil

The B20 Finance & Infrastructure Task Force policy recommendations are key to accelerate the mobilization of the private capital needed to bridge the climate finance gap. Citi applauds the B20 efforts to raise ambitious and actionable proposals with significant near-term impacts.

Vaishali Nigam Sinha
Co-founder and Chairperson Sustainability, ReNew

Last year, the world experienced its hottest year on record, with a significant breach of the 1.5-degree threshold. As Brazil leads the G20, urgent climate action is imperative. With only six years remaining until the Agenda 2030 deadline, this policy paper outlines how to scale up climate finance and accelerate energy transition infrastructure. It emphasizes the critical role of MDBs, standardizing permitting processes, and integrating SMEs into global value chains to bridge, build, and scale global momentum with targeted action.

Zhang Xiaolun
Chairman, Sinomach

During the past few months, with the active cooperation and constructive suggestions from our Task Force members, we formed this policy paper. Although the world economy still faces various challenges, I believe that only through cooperation in infrastructure and finance can we create a better future.

RECOMMENDATIONS: EXECUTIVE SUMMARY

Executive Summary

Recommendation 1: The B20 and G20 should together play a critical role in driving the narrative, that a focus on climate investing is a catalyst to accelerating private capital deployment at scale in key sectors, facilitating the transition to a low-carbon sustainable economy. As a way to crowd-in private capital where cost of capital has not yet reached market conditions, we recommend to: a) review of the role of public sector development finance (i.e. Multilateral Development Banks - MDBs, Development Finance Institutions - DFIs and Official Development Assistance - ODA); b) address regulatory capital and rating agencies policies for climate finance, with a focus on the conditions necessary to substantially increase the mobilization of private sector capital flows for climate investments, supporting long-term sustainable growth and a just transition, in Emerging Markets and Developing Economies (EMDEs), by 2030.

Policy Action 1.1: Review the role of public sector development finance (i.e., MDBs, DFIs and ODA) to enhance their capital allocation efficiency for climate finance by making private capital mobilization a central objective of their operations to unlock private sector investments at scale. The focus for these institutions should shift from balance sheet deployment to leveraging their resources and local expertise to crowd in private sector capital at initial project diligence and funding phase as well as throughout the subsequent stages of the project's lifecycle (post funding).

- **1.1.1** MDBs and DFIs shareholders should work towards a Private Capital Mobilization (PCM) target whereby each dollar of public sector capital mobilizes five dollars of private sector capital (i.e. PCM ratio of 5:1) by 2030, serving as a core internal Key Performance Indicators (KPI), to measure their success in crowding in private capital across all forms of capital mobilization including co-investing, concessionary capital and de-risking strategies in support of long-term sustainable growth and a just transition in EMDEs.
- **1.1.2** Move MDBs and DFIs from an originate-and-hold to an originate-and-distribute model by increasing private sector investment in commercial and fundable transactions. This could be done through A/B loan and bond structures by reducing the amount of the A loan/bond retained by the MDBs and shifting more to the B loan/bond held by the private sector (banks, insurance companies, pensions and asset managers).
- **1.1.3** Increase availability of concessional funds by redirecting balance sheet resources to de-risk and mobilize private investment. MDBs, DFIs and ODA capital should be combined to achieve a target to deploy at least USD 75 billion a year of concessional, junior and mezzanine funds in blended finance and cost-effective de-risking strategies aiming to mobilize at least 3x this amount in private investments ($225 billion) a year by 2030. This can be done by expanding: a) concessional, junior and mezzanine mechanisms (10-30% of capital stack) at concessionary and catalytic financing levels, crowding in private sector investment in the senior tranche where the geography or project would not otherwise be able to be financed purely on a commercial basis; b) Equity investments with first loss and c) full and partial interest and principal guarantees that are cost-effective and enable risk mitigation across credit, political and currency risks.
- **1.1.4** Support standardization of best-in-class blended finance and de-risking strategies resulting in investable assets for the private sector (e.g., investment grade loans/bonds), with the aim of increasing scalability and efficiency thus boosting their crowd-in capacity.

Policy Action 1.2: Enhance private capital investment in climate solutions in EMDEs through regulatory capital and rating agency policy reforms to help achieve consistent treatment of transactions across jurisdictions, recognition of the risk mitigating features of blended finance and de-risking strategies which will allow for increased targets on capital allocations for climate finance in EMDEs.

- **1.2.1** Help achieve consistency in capital treatment across jurisdictions for strategies such as A/B loan structures, concessional capital and de-risking strategies provided by MDBs/DFIs/Export Credit Agencies (ECAs) or insurance companies aiming to have capital requirements that accurately represent the risk mitigation features of these products.
- **1.2.2** Update prudential capital requirements for banks, insurance companies and pension funds to reflect the actual risk of investment in EMDEs.
- **1.2.3** Review and update external ratings methodology by adjusting subjective risk premiums assigned to EMDEs (referencing EMDE transaction track records such as World Bank Group - WBG's Global Emerging Markets - GEMS database) and incorporate climate risk parameters into credit rating assessments.
- **1.2.4** Given the extraordinary need to provide more funding to the EMDEs, banks, insurance companies and pension funds could endeavor towards voluntary deployment targets that align within their relevant risk frameworks and associated fiduciary and legal obligations, without obviously ever undermining regulatory capital adequacy requirements plus any appropriate buffer required. Such targets can be established from multiple sources depending on the strategy, business models and obligations specific to each institution. Targets and sources should not be prescribed, but rather it is important to have clear and visible commitments towards funding sustainability needs[1].

Recommendation 2: Increase the pipeline of approved fundable projects by expediting permitting processes for infrastructure that supports the net zero transition and is climate resilient.

Policy Action 2.1: Each country should expedite the permitting process for investments in infrastructure that supports the net zero transition and is climate resilient, limiting maximum permitting times, by creating an integrated permitting system and establishing fast-track processes.

- **2.1.1** Develop "One Stop Shop" departments in national agencies for projects to obtain all necessary permits – local, subnational and national – under a single review process, while also establishing maximum timelines for permit issuance.
- **2.1.2** Create specialized offices in national agencies to develop and provide technical assistance to projects, including pre-assessment of potential impacts prior to permitting applications and aim to make relevant data for projects publicly available.
- **2.1.3** Implement a permitting process reform with the objective that non-critical requirements do not delay the approval process.

1 The Task Force emphasizes that nothing in this recommendation should be used as a basis for regulatory mandates and should always remain focused on developing voluntary deployment targets.

Policy Action 2.2: Countries must foster international collaboration to advance interoperability and expedite permitting procedures.

- **2.2.1** Foster international collaboration among permitting agencies and developers to harmonize cross-border taxonomy, methodologies, share data, and align on national permitting regulations.
- **2.2.2** Support EMDEs, including those not in the G20, to expedite the permitting process by sharing methodologies and data.

Recommendation 3: Strengthening Micro, Small, Medium Enterprises (MSMEs) Integration into Global Value Chains (GVCs) through enhanced financial inclusion and regulatory support.

Policy Action 3.1: Streamline administrative processes for global integration by increasing cross-border interoperability and review the regulatory framework that affects MSME's access to trade and climate finance.

- **3.1.1** Establish divisions within existing agencies to assist MSMEs in the approval process for investments, especially climate-related ones, by providing project management specialist support, knowledge sharing platforms, standardized templates for financial applications and digital tools for administrative efficiency.
- **3.1.2** Collaborate with international regulatory bodies such as the Financial Action Task Force, Financial Stability Board and Bank for International Settlements with the purpose to review macroprudential policy and address regulatory concerns by MSMEs, enabling their access to credit, trade and climate financing.
- **3.1.3** Expand Legal Entity Identifier (LEI) adoption across all financial transactions involving MSMEs to simplify international trade.

Policy Action 3.2: Enable "GVC ecosystems" by improving all firms', and particularly MSMEs', financial productivity and access to finance and working capital management.

- **3.2.1** Collaborate with financial technology companies and regulatory bodies to develop user-friendly digital early payment platforms that facilitate immediate access to capital for MSMEs, helping to achieve interoperability across banking and financial institutions to allow seamless transactions.
- **3.2.2** Establish partnerships with traditional and non-traditional financial institutions to expand the range and accessibility of financial strategies available such as microloans, lines of credit, and financing options focused on sustainability.
- **3.2.3** Incentivize large corporations to provide credit and technical support to MSME suppliers, offering guidance and resources to invest in sustainable business operations and practices while enhancing their own Supply Chain capacity.

INTRODUCTION

Introduction

In the pursuit of sustainable and equitable global development, the need to close the widening climate finance gap and to harness the transformative power of net-zero solutions has never been more urgent. As the world gears up to meet the demands of climate targets, the mobilization of both private and public capital into scalable, net-zero solutions emerges as a formidable challenge that carries with it the opportunity of unprecedented economic growth and a just and inclusive transition. This Policy Paper seeks to build upon the groundwork laid by previous B20 editions and the pivotal frameworks developed by global institutions such as COP28[2], where for the first time, world leaders came together to launch the Global Climate Finance Framework – an overarching vision that frames investments in climate action as the unprecedented opportunity for economic growth and shared prosperity. This framework lays out a set of ten principles that encompass all finance stakeholders public, private and philanthropic, as well as key areas where finance needs to be allocated in order to advance the climate finance agenda.

We must also shift from thinking of climate finance as more debt flowing into countries or bank financing for climate projects only. Instead, we must look at climate investing as the catalyst that drives the private sector at scale into creating new champions, corporate leaders and new markets in key sectors that will define net zero economy, such as decarbonized industry. By aligning our efforts with international standards and goals, and by continuously engaging with a broad spectrum of stakeholders—from governments and international agencies to private investors and civil society—we set a path towards a more resilient, sustainable, and equitable world.

The Task Force's goal is to increase public and private capital into scalable net-zero solutions by fostering efficient capital allocation, critical infrastructure development, and the untapped potential of MSMEs, to promote a sustainable future with economic progress, social development and environmental preservation. To achieve this, we advocate for a strategy grounded in three pillars:

First, we recommend a critical review and enhancement of the roles played by public sector development finance—including MDBs, DFIs, and ODA is necessary as well as refining regulatory capital and rating agency policies to better serve the climate finance landscape, creating an enabling environment for private investments.

Second, we emphasize the need to increase the pipeline of approved, fundable projects. By expediting permitting processes for infrastructure necessary to the net-zero transition and enhancing climate resilience, we aim to overcome one of the most significant bottlenecks in sustainable development. Streamlining these processes accelerates project deployment but also enhances the attractiveness of these investments to the private sector.

Third, the strengthening and proper insertion of MSMEs within GVCs forms a cornerstone of our strategy. By enhancing financial inclusion and bolstering regulatory support, we enable these vital cogs in the global economy to survive but thrive in a rapidly evolving market landscape. This drives economic growth but also supports that the transition to net-zero economies is inclusive, offering equitable opportunities to all sectors of society.

In line with these strategic pillars, this Policy Paper serves as a blueprint for action—a high-level guide on navigating the complexities of global finance, regulation, and economic growth in the age of climate crisis. It underscores the potential of such transformative investments to mitigate the impacts of climate change but also to unlock economic opportunities across EMDEs, fostering long-term sustainable growth.

The challenges we face are daunting, but the opportunities they present are immense. The B20 and G20 can together play a critical role in driving this new emerging narrative which focuses the conversation on the opportunity as opposed to the burden and risks of climate investments and talks about climate investing as opposed to just climate finance. This will be a powerful tool to galvanize transformational levels of private capital towards the climate agenda.

2 CLIMATE FINANCE FRAMEWORK. **COP28**. 2024. Available at: https://www.cop28.com/en/climate_finance_framework. Accessed in: 1 jul. 2024.

RECOMMENDATION 1

Recommendation 1

Recommendation is partially aligned with previous B20 editions

The B20 and G20 should together play a critical role in driving the narrative, that a focus on climate investing is a catalyst to accelerating private capital deployment at scale in key sectors, facilitating the transition to a low-carbon sustainable economy. As a way to crowd-in private capital where cost of capital has not yet reached market conditions, we recommend to: a) review of the role of public sector development finance (i.e. Multilateral Development Banks - MDBs, Development Finance Institutions - DFIs and Official Development Assistance - ODA); b) address regulatory capital and rating agencies policies for climate finance, with a focus on the conditions necessary to substantially increase the mobilization of private sector capital flows for climate investments, supporting long-term sustainable growth and a just transition, in Emerging Markets and Developing Economies (EMDEs), by 2030.

Policy Actions

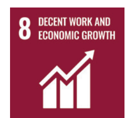
Policy Action 1.1 – Review the role of public sector development finance (i.e., MDBs, DFIs and ODA) to enhance their capital allocation efficiency for climate finance by making private capital mobilization a central objective of their operations to unlock private sector investments at scale. The focus for these institutions should shift from balance sheet deployment to leveraging their resources and local expertise to crowd in private sector capital at initial project diligence and funding phase as well as throughout the subsequent stages of the project's lifecycle (post funding).

Policy Action 1.2 – Enhance private capital investment in climate solutions in EMDEs through regulatory capital and rating agency policy reforms to help achieve consistent treatment of transactions across jurisdictions, recognition of the risk mitigating features of blended finance and de-risking strategies which will allow for increased targets on capital allocations for climate finance in EMDEs.

Key Performance Indicators	Baseline	Target	Classification
Concessional finance flow in blended finance aimed at climate finance in EMDEs Measure that tracks the amount of concessional finance being directed into climate-related projects through blended finance schemes in EMDEs annually Source: Convergence[3]	**US$ 1 billion** 2023	**US$ 25 billion** 2030	New indicator
Private Capital Mobilization ratio (leverage ratio) of concessional capital Measure the effectiveness of concessional capital in attracting private sector investment. Specifically, this ratio calculates how much private capital is mobilized for each unit of concessional capital invested Source: Convergence[4]	**1.8** 2023	**9.0** 2030	New indicator
Total flow of private investment to climate finance in EMDEs Measures the annual amount of private sector funding directed towards climate-related projects and initiatives in EMDEs Source: IMF[5]	**US$ 195 billion** 2023	**US$ 1,6 trillion** 2030	New indicator

SDGs

Recommendation 1 contributes to the achievement of the following Sustainable Development Goals (SDGs):



- SDG 1 (No Poverty): Improving access to climate finance, especially in EMDEs, can facilitate investments, create job opportunities and enhance livelihoods.
- SDG 7 (Affordable and Clean Energy): De-risking private capital encourages investments in renewable energy projects, which increases the availability of affordable and clean energy sources.
- SDG 8 (Decent Work and Economic Growth): Fostering climate finance stimulates the economy by funding green jobs and promoting innovative climate solutions that contribute to sustained, inclusive, and sustainable economic growth.
- SDG 9 (Industry, Innovation, and Infrastructure): Building a pipeline of fundable climate-related projects can lead to more sustainable industrialization and foster innovation in building resilient infrastructure.

3 STATE OF BLENDED FINANCE. **Convergence**. 2024. Available at: https://www.convergence.finance/resource/state-of-blended-finance-2024/view. Accessed in: 1, jul. 2024.

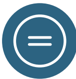
4 BLENDED FINANCE & LEVERAGING CONCESSIONALITY. **Convergence**. 2023. Available at: https://www.convergence.finance/resource/blended-finance-and-leveraging-concessionality/view. Accessed in: Jul. 1, 2024.

5 IMF - INTERNATIONAL MONETARY FUND. **Global Financial Stability Report**. 2023. Available at: https://www.imf.org/en/Publications/GFSR/Issues/2023/10/10/global-financial-stability-report-october-2023. Accessed in: 1 Jul. 2024.

- SDG 13 (Climate Action): Mobilizing private capital towards climate finance directly supports efforts to combat climate change and its impacts, aligning with the urgent call for action by all countries.
- SDG 17 (Partnerships for the Goals): Establishing partnerships between governments, private sector, and MDBs for climate finance can enhance international cooperation for sustainable development.

Relevant B20 Brasil Guiding Claims

Recommendation 1 has the strongest impact on three B20 Brasil Guiding Claims:

 **Promote inclusive growth and combat hunger, poverty and inequality**

Accelerate a fair net-zero transition

Increase productivity through innovation

By using de-risking financial strategies, reviewing the roles of MDBs, DFIs and ODA and cultivating a project pipeline with capacity building, we can simultaneously stimulate inclusive economic growth to alleviate poverty, support a fair transition to net-zero by equitably distributing the means for climate action, and foster innovation that propels productivity across sectors.

Relevant G20 Brasil Priorities

Recommendation 1 contributes to the following priorities of the G20 Brasil

Recommendation 1 contributes to addressing G20 Brasil's Finance Track key priorities – Financial Sector Issues - International Financial Architecture - Sustainable Finance – because it targets the critical intersection of sustainable finance and international financial architecture, aligning with the G20's objectives of fostering stability and inclusivity in the global financial system.

- Financial Sector Issues: By encouraging de-risking instruments and concessional capital, Recommendation 1 directly addresses financial sector challenges by incentivizing private sector engagement in climate investments. This aligns with the broader goal of ensuring financial stability and resilience discussed by Finance Ministers and Central Bank Governors of G20 countries, as it encourages innovative financial mechanisms to address climate-related risks.
- International Financial Architecture: Recommendation 1 contributes to enhancing the international financial architecture by advocating for coordinated efforts to increase climate-related investments. It aligns with the objectives of the International Financial Architecture Working Group (IFA) to promote stability, resilience, and balance in the global financial system. By fostering collaboration among diverse stakeholders, including national governments, private sector entities, and philanthropies, it strengthens the global financial safety net and supports the development agenda of low and middle-income countries.

- Sustainable Finance: The recommendation emphasizes the mobilization of private finance for climate investments, particularly in EMDEs. This resonates with the objectives of the Sustainable Finance Working Group (SFWG) to promote transitions to greener, more resilient, and inclusive economies. By facilitating investments in sustainable infrastructure and addressing barriers to sustainable finance, it supports the goals of the 2030 Agenda for Sustainable Development[6] and the Paris Agreement.

Context

This recommendation address key long-standing areas in the climate finance agenda, such as reform of MDBs and regulations on banking. However, to enable the transition to the net-zero economy of the future, we need a different level of effort to close the remaining finance gap and deliver at the speed and scale required. Often, in multilateral finance negotiation spaces, climate investments are framed as a burden and a risk to the development agenda some countries have to do to meet their international climate commitments, as opposed to something they choose to do. This perspective fails to highlight the immense investment opportunities those climate projects present. We must shift the narrative from viewing climate investments as a burden to recognizing them as unprecedented opportunities for economic growth and shared prosperity. Development and climate cannot be seen as separate competing needs; we need to think of climate-smart development.

Furthermore, we must transition from thinking of climate finance solely as more debt flowing into countries or bank financing for climate projects. Instead, we must view climate investing as the catalyst that drives the private sector into creating new champions, corporate leaders, and new markets in key sectors that will define the net-zero economy, such as decarbonized industry as well as all the key areas where finance needs to go to advance the climate finance agenda. These include debt and fiscal space, delivering past commitments, domestic resource mobilization, MDB reform, country-owned platforms and expanding sources of concessional finance. The B20 and G20 can together play a critical role in driving this new emerging narrative, focusing the conversation on the opportunities rather than the burdens and risks of climate investments, and emphasizing climate investing over mere climate finance. These opportunities will be a powerful tool to galvanize transformational levels of private capital towards the climate agenda.

Global investment in climate finance[7], is currently well below the figure required to meet SDG goals. Despite this, numerous economic resources are available to mitigate and adapt to climate change, encompassing a broad range of funding sources, financial instruments, and investment options directed towards reducing emissions and increasing resilience against climate change impacts. A significant funding gap exists in energy and infrastructure mitigation, estimated at USD 4 trillion annually[8], with a total amount needed, according to COP28 and Climate Policy Initiative, projected to be USD 5[9]-8,5[10] trillion annually by 2030 to achieve our climate goals (Exhibit 1). Additionally, between USD 200 and 400 billion[11] per year is needed for energy adaptation in EMDEs, as shown in Exhibit 2, and around USD 400 billion annually is required for recovery to address loss and damage from extreme weather events in developing countries, which could rise to USD 1-2 trillion by 2050[12].

---

6 UN - UNITED NATIONS. **Support Sustainable Development and Climate Action.** 2023. Available at: https://www.un.org/en/our-work/support-sustainable-development-and-climate-action. Accessed in: 1 jul. 2024.

7 UNFCCC - UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE. **Introduction to Climate Finance**. 2024. Available at: https://unfccc.int/topics/introduction-to-climate-finance. Accessed in: 1 jul. 2024.

8 UN News. **Developing countries face $4 trillion investment gap in SDGs**. 2023. Available at: https://news.un.org/en/story/2023/07/1138352. Accessed in: 1 jul. 2024.

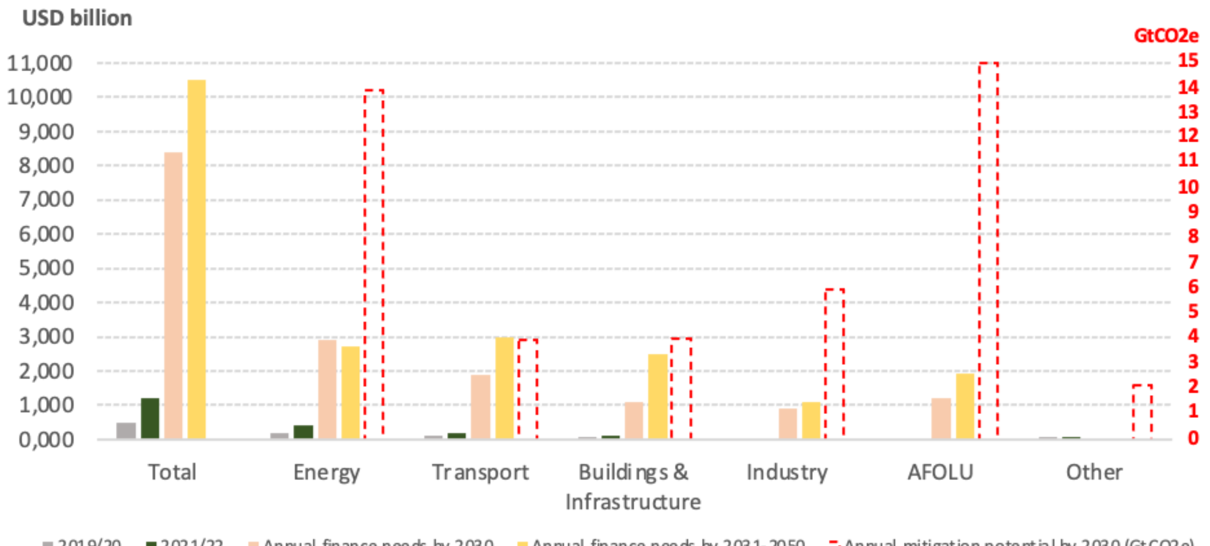
9 OP28. **Climate Finance Framework**. 2024. Available at: https://www.cop28.com/en/climate_finance_framework. Accessed in: 1 jul. 2024.

10 CPI - CLIMATE POLICY INITIATIVE. **Global Landscape of Climate Finance**. 2023. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/. Accessed in: 1 jul. 2024.

11 UNEP - UN ENVIRONMENT PROGRAMME. **Adaptation Gap Report**. 2023. Available at: https://www.unep.org/resources/adaptation-gap-report-2023. Accessed in: 1 jul. 2024.

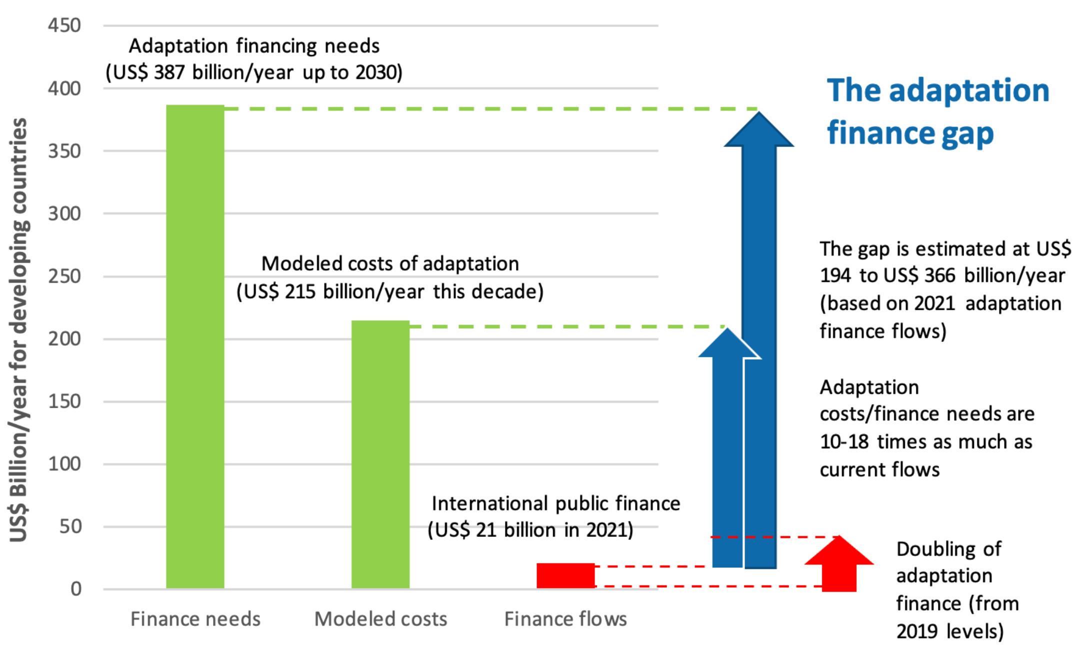
12 CPI - CLIMATE POLICY INITIATIVE. **Global Landscape of Climate Finance**. 2023. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/. Accessed in: 1 jul. 2024

Exhibit 1 – Climate finance flows in key mitigation sectors, finance needs and mitigation potential



Source: CPI - CLIMATE POLICY INITIATIVE. Global Landscape of Climate Finance. 2023. Available at: https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2023/. Accessed on: 1 jul. 2024

Exhibit 2 – Comparison of adaptation financing needs, modelled costs and international public adaptation finance flows in developing countries



Source: UNEP - UN ENVIRONMENT PROGRAMME. Adaptation Gap Report. 2023. Available at: https://www.unep.org/resources/adaptation-gap-report-2023. Accessed on: 1 jul. 2024.

Recent global crises, like the COVID-19 pandemic and geopolitical conflicts, as well as capital outflows caused by the spillover effects of monetary policies in major developed countries, have increased debt vulnerabilities in many developing countries, and further reduced the financial capacity of developing countries. Moreover, the shift by MDBs, DFIs, and ODA from direct investment to attracting private capital should not impact their role in financing high-risk projects. Infrastructure projects addressing climate change, including mitigation, adaptation, and transition, might be too risky to attract private capital. Therefore, it is essential to ensure that these institutions continue to play a key role in supporting high-risk projects, even as they aim to leverage private investment to achieve climate goals.

The global ambition to triple global renewables capacity by 2030 means reaching 11TW of installed capacity. Meeting this target would require renewables built at a compound annual growth rate of 14.9% till 2030. The last tripling took 12 years, the next needs to take seven.[13] However the imminent need for scaling climate finance is affected by the current economic and political forces. Since 2023, central banks across the world have witnessed an upward trend in interest rates. This slows investments in renewable energy infrastructure which requires high capital expenditure up-front.[14]

In line with the COP28 Climate Finance framework, we urge G20 countries to accelerate local, regional and global low-carbon, climate resilient, and nature-positive growth and inclusive economies, strengthening delivery of the SDGs and developing outstanding initiatives such as the Paris Pact for People and Planet (4P)[15], Bridgetown Initiative[16], Accra Marrakesh Agenda[17], G20 New Delhi Leaders' Declaration[18], and African Leaders' Nairobi Declaration on Climate and Call to Action[19].

Private financial entities are prepared to collaborate with government and various stakeholders to meaningfully increase private capital mobilization, thereby fostering sustainable development an equitable transition.[20] G20 countries should continue to mobilize climate finance, particularly by attracting private sector capital and ensuring capital flows from developed to developing countries. Increasing private investment is vital to meet climate goals, and with appropriate adjustments to initiatives, this investment has the potential to grow exponentially. As shown in Exhibit 3, increasing private investment is imperative to meet climate goals, and with appropriate adjustments to initiatives, this investment has the potential to grow exponentially. For example, the global sustainable finance market is estimated at USD 5.8 trillion and Sovereign Wealth Funds (SWFs) controlling nearly USD 12 trillion in assets have committed less than USD 10 billion[21] to climate-related initiatives, as they face significant hurdles to invest in such projects due to high risks and challenging regulatory environments. Investment mandates requiring predictable returns make it difficult to find appropriate, fundable and sustainable projects to invest. The target is to expand investment capacity in EMDEs and bolster their input in infrastructure enhancement. Achievement of this target depends heavily on the leadership of G20 governments acting under the growing pressure for change[22].

G20 countries can play a pivotal role in accelerating a just net-zero transition by focusing on closing financing gaps, leveraging public funds and international cooperation, while working to improve regulatory environments to capture private investment. Addressing barriers such as high perceived risks, data limitations and inadequate project pipelines is essential in fostering a conducive investment landscape. It is also imperative to address immediate financing needs and to facilitate that investments are directed towards creating fair, inclusive, and sustainable growth opportunities across EMDEs. This includes tapping into affordable long-term financing available from banks, pension funds and insurance companies, adding another dimension to the overall call on G20 countries to bridge financing.

---

13 PEASEY, Sarah. **COP28**: So Near and Yet So Far. Neuberger Berman, 2023. Available at: https://www.nb.com/en/global/insights/insights-cop28-so-near-and-yet-so-far. Accessed in: 1 jul. 2024.

14 WORLD BANK. **Risk of Global Recession in 2023 Rises Amid Simultaneous Rate Hikes**. 2022. Available at: https://www.worldbank.org/en/news/press-release/2022/09/15/risk-of-global-recession-in-2023-rises-amid-simultaneous-rate-hikes. Accessed in: 1 jul. 2024.

15 PACTE DE PARIS. **Paris pact for people & the planet**. 2024. Available at: https://pactedeparis.org/pdf/pacte-de-paris-pour-les-peuples-et-la-planete-en.pdf. Accessed in: 1 jul. 2024.

16 WEF - WORLD ECONOMIC FORUM. **The Bridgetown Initiative**: here's everything you need to know. 2023. Available at: https://www.weforum.org/agenda/2023/01/barbados-bridgetown-initiative-climate-change/. Accessed in: 1 jul. 2024.

17 V20 - VULNERABLE TWENTY GROUP. **Accra Marrakesh Agenda**. 2023. Available at: https://www.v-20.org/accra-marrakech-agenda/. Accessed in: 1 jul. 2024.

18 EUROPEAN COUNCIL. **G20 New Delhi Leaders' Declaration**. 2023. Available at: https://www.consilium.europa.eu/media/66739/g20-new-delhi-leaders-declaration.pdf. Accessed in: 1 jul. 2024.

19 AU - AFRICAN UNION. **The African Leaders Nairobi Declaration on Climate Change and Call to Action**. 2023. Available at: https://www.afdb.org/sites/default/files/2023/09/08/the_african_leaders_nairobi_declaration_on_climate_change-rev-eng.pdf. Accessed in: 1 jul. 2024.

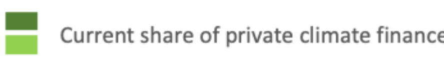
20 GISD - GLOBAL INVESTORS FOR SUSTAINABLE DEVELOPMENT. **Increasing Private Finance Mobilization**. 2021. Available at: https://www.gisdalliance.org/sites/default/files/2021-10/GISD%20Position%20Paper%20-%20DC%20Recommendations%20Private%20Finance%20Mobilization_18%20Oct_0.pdf. Accessed in: 1 jul. 2024.

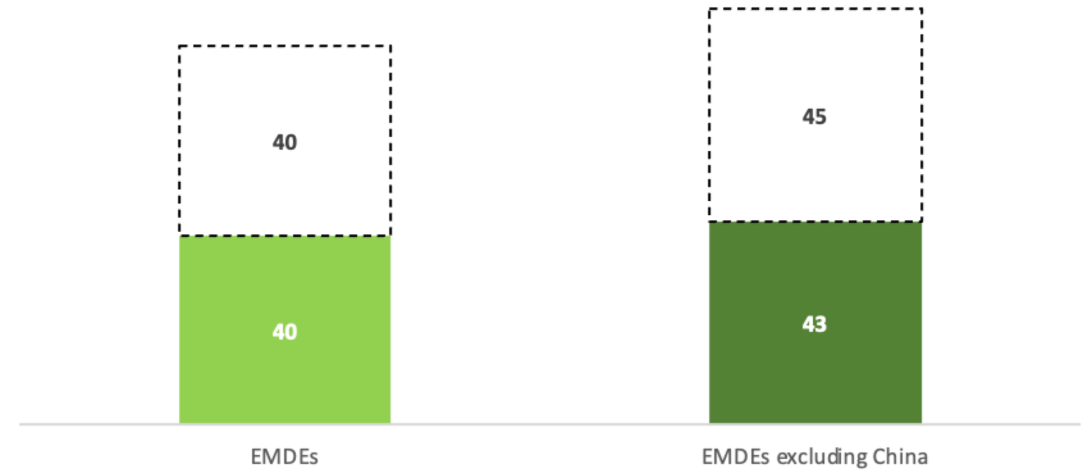
21 GEORGE, Libby; SAYEGH, Hadeel Al. **Sovereign wealth funds struggle to turn their trillions to climate finance**. 2023. Available at: https://www.reuters.com/sustainability/sustainable-finance-reporting/sovereign-wealth-funds-struggle-turn-their-trillions-climate-finance-2023-12-06/. Accessed in: 1 jul. 2024.

22 FI ; UN ENVIRONMENT PROGRAMME FINANCE INITIATIVE. **Scaling Private Capital Mobilization**: call to action to heads of state, policymakers and multilateral development bank officials. 2023. Available at: https://www.unepfi.org/wordpress/wp-content/uploads/2023/11/CTA_Scaling-Private-Capital-Mobilization_final.pdf. Accessed in: 1 jul. 2024.

As part of this collaboration, it will be important to develop common regulatory environments and aligning international rules to help achieve a standardized treatment of transactions across different jurisdictions - facilitating a global approach to sustainability and supporting stability of planning. The strategy proposed focuses on reducing risk attached to sustainable infrastructure investments and green projects aiming to unlock private capital at scale. It is imperative for G20 leaders, policymakers, and MDB officials to lead boldly, in implementing the changes required to catalyze these initiatives, ultimately driving forward global climate goals and sustainable development.

Exhibit 3 – The need for growth in the private financing share (p.p.) In EMDEs climate investments: current share vs 2030 needs





Note - the maximum (minimum) range refers to a scenario where the climate share of public investments stays the same (doubles) as the current level
Source: INTERNATIONAL MONETARY FUND. Financial Sector Policies to Unlock Private Climate Finance in Emerging Market and Development Economies. 2023. Available at: https://www.imf.org/-/media/Files/Publications/GFSR/2023/October/English/ch3.ashx Accessed on: July 1, 2024.

Policy Action 1.1

Review the role of public sector development finance (i.e., MDBs, DFIs and ODA) to enhance their capital allocation efficiency for climate finance by making private capital mobilization a central objective of their operations to unlock private sector investments at scale. The focus for these institutions should shift from balance sheet deployment to leveraging their resources and local expertise to crowd in private sector capital at initial project diligence and funding phase as well as throughout the subsequent stages of the project's lifecycle (post funding).

Executive Summary

MDBs, DFIs and ODA play a decisive role in the inclusive and just transition and in financing the SDGs. However, they need to maximize their financing benefit by partnering more with the private sector to unlock investment at scale. This can be accomplished by leveraging their resources and local expertise to crowd in private capital at the initial project funding phase as well as throughout the subsequent stages of the project's lifecycle (post funding). Alongside advocating for a budget increase for these institutions, this strategy ensures the existing budget is used more effectively by not spending it on projects that the private sector is already prepared to invest. We also highlight the role of project financing vs corporate financing in addressing the gap in climate financing. Moreover, ECAs serve as important public finance institutions, particularly during economic downturns, bridging and facilitating global trade and investment through officially supported export credit insurance products.

Overall, focus should be placed on establishing actionable frameworks that promote collaboration among public, private, and philanthropic funds to mitigate future capital risks. It is imperative that G20 countries encourage MDBs to take a more proactive approach to risk. The current hesitancy to take risks is limiting the funding potential of innovative, high-impact projects. It is important to avoid over-investing in projects that already have the capacity to raise funds. The focus should be on the efficient allocation of funds, especially considering that a significant portion of infrastructure funding currently comes from public sources, and the mobilization of private capital is key to addressing the financing gap.[23]

Background and Context

Throughout history, MDBs, DFI and ODA have played a main role in economic development by facilitating human and capital development, supporting governance leading practices, and encouraging global economic integration. There is a growing urgency for further climate change funding, and global crises like pandemics, political instabilities, and energy insecurity, has led to calls for the expansion of MDBs mandates to heighten their focus on climate resilience and sustainable development.

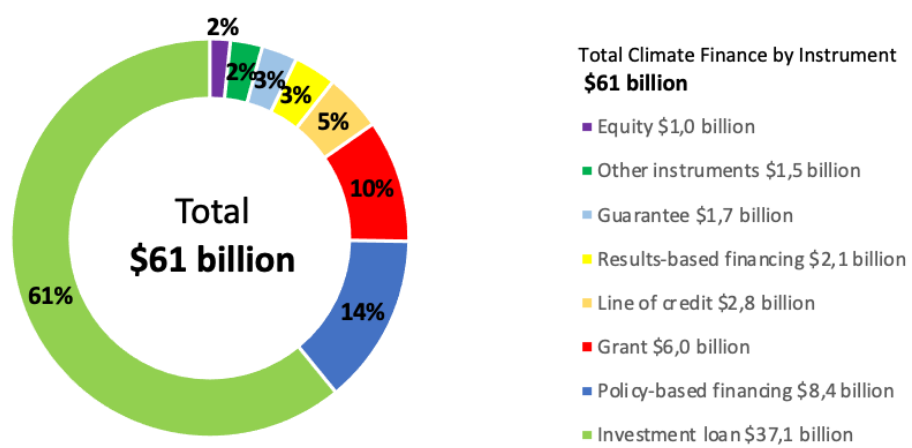
According to the latest published "Joint Report on MDBs Climate Finance," MDBs committed USD 60.7 billion[24] to low-income and middle-income economies in 2022, thus surpassing the annual expectation

23 WORLD BANK. **Sustainable Infrastructure Finance Overview**. 2023. Available at: https://www.worldbank.org/en/topic/sustainableinfrastructurefinance/overview. Accessed in: 1 jul. 2024.

24 EIB - EUROPEAN INVESTMENT BANK. **Joint Report on Multilateral Development Banks' Climate Finance**. 2023. Available at: https://thedocs.worldbank.org/en/doc/3f11c64b507195dee3f9604898a60219-0020012023/original/2023-MDB-Report-2022.pdf. Accessed in: 1 jul. 2024.

of USD 50 billion[25] set in the joint MDB High Level Statement of 2019. However, even though this is a significant amount, it represents only a small fraction of the figure needed to close the energy transition gap. To reach these investments needs, private capital is essential. Initiatives like the Bridgetown 2.0 agenda have declared the need for efforts towards private capital mobilization with a USD 1.5 trillion target[26]. Meanwhile, most lending is still made through direct investment loans, as shown in Exhibit 4.

Exhibit 4 – MDB climate finance by type of instrument in low-and middle-income economies



Source: EIB - EUROPEAN INVESTMENT BANK. **Joint Report on Multilateral Development Banks' Climate Finance**. 2023. Available at: https://thedocs.worldbank.org/en/doc/3f11c64b507195dee3f9604898a60219-0020012023/original/2023-MDB-Report-2022.pdf. Accessed on: 1 jul. 2024.

Although increasing the total number of MDBs new commitments for financial investment is important, the focus of MDBs should be on a more effective approach overall. Thus, this policy action calls for clearly defining the role of MDBs, emphasizing actions that encourage private capital funding without overcrowding climate investment. especially, policies and strategies should aim for the effective use of MDBs balance sheets, moving away from the current "originate-and-hold" processes, towards a more streamlined "originate-and-distribute" model, unlocking balance sheet capacity to crowd-in institutional investment.

Improving the appetite for more ambitious mobilization goals could also encourage MDBs to prioritize early project development and the creation of risk management tools, such as guarantees, which have shown efficacy in attracting private investments. For example, MDBs could offer first-loss and portfolio-level guarantees to facilitate large-scale private investment. This would assist in mitigating risks and make projects more attractive to private investors. By harnessing their extensive resources, expertise, and global networks, MDBs can pioneer financial structures that significantly reduce the risks associated with investing in EMDEs, thereby leading private sector investment into these critical markets.

Transparency is indispensable to de-risk climate finance and steer capital towards a net-zero transition. MDBs advocate for the creation of a regulatory infrastructure to require disclosures about climate-related risks and opportunities. With the International Sustainability Standards Board (ISSB)[27] IFRS Sustainability Disclosure Standards and growing demand from investors for independent assurance to bring credibility to information, such disclosures would promote more efficient capital flows and contribute to long-term financial stability. By requiring these disclosures, governments can make it easier to attract investment for sustainability projects, increasing the scale and frequency of investments needed for the climate transition.

---

25 EIB - EUROPEAN INVESTMENT BANK. **Joint Report on Multilateral Development Banks' Climate Finance**. 2023. Available at: https://thedocs.worldbank.org/en/doc/3f11c64b507195dee3f9604898a60219-0020012023/original/2023-MDB-Report-2022.pdf. Accessed in: 1 jul. 2024.

26 FI ; UN ENVIRONMENT PROGRAMME FINANCE INITIATIVE. **Scaling Private Capital Mobilization**: call to action to heads of state, policymakers and multilateral development bank officials. 2023. Available at: https://www.unepfi.org/wordpress/wp-content/uploads/2023/11/CTA_Scaling-Private-Capital-Mobilization_final.pdf. Accessed in: 1 jul. 2024.

27 IFRS - INTERNATIONAL FINANCIAL REPORTING STANDARDS FOUNDATION. **International Sustainability Standards Board**. 2021. Available at: https://www.ifrs.org/groups/international-sustainability-standards-board/#about. Accessed in: 1 jul. 2024.

Sub action 1.1.1: MDBs and DFIs shareholders should work towards a Private Capital Mobilization (PCM) target whereby each dollar of public sector capital mobilizes five dollars of private sector capital (i.e. PCM ratio of 5:1) by 2030, serving as a core internal Key Performance Indicators (KPI), to measure their success in crowding in private capital across all forms of capital mobilization including co-investing, concessionary capital and de-risking strategies in support of long-term sustainable growth and a just transition in EMDEs.

Despite extensive discussions on blended finance, MDBs currently mobilize between US$0.60[28] and US$1.2[29] in private capital for every dollar they lend from their own accounts, with most lending still occurring through direct investment loans. To enhance the effectiveness of their role, MDBs and DFIs should establish clear targets for Private Capital Mobilization (PCM), accompanied by key performance indicators (KPIs) to measure success in attracting private capital through co-investments, concessional capital, or risk reduction instruments. This initiative aims to increase PCM from MDBs and DFIs, reaching a ratio of US$5 of private investment for each dollar these institutions mobilize. Such an increase is important to support sustainable growth and help achieve a just transition in Emerging Markets and Developing Economies (EMDEs).

For this mobilization to be effective, G20 countries must adapt their regulations to encourage investment, which requires developing regulatory skills and simplifying processes. By collaborating with governments to strengthen regulatory capacity, MDBs and DFIs can create a more favorable environment for private investment, fostering an ecosystem that balances the incentive to invest with the need for transparency and certainty. This benefit EMDEs, but it also makes it easier to attract capital to support a long-term sustainable transition. It should be recognized that in addition to mobilizing private capital, development institutions should preserve some direct investment in some high-risk projects to guarantee that essential, though less financially attractive sectors, receive the funding they need.

The Economic Commission for Africa (ECA) has called for a shift in the way foreign investment and development aid are used in the Africa-Europe partnership to promote shared prosperity. This includes reducing investment de-risking in key sectors, identified through market studies and geospatial data analysis, to increase the number of fundable projects and work towards aligning investments with the sustainable development goals.[30]

Moreover, the implementation of the Global Climate Finance Framework can serve as a strategic guide to align private capital mobilization efforts with sustainable development goals. By integrating the ten guiding principles of the Framework, G20 countries can support their regulations to encourage investments that meet economic needs while also promoting climate resilience. Ongoing collaboration between MDBs, DFIs, and governments is essential to strengthen regulatory capacity and simplify investment processes. This coordinated approach facilitates the attraction of private capital for sustainable infrastructure projects in EMDEs, but also ensures that these investments are conducted transparently and predictably, providing long-term benefits for both investors and local communities.

This action is aligned with ALTERRA main objectives, and the 9th principle of the COP28 United Arab Emirates (UAE) Leaders' Declaration on a Global Climate Finance Framework, "Unlocking a highway of private finance", which highlights the importance of private sector finance for climate action, especially in mitigation, and the need for financial instruments and technical assistance to facilitate the transition to a low-emissions economy resilient to climate change.[31]

28 FI ; UN ENVIRONMENT PROGRAMME FINANCE INITIATIVE. **Scaling Private Capital Mobilization**: call to action to heads of state, policymakers and multilateral development bank officials. 2023. Available at: https://www.unepfi.org/wordpress/wp-content/uploads/2023/11/CTA_Scaling-Private-Capital-Mobilization_final.pdf. Accessed in: 1 jul. 2024.

29 IMF - INTERNATIONAL MONETARY FUND. **Global Financial Stability Report**. 2023. Available at: https://www.imf.org/en/Publications/GFSR/Issues/2023/10/10/global-financial-stability-report-october-2023. Accessed in: 1 Jul. 2024.

30 UNECA - UNITED NATIONS ECONOMIC COMMISSION FOR AFRICA. **De-risking investments in Africa to unlock the continent's full potential of public private partnerships**. 2024. Available at: https://www.uneca.org/stories/de-risking-investments-in-africa-to-unlock-the-continent%E2%80%99s-full-potential-of-public-private. Accessed in: 1 jul. 2024.

31 COP28. **Climate Finance Framework**. 2024. Available at: https://www.cop28.com/en/climate_finance_framework. Accessed in: 1 jul. 2024.

Sub action 1.1.2: Move MDBs and DFIs from an originate-and-hold to an originate-and-distribute model by increasing private sector investment in commercial and fundable transactions. This could be done through A/B loan and bond structures by reducing the amount of the A loan/bond retained by the MDBs and shifting more to the B loan/bond held by the private sector (banks, insurance companies, pensions and asset managers).

MDBs play a key role in the early, riskier stages of the sustainable development cycle, especially in projects where private investment has been scarce. However, as these projects mature and their risk profile diminishes, the rationale for continued MDB involvement weakens, presenting an opportunity for these banks to strategically exit from their investment. As such, MDBs should create a clear set of guidelines outlining the conditions and methods for exiting investments, in a manner that ensures sustained project success and financial stability. This will free up the balance sheet and allow for capital to be reinvested in new, strategic projects, thereby maintaining a cycle of sustainable development and greater financial flexibility. This shift requires a nuanced understanding of when to lead, when to partner, and when to step back with the support of rating agencies, ensuring MDB resources are utilized where they are most needed for impact.

This strategic approach involves the utilization of financial instruments, which enable the transfer of less risky, income-generating portions of their portfolios to the private sector by transferring risk through insurance or synthetic securitization. The latter is a financial technique to transfer credit risk of assets to third party investors using derivatives, rather than through the sale of the assets themselves. By securitizing these assets and creating investment-grade marketable securities – to be offered to a broader investor base – MDBs can attract private capital to sustainable development, effectively recycling their capital for future high-impact projects. This enhances the efficiency of MDBs capital utilization but also broadens the scope for private investors to contribute to global sustainability goals with diversified risk portfolios, thereby creating a win-win scenario for all stakeholders involved. The African Development Bank Group (AfDB) Room2Run initiative, for example, transferred mezzanine risk on a 47-loan pool through purchase of private insurance and synthetic securitization, freeing up USD 650 million[32], attracting great private interest and reaching a zero-loss rate. Despite its success, administrative costs were high due to a lack of specific guidelines, insufficient expertise, and limited historical or contextual knowledge about credit performance.

World Bank's "Cascade Initiative"[33] aligns with the concept of public and private resource mobilization related to MDBs' contributions to development finance. While MDBs and the International Monetary Fund (IMF) play a key role, through direct financial assistance, but in catalyzing, mobilizing, and pooling public and private resources for development, according to "From billions to trillions: MDB contributions to financing for development,"[34] the Cascade initiative aims to amplify this impact by encouraging countries to prioritize private financing wherever possible. This aligns with the idea of pooling resources to maximize development financing. Both the efforts of MDBs, the IMF and the Cascade Initiative promote the effective mobilization of public and private resources to drive economic growth and sustainable development.

Sub action 1.1.3: Increase availability of concessional funds by redirecting balance sheet resources to de-risk and mobilize private investment. MDBs, DFIs and ODA capital should be combined to achieve a target to deploy at least USD 75 billion a year of concessional, junior and mezzanine funds in blended finance and cost-effective de-risking strategies aiming to mobilize at least 3x this amount in private investments ($225 billion) a year by 2030. This can be done by expanding: a) concessional, junior and mezzanine mechanisms (10-30% of capital stack) at concessionary and

32 AfDB - AFRICAN DEVELOPMENT BANK GROUP. **African Development Bank and partners' innovative Room2Run securitization will be a model for global lenders**. 2018. Available at: https://www.afdb.org/en/news-and-events/african-development-bank-and-partners-innovative-room2run-securitization-will-be-a-model-for-global-lenders-18571. Accessed in: 1 jul. 2024.

33 WORLD BANK. **Cascade Initiative**. 2023. Available at: https://ieg.worldbankgroup.org/evaluations/world-bank-groups-approach-mobilization-private-capital-development/key-concepts. Accessed in: 1 jul. 2024.

34 WORLD BANK. **From Billions to Trillions: MDB Contributions to Financing for Development**. 2015. Available at: https://thedocs.worldbank.org/en/doc/883731485963739623-0270022017/original/frombillionstoTrillionsMDBcontributionstofinancingfordevelopment.pdf. Accessed in: 1 jul. 2024.

catalytic financing levels, crowding in private sector investment in the senior tranche where the geography or project would not otherwise be able to be financed purely on a commercial basis; b) Equity investments with first loss and c) full and partial interest and principal guarantees that are cost-effective and enable risk mitigation across credit, political and currency risks.

To mitigate the perceived and actual risks associated with investing in EMDEs, an appropriate toolkit of de-risking financial strategies that are explicitly earmarked for climate finance is essential. This includes subordination, where certain debts have lower priority than others in terms of claims on assets or earnings in case of default, and mini-perms, short to medium-term loans meant to be refinanced post operational milestones, serving as crucial components. Additionally, the use of blended finance[35] is pivotal for leveraging private capital in climate finance. It involves the deployment of various financial tools, individually or collectively, to mitigate the unfavorable risk-return dynamics associated with investments in developing countries. This action is in line with the UAE's work and commitments at COP28, "Making MDBs, Better, Bigger and Bolder"[36] and is reflected in the Global Climate Finance Framework by the MDBs' commitment to a multi-year US$180 billion program.

The target was calculated accessing 10% of the total Official Development Assistance (ODA), which represents about US$ 25 billion in junior capital from OECD DAC members / donors[37]and US$ 50 billion in non-concessional commercial capital from MBDs and DFIs. This three-tier blended finance structure, where there is (I) [80-85]% senior capital from private investors, (II) [10-15]% mezzanine capital from MBDs and DFIs and (III) [5-10]% junior structure could produce the equivalent of "BBB" rated senior capital for debt funds that could bring from US$ 225 up to US$ 425 billion in private investment.

In addition, other de-risking strategies like political risk insurance and the Multilateral Investment Guarantee Agency (MIGA) are important in this situation. By providing guarantees against non-commercial risks, these strategies enhance the attractiveness of climate investment and enable a flow of private capital to climate-related initiatives where it is most needed. Though these tools already exist, there is a significant opportunity to further develop, scale, and refine them, enhancing their availability, accessibility and effectiveness. For example, in the case of currency fluctuation risks, helpful tools used to safeguard investments against currency fluctuation are scarce, but also financially prohibitive to maintain.

Building on COP28's collective initiative, Fiscal Space for Climate Action, the World Bank Group, following recommendations from the G20, implemented reforms and created innovative financial instruments. Among the actions are adjusting the loan-to-equity ratio to guarantee US$40 billion over 10 years from the International Bank for Reconstruction and Development (IBRD) balance sheet, increasing bilateral guarantees, publishing reports to optimize callable capital, introducing hybrid capital, developing the Portfolio Guarantee Platform and launching the Habitable Planet Fund.[38]

Incorporating political risk insurance into these strategies would further enhance the risk mitigation framework. Political risk insurance provides protection against risks such as expropriation, political violence, and currency inconvertibility, thereby boosting investor confidence in climate-related initiatives in EMDEs. By diversifying the range of de-risking tools available, including political risk insurance alongside existing mechanisms like subordination and blended finance, investors can be better equipped to navigate the complex risk landscape of EMDE investments.

MDBs are well positioned to take the frontline and tackle these barriers to investment by fast-tracking the creation and implementation of more cost-effective and accessible de-risking tools. This would allow MDBs to serve as the initial bearers of risk, to reassure and attract future private sector investment. The cross-currency swap program by the International Finance Corporation (IFC) is a prime example of

35 Blended finance instruments and mechanisms. OECD, 2018. Available at: https://www.oecdilibrary.org/docserver/97892642887689en.pdf?expires=1719929720&id=id&accname=guest&checksum=8AC88A1E4E4F7BCC3E047152581787F2. Accessed in: 1 jul. 2024.

36 COP28. **Climate Finance Framework**. 2024. Available at: https://www.cop28.com/en/climate_finance_framework. Accessed in: 1 jul. 2024.

37 OECD. **Official Development Assistance**. 2023. Available at: https://www.oecd.org/en/topics/oda-standards.html. Accessed in: 1 jul. 2024.

38 WORLD BANK. **New Financing Tools Receive Major Funding Boost**. 2024. Available at: https://www.worldbank.org/en/news/press-release/2024/04/19/new-financing-tools-receive-major-funding-boost. Accessed in: 1 jul. 2024.

how this might be done, as the program enables clients to swap currencies and interest rate payments to match their revenue streams, reducing exposure to foreign exchange rate movements.[39]. Currency hedging is also part of a recent initiative of the Brazilian government aimed at providing stability and predictability to the country's macroeconomic conditions and attract private foreign investments for the ecological transformation of the country called ECO Invest[40]. Integrating mechanisms like MIGA and political risk insurance into this framework further strengthens the risk mitigation strategy, making investments in climate-related initiatives in EMDEs more attractive and feasible for private investors.

Some of the focus strategies should be:

Insurance: Provision of insurance against political or project-specific risks can safeguard investments against unforeseen events, such as the ever more common natural catastrophes (e.g., pandemics, floods, forest fires, landslides, etc.), enhancing investor confidence.

Foreign exchange Hedging: Tools to manage foreign exchange risks can protect investors from currency fluctuations, fundamental for attracting international finance to EMDEs. These may include, amongst others: Currency swaps; Option contracts; Money market hedges; Forward Contracts; Development of mechanisms for trading in national currencies with use of multicurrency clearing and the use of Currency Exchange Funds such as TCX[41]

Guarantees: MDBs (e.g., World Bank Guarantees Program)[42], Export Credit Agencies (e.g., Brazilian Management Agency for Guarantee Funds and Guarantees - ABGF from Brazil)[43] and other institutions can offer guarantees to cover losses from credit defaults, covering certain risks private lenders might be unwilling to bear alone, such as commercial, political risk, currency inconvertibility, transfer restrictions and expropriation.

Catalytic First-Loss Capital (CFLC)[44]: MDBs could allocate a portion of capital to absorb initial losses with the purpose of demonstrating the commercial viability of an investment, thereby reducing the perceived risk for subsequent private investors

Concessional Capital: Deploy of concessional funds, which are loans or grants with lower interest rates and longer payment periods typically provided by governments or MDBs, blending these with private investments to lower the cost of capital for climate projects making them more attractive.

Two initiatives that can be mentioned are that of Allied Climate Partners[45] and Africa Green Industrialization, launched at COP28, which aim to promote financially viable climate projects in emerging economies. Allied Climate Partners uses new financial instruments, such as the Norway Guarantee and the Germany Green Guarantee Group, to attract investment and mitigate risks in projects with high environmental, economic and social impact.[46] While Africa Green Industrialization, led by the President of Kenya, and involving international investors including Masdar and AMEA Power of the United Arab Emirates, seeks to promote green industrialization in Africa by focusing on low-carbon technologies.[47]

39 IFC - INTERNATIONAL FINANCE CORPORATION. **IFC Local Currency and Hedging Solutions**. 2017. Available at: https://www.ifc.org/content/dam/ifc/doclink/2017/201710-ifc-local-currency-and-hedging-solutions.pdf. Accessed in: 1 jul. 2024.

40 ECO Invest Brasil. **Brazilian government**. 2024. Available at: https://www.gov.br/tesouronacional/en/sustainable-finance . Accessed in: 1 jul. 2024.

41 TCX. **The Currency Exchange Fund**. 2024. Available at: https://www.tcxfund.com. Accessed in: June 26, 2024.

42 WORLD BANK. **Guarantees Program**. 2024. Available at: https://www.miga.org/. Accessed in: 1 jul. 2024.

43 ABGF - AGÊNCIA BRASILEIRA GESTORA DE FUNDOS GARANTIDORES E GARANTIAS. ABGF. 2024. Available at: https://www.abgf.gov.br/en/negocios/general-informations/. Accessed in: 1 jul. 2024.

44 MISSION INVESTORS. **Catalytic First-Loss Capital**: Research and Case Studies. 2013. Available at: https://missioninvestors.org/sites/default/files/resources/CatalyticFirstLossCapital.pdf. Accessed in: 1 jul. 2024.

45 ACP - ALLIED CLIMATE PARTNERS. **ACP**. 2024. Available at: https://www.alliedclimate.org/. Accessed in: June 26, 2024.

46 PR NEWSWIRE. **Allied Climate Partners**. 2023. Available at: https://www.prnewswire.com/news-releases/allied-climate-partners-launches-to-catalyze-bankable-climate-related-projects-in-emerging-economies-302003275.html. Accessed in: June 26, 2024.

47 COP28. **At COP28, Kenya's President Ruto convenes African Leaders to launch the 'Africa Green Industrialization Initiative', building on UAE's Clean Energy Pipeline in Africa**. 2023. Available at: https://www.cop28.com/en/news/2023/12/At-COP28-Kenyas-President-Ruto-convenes-African-Leaders-to-launch-the-Africa-Green-Industrialization. Accessed in: June 26, 2024.

Sub action 1.1.4: Support standardization of best-in-class blended finance and de-risking strategies resulting in investable assets for the private sector (e.g., investment grade loans/ bonds), with the aim of increasing scalability and efficiency thus boosting their crowd-in capacity.

Climate finance is essential for addressing global challenges related to climate change, environmental degradation, and economic development. The standardization of blended finance and de-risking assets is essential to ensure scalability in resource mobilization, as it facilitates investors' understanding and utilization of these instruments. Harmonizing processes and instruments reduce complexity and transaction costs, increasing investor confidence and promoting capital allocation to sustainable projects. Moreover, standardization allows investors to compare and assess risks more efficiently and effectively, encouraging greater participation in the sustainable finance market.

Aggregating individual projects into larger portfolios is an effective strategy to attract institutional investors while diluting the risks associated with specific investments. This approach is exemplified by the Green Investment Funds, which consolidate various renewable energy and environmental conservation projects into a single portfolio. A practical example is the Sustainable Energy Infra Trust in India[48], which aggregated numerous solar energy projects into one portfolio, facilitating access to financing and improving asset liquidity. This model reduces transaction costs but also enhances the attractiveness of projects for large investors seeking scalability and diversification in their investments.

Both the World Bank and Abu Dhabi are taking significant steps to address global challenges through robust and targeted financial initiatives. The World Bank has announced a major overhaul to ensure a more favorable business environment to drive economic development and global sustainability.[49] In parallel, Abu Dhabi is establishing a global climate finance hub as part of the COP28 legacy, with the aim of mobilizing resources for climate change mitigation and adaptation projects. Both initiatives share a commitment to sustainability and inclusive economic development, demonstrating a coordinated effort to address complex challenges and promote sustainable and resilient growth on a global scale.[50]

Standardizing risk mitigation instruments is fundamental to creating a safer and more predictable investment environment. A practical example of this strategy is the MIGA, which offers standardized guarantees against political and credit risks and the EU Framework for Sustainable Financing[51] also stands out.

These guarantees are widely recognized and accepted in the market, facilitating investor confidence, and promoting the mobilization of private capital for sustainable projects in emerging markets. Standardization allows investors to understand and use these instruments more effectively, reducing uncertainties and the costs associated with risk management.

Innovation in financial products also plays a key role in attracting capital for sustainable projects. The development of Green Bonds is a notable example of this strategy, allowing issuers to raise funds specifically for environmental and social projects. A significant case is the issuance of Green Bonds by the European Investment Bank (EIB), which financed a wide range of renewable energy, energy efficiency, and green infrastructure projects. These innovative financial products provide financial returns but also meet the growing demand for sustainable investments among institutional investors, significantly expanding the pool of capital available for sustainable projects.

48 SEIT. **Sustainable Energy Infra Trust**. 2024. Available at: https://www.seit.co.in/pdf/final-placement-memorandum.pdf. Accessed in: 1 jul. 2024.

49 WORLD BANK. **World Bank Group Prepares Major Overhaul to Guarantee Business**. 2024. Available at: https://www.worldbank.org/en/news/press-release/2024/02/27/world-bank-group-prepares-major-overhaul-to-guarantee-business. Accessed in: 1 jul. 2024.

50 THE NATIONAL NEWS. **Abu Dhabi to set up Global Climate Finance Centre as part of Cop28 legacy**. 2023. Available at: https://www.thenationalnews.com/climate/cop28/2023/12/04/abu-dhabi-to-set-up-global-climate-finance-centre-as-part-of-cop28-legacy/. Accessed in: 1 jul. 2024.

51 EUROPEAN COMMISSION. **Overview of sustainable finance**. 2023. Available at: https://finance.ec.europa.eu/sustainable-finance/overview-sustainable-finance_en. Accessed in: 1 jul. 2024.

Policy Action 1.2

Enhance private capital investment in climate solutions in EMDEs through regulatory capital and rating agency policy reforms to help achieve consistent treatment of transactions across jurisdictions, recognition of the risk mitigating features of blended finance and de-risking strategies which will allow for increased targets on capital allocations for climate finance in EMDEs.

Executive Summary

The global financial landscape faces a pressing need to bridge the substantial investment gap in climate finance within EMDEs. This gap is particularly evident in the pursuit of SDGs and Energy transition targets. Recent studies[52] and policy discussions underscore the pivotal role that innovation in capital markets, regulatory capital and rating agency policies can play in mobilizing private capital investment in these regions. By aligning regulatory frameworks across jurisdictions and acknowledging the risk-mitigating attributes of blended finance and de-risking strategies, a more conducive environment can be fostered for private investments. For effective deployment, these instruments require supportive policy frameworks that acknowledge and integrate these risk buffers into financial regulations and investment evaluations.

Firstly, inconsistent treatment of transactions across different jurisdictions remains a significant barrier to private investment. Standardizing regulatory capital requirements and rating procedures can ensure a level playing field, reducing complexity and uncertainty for investors. This approach enhances the attractiveness of EMDE markets but also facilitates greater cross-border flows of private capital.

Secondly, revising solvency capital requirements for insurance companies and pension plans to better reflect the actual risks associated with investments in these regions can encourage more significant capital flows. Additionally, updating rating methodologies to adjust subjective risk premiums and incorporating climate risk parameters into credit rating assessments can further support this objective. Financial institutions should assess their excess capital annually and set ambitious targets to allocate a portion of this for climate finance in EMDEs. With banks, insurance companies, and pension funds committing a substantial percentage of their excess capital towards these initiatives by 2030, we can significantly enhance the investment landscape, facilitating sustainable development and equitable growth.

Background and Context

The integration of EMDEs into the global financial system has historically focused on market liberalization and structural reforms. However, the financial crises in Asia and Latin America in the late 1990s and early 2000s highlighted the vulnerabilities of EMDEs[53] to global capital flow volatility, prompting a reevaluation of financial regulatory frameworks. These crises underscored the necessity

52 STATE OF BLENDED FINANCE. **Convergence**. 2024. Available at: https://www.convergence.finance/resource/state-of-blended-finance-2024/view. Accessed in: 1, jul. 2024.

53 WORLD BANK. **EMDE**: Ten Years After the Global Recession. 2020. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/523581581626000762/emerging-and-developing-economies-ten-years-after-the-global-recession. Accessed in: 1 jul. 2024.

for more robust regulatory measures to stabilize financial systems and protect against systemic risks, leading to the first significant reforms in global financial regulations aimed at improving stability and risk management in these economies.

The Basel Accords, specifically Basel II and III, advanced the differentiation of capital treatment for various investment risks, including those inherent in EMDEs. However, these frameworks often failed to fully capture the risk-mitigating attributes of instruments like A/B loan structures or concessional capital[54] and often treated investments in EMDEs as uniformly high risk, which could discourage private sector investment due to higher capital charges. Addressing these regulatory issues is paramount to fostering a more conducive environment for private capital investment in climate solutions. The current regulations pose significant challenges by not adequately recognizing the de-risking features of blended finance, thereby maintaining a conservative stance that inhibits the flow of capital into EMDEs

Rating agencies have historically been criticized for their conservative risk assessments in EMDEs. The calls for methodological revisions have grown louder, particularly with the increasing relevance of climate risks and their impact on investment decisions.[55] Moreover, regulators have been increasingly focusing on shadow banking, aiming to curb the risks associated with non-bank financial intermediaries. Stringent regulations, while essential for stability, risk excluding private investors from participating in climate finance if not carefully balanced. This exclusion could inadvertently push financing towards non-banking entities, creating parallel banking solutions that undermine the overall financial system stability.

Today, discussions about capital allocation for sustainable finance transactions within EMDEs are increasingly framed within the broader goals of global sustainability and financial stability. Proposals to set specific targets for sustainable and climate-related investments reflect an evolving understanding of the interconnectedness of financial health, environmental sustainability, and economic development. As these regulatory and rating adjustments continue, they promise to enhance private capital flow into EMDEs, aligning investment incentives with global development and sustainability goals. It is important to strike a balance between regulatory measures and the need to sustain private investment. This balance supports regulations to protect against systemic risks without stifling the innovative and essential capital flows needed for climate finance.

The trajectory of regulatory capital and rating agency policies in EMDE investment has been characterized by increasing sophistication and a growing alignment with global sustainability objectives. As these discussions continue, the focus remains on refining regulatory frameworks to better match the complex realities of financing development in a rapidly changing world[56]. As an example, to ensure the availability of low-cost funds for Renewable Energy Projects, the Government of India raised Sovereign Green Bonds of around USD 1.95 billion during fiscal year 22-23[57]. The bonds were oversubscribed by more than 4X with local insurers and public sector banks being the main investors, striking down pessimism about the demand. Out of the proceeds of Sovereign Green Bonds, approx. 40 per cent were dedicated to renewable energy, which has issued 8 green bonds to date – nearly USD 3.8 billion with an average interest rate of 5.71%[58]. There was a six-basis point greenium (green premium) secured which is expected to grow in the future as the number and volume of issuances increase.

Regulatory capital requirements are vital in shaping how financial institutions approach investments, especially in emerging markets and developing economies (EMDEs). Concessional capital offers more favorable terms than market conditions to stimulate investments. Insurers must assess the credit, sovereign, and political risks associated with these investments and work towards adequate capital

54 FSB. **Implementation and Effects of the G20 Financial Regulatory Reforms**. 2020. Available at: https://www.fsb.org/2020/11/implementation-and-effects-of-the-g20-financial-regulatory-reforms-2020-annual-report/. Accessed in: 1 jul. 2024.

55 UNITED NATIONS. **Credit rating agencies and developing economies**. 2021. Available at: https://www.un.org/sites/un2.un.org/files/wp175_2021.pdf. Accessed in: 1 jul. 2024.

56 UNCTAD. **Capital Markets and Sustainable Finance**. 2021. Available at: https://unctad.org/system/files/official-document/WIR2021_ch05_en.pdf. Accessed in: June 26, 2024.

57 WORLD BANK. **Case Study India Green Bond**. 2023. Available at: https://thedocs.worldbank.org/en/doc/c68d5c90796897b1628c25fea3590a5b-0340012023/original/Case-Study-India-Green-Bond-TA.pdf. Accessed in: June 26, 2024.

58 RENEW. **ReNew raises US$400 million by issuing Green Bonds**. 2022. Available at: https://investor.renewpower.in/news-releases/news-release-details/renew-raises-400-million-issuing-green-bonds. Accessed in: June 26, 2024.

according to regulatory frameworks like Solvency II. Risk mitigation mechanisms, such as collaborations with development finance institutions (DFIs) and insurance products, are essential to balance capital requirements with investment opportunities in EMDEs.

Sub action 1.2.1: Help achieve consistency in capital treatment across jurisdictions for strategies such as A/B loan structures, concessional capital and de-risking strategies provided by MDBs/ DFIs/Export Credit Agencies (ECAs) or insurance companies aiming to have capital requirements that accurately represent the risk mitigation features of these products.

To achieve this smart regulatory harmonization and strengthen the ability of financial institutions to withstand losses and continue operating without interruption, G20 countries must adopt a coordinated approach to standardize the rules for capital calculations through international agreements and collaboration between regulatory bodies. For example, harmonizing capital requirements for blended finance instruments across jurisdictions can serve as a specific reform that helps achieve these goals, facilitating international cooperation and the mobilization of resources from various sources.

In addition, it is important to revise capital requirements to more accurately reflect the risk mitigation characteristics of these products, thereby reducing capital requirements for investments using these strategies. G20 countries should also promote international cooperation between regulators, financial institutions and insurers, and establish clear channels of communication to share best practices and promote transparency. Providing training and capacity building for regulators and financial institutions will help achieve consistent application of the new standards and a better understanding of innovative financial instruments. These measures will help create a more uniform and attractive regulatory environment for investments in climate finance, contributing to the resilience of the global financial system.

The ongoing review of the European Union (EU) Solvency II framework seeks to address some of these excessive capital requirements and imbalances that have been created for European insurers.[59] Through this review, the EU aims to adjust capital requirements to better reflect actual risks and associated mitigation practices, facilitating a more favorable regulatory environment for sustainable investments and financial stability.

Sub action 1.2.2: Update prudential capital requirements for banks, insurance companies and pension funds to reflect the actual risk of investment in EMDEs.

G20 countries should enhance prudential capital requirements for banks, insurance companies and pension funds to more accurately reflect the real risk associated with investments in EMDEs through various actions.It is essential to review risk assessment models, incorporating up-to-date and market-specific data to recalibrate risk coefficients. In addition, cooperation with international regulatory bodies is key to aligning solvency guidelines and adjusting risk weighting rates for investments in EMDEs. Another relevant strategy is the creation of incentives for investments with positive impacts, as well as the development of risk mitigation mechanisms, such as guarantees and insurance, to reduce capital requirements. To facilitate effective enforcement, it is necessary to promote transparency and information sharing between MDBs, DFIS, banks, insurers, pension funds and regulators. In this way, G20 countries can establish a regulatory environment that is more conducive to investments in EMDEs, promoting participation and contributing to global economic growth and development.

The Global Federal of Insurance Associations (GFIA) paper "Insurance: A Unique Sector" highlights the benefits of comprehensive regulation and a business model that benefits from risk pooling and diversification and a "long-term investment horizon driven by strong and stable balance sheets"[60].

59 INSURANCE EUROPE. **Why does getting solvency ii right matter?** 2020. Available at: https://www.insuranceeurope.eu/publications/1712/why-does-getting-solvency-ii-right-matter/ . Accessed in: June 26, 2024.

60 GLOBAL FEDERATION OF INSURANCE ASSOCIATIONS. **Insurance**: a unique sector. 2024. Available at: https://gfiainsurance.org/mediaitem/68daadf8-038e-4f02-a98f-4aced8aeeea1/GFIA%20unique%20sector.pdfAccessed in: June 26, 2024.

Sub action 1.2.3: Review and update external ratings methodology by adjusting subjective risk premiums assigned to EMDEs (referencing EMDE transaction track records such as World Bank Group - WBG's Global Emerging Markets - GEMS database) and incorporate climate risk parameters into credit rating assessments.

G20 countries should implement a series of measures to revise the risk rating methodology, adjusting the subjective risk premia assigned to EMDEs, and incorporate climate risk parameters into credit assessments.It is important to establish standardized protocols for data collection and reporting across diverse sources, from governmental agencies to financial institution, such as the World Bank's GEMS database. By enhancing data sharing and standardization, stakeholders can improve transparency through information exchange and reduce the subjective risk premiums currently applied to EMDEs.[61] The comparability and reliability of risk assessments can be significantly bolstered. This contributes so that all parties involved have access to consistent and comprehensive data, enabling more informed decision-making processes, additionally, it is essential to recognize that the implementation of these measures will require adjustments in assessment processes but also a strengthening of existing capacities.

Moreover, to augment transparency in rating assessments for EMDEs, efforts to Improve risk assessment models are paramount. By integrating a broader array of Environmental, Social, and Governance (ESG) factors into existing risk assessment frameworks, these models can provide a more holistic understanding of the complexities inherent in EMDE contexts. Incorporating sophisticated data analytics and scenario-based modeling techniques allows for a nuanced evaluation of climate-related risks, thereby reducing subjectivity and enhancing the accuracy of risk assessments. Additionally, establishing independent review and oversight mechanisms serves as a safeguard against potential biases or conflicts of interest in the rating process. By fostering impartial evaluations conducted by expert panels or regulatory bodies, the integrity and transparency of rating assessments for EMDEs are upheld, instilling confidence among investors and stakeholders alike.

Therefore, climate risks should be included in credit assessments, considering the vulnerability of EMDEs to extreme weather events and their commitment to sustainability. By adopting these measures, G20 countries can create a fairer and more reliable regulatory environment for EMDEs, with more accurate and transparent risk assessments.

Sub action 1.2.4: Given the extraordinary need to provide more funding to the EMDEs, banks, insurance companies and pension funds could endeavor towards voluntary deployment targets that align within their relevant risk frameworks and associated fiduciary and legal obligations, without obviously ever undermining regulatory capital adequacy requirements plus any appropriate buffer required. Such targets can be established from multiple sources depending on the strategy, business models and obligations specific to each institution. Targets and sources should not be prescribed, but rather it is important to have clear and visible commitments towards funding sustainability needs[62].

Banks, insurers, and pension funds could aim to establish voluntary deployment targets that align with their risk frameworks and adhere to fiduciary and legal obligations, ensuring they do not compromise regulatory capital adequacy requirements plus any appropriate buffer required. Doing so promotes environmental sustainability and also offers a range of strategic benefits for financial institutions. Effective allocation of capital can lead towards creating long-term opportunities for both the institutions and the communities they serve, particularly in emerging markets[63].

Directing capital towards climate projects can enhance the financial security and stability of banks, insurers and pension funds especially in emerging markets where economic volatility is higher. By

61 WORLD BANK. **Global Economic Monitor**. 2024. Available at: https://databank.worldbank.org/source/global-economic-monitor-(gem). Accessed in: June 26, 2024.

62 The Task Force emphasizes that nothing in this recommendation should be used as a basis for regulatory mandates and should always remain focused on developing voluntary deployment targets.

63 GLOBAL FEDERATION OF INSURANCE ASSOCIATIONS. **Insurance**: a unique sector. 2024. Available at: https://gfiainsurance.org/mediaitem/68daadf8-038e-4f02-a98f-4aced8aeeea1/GFIA%20unique%20sector.pdfAccessed in: June 26, 2024.

diversifying their investments in sustainable sectors, financial institutions safeguard the security of their assets but also contribute to building a resilient economy that is less vulnerable to traditional market fluctuations. In emerging markets, where access to financing is often limited, this approach can be particularly beneficial in stabilizing local economies and promoting sustainable growth.

Investing in climate projects is also an effective risk management strategy, particularly relevant in emerging markets. Climate change poses significant physical and transition risks to the operations and assets of banks and insurers. By funding initiatives that mitigate these risks, such as climate adaptation projects and infrastructure, financial institutions can protect their portfolios from future negative impacts. Additionally, this type of investment aligns with increasing regulatory requirements and investor expectations regarding sustainability, reducing reputational risks and ensuring compliance with environmental standards.

Governments in many emerging markets offer tax incentives, subsidies, and other financial support to stimulate investments in sustainable projects. Banks, insurers and pension funds are in a prime position to leverage these incentives, which can significantly enhance the returns on their investments. By channeling investments into green initiatives, institutions can benefit from tax credits, credit guarantees, and public-private partnerships that lower initial costs and associated risks of projects. These incentives improve the economic viability of sustainable investments but also drive the development of innovative technologies and essential infrastructure for climate mitigation and adaptation. In emerging markets, such incentives can be pivotal in overcoming financing barriers and catalyzing sustainable economic growth..

This policy action serves as a steppingstone for the private sector to pledge more capital to climate finance, ensuring that the process is completely within financial safety parameters. It acknowledges that the impact of the new Basel III requirements is still unclear, and thus, B20 is not imposing any fixed values as each institution has its own calculations and methods. This recommendation encourages low-risk investment strategies that align with the shift from a shareholder-centric to a stakeholder-centric approach. By taking this initial step, financial institutions can initiate a cycle of capital movement towards sustainable investments, ultimately contributing to a broader, more resilient economic framework.

In this context, considering the need to provide more capital to EMDEs regulators should ensure that banks', insurance companies' and pension fund's potential interest to invest in otherwise attractive EMDE investments should not be undermined by unnecessarily high regulatory or solvency capital charges or other regulatory burdens.

RECOMMENDATION 2

Recommendation 2

New recommendation but the topic was covered in previous B20 editions

Increase the pipeline of approved fundable projects by expediting permitting processes for infrastructure that supports the net zero transition and is climate resilient.

Policy Actions

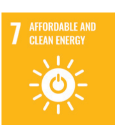
Policy Action 2.1 – Each country should expedite the permitting process for investments in infrastructure that supports the net zero transition and is climate resilient, limiting maximum permitting times, by creating an integrated permitting system and establishing fast-track processes.

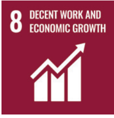
Policy Action 2.2 – Countries must foster international collaboration to advance interoperability and expedite permitting procedures.

Key Performance Indicators	Baseline	Target	Classification
Global infrastructure financing gap Quantifies the shortfall between the current investment in infrastructure (such as roads, bridges, energy systems, and water facilities) and the amount required to meet economic and development goals. Source: Global Infrastructure Hub[64]	**US$ 15 trillion** 2018	**US$ 5 trillion** 2030	New indicator
InfraCompass Objectively quantifies the strength of the infrastructure enabling environment of a country Source: Global Infrastructure Hub[65]	**43,5/100** 2020	**49,1/100** 2030	New indicator

SDGs

Recommendation 2 contributes to the achievement of the following UN SDGs:





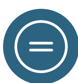
64 GIHUB. **Global Infrastructure Hub**. 2024. Available at: https://www.gihub.org. Accessed in: June 26, 2024.

65 GLOBAL INFRASTRUCTURE HUB 2020. **Set your Infrastructure Policies in the Right Direction**. Available at: https://infracompass.gihub.org. Accessed in: June 26, 2024.

- SDG 6 – Clean Water and Sanitation – because fast-tracking infrastructure permits, especially for projects related to water management, can significantly improve access to clean water and sanitation services;
- SDG 7 – Affordable and Clean Energy - because streamlining the permitting process can accelerate the deployment of renewable energy projects, enhancing the affordability and accessibility of clean energy;
- SDG 8 – Decent Work and Economic Growth – because a more efficient permitting process can lead to quicker implementation of infrastructure projects, creating jobs and stimulating economic growth;
- SDG 9 – Industry, Innovation and Infrastructure - because reducing regulatory barriers facilitates innovation and the development of infrastructure that supports the net-zero transition and is climate resilient, which is essential for promoting sustainable industries;
- SDG 11 – Sustainable Cities and Communities – because an integrated permitting system supports the development of infrastructure that supports the net-zero transition and is climate resilient that is fundamental for building resilient and sustainable cities and communities;
- SDG 17 – Partnerships for The Goals – because collaborative efforts in creating an integrated permitting system reflect the strengthening of partnerships necessary to achieve the SDGs.

Relevant B20 Brasil Guiding Claims

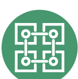
Recommendation 2 has the strongest impact on four B20 Brasil Guiding Claims:



Promote inclusive growth and combat hunger, poverty and inequality

Accelerate a fair net-zero transition

Increase productivity through innovation



Foster the resilience of Global Value Chains

Those are intrinsically linked, as streamlining the permitting process for infrastructure that supports the net-zero transition and is climate resilient fosters an environment where inclusive growth can thrive alongside sustainable practices. This accelerates the net-zero transition by reducing barriers to the development of necessary infrastructure. Simultaneously, it spurs productivity through innovation by enabling a swifter application of new technologies. Furthermore, the increased efficiency in infrastructure development strengthens the resilience of global value chains, ensuring a more sustainable and robust economic framework.

Relevant G20 Brasil Priorities

Recommendation 2 contributes to the following priorities of the G20 Brasil:

Recommendation 2 contributes to addressing G20 Brasil's Finance Track key priorities – Infrastructure, International Taxation – because it focuses on streamlining permitting processes for projects, which are essential for advancing infrastructure development and facilitating international tax cooperation.

- Infrastructure: By expediting permitting processes for infrastructure projects that support the net-zero transition and enhance resilience to climate extreme events, Recommendation 2 directly addresses the key priority of the G20 Infrastructure Working Group (IWG). The IWG aims to increase resources for infrastructure and sustainable development, particularly in the face of challenges exacerbated by climate change and digital transitions. Accelerating the approval of fundable projects aligns with the IWG's goal of making infrastructure more resilient and inclusive by securing resources from diverse sources, especially for developing and vulnerable countries.
- International Taxation: Streamlining permitting procedures for infrastructure projects that supports the net-zero transition and are climate resilient can stimulate investment flows and economic activity, thereby indirectly contributing to the objectives of international taxation discussions. Enhanced infrastructure development can attract foreign investment and promote economic growth, which in turn can impact tax revenues and fiscal policies. Moreover, by fostering international collaboration to advance interoperability in permitting processes, Recommendation 2 promotes cooperation among countries, which is essential for addressing tax challenges and increasing efficiency in international taxation frameworks.

Context

The global infrastructure gap underscores a critical challenge impeding economic growth and sustainable development, particularly for infrastructure that supports the net zero transition and is climate resilient. The infrastructure investment gap is set to reach USD 15 trillion by 2040[66], a staggering figure that will only escalate if needs, especially in EMDEs, are not adequately addressed. Many G20 economies have grappled with chronic underinvestment in their aging infrastructure for decades, spanning sectors such as transport, logistics, and IT. Simultaneously, the imperative shift towards green and digital transitions demands substantial investments in new infrastructure.

One of the core issues exacerbating this gap is the inefficiency of the permitting processes for infrastructure projects, notably for infrastructure that supports the net zero transition and is climate resilient, such as grid infrastructure. Major infrastructure projects often require multiple permits from local, subnational and national. However, in virtually all major industrial economies, these permits entail lengthy assessments of environmental, social, economic, legal, technological, supply chain, public health, and safety impacts.

In many regions, the permit process is characterized by significant paperwork burdens, delays, and a fragmented process that monopolizes government resources. The resulting inefficiency in permitting deprives society of many needed infrastructure projects that would otherwise yield a positive return on investment.

66 OECD. **G20 Infrastructure Investors Dialogue 2021**. 2021. Available at: https://web-archive.oecd.org//temp/2021-11-12/587199-g20-infrastructure-investors-dialogue-2021.htm. Accessed in: 1 jul. 2024.

> The process for environmental review and authorization of energy infrastructure in the major industrial economies is too burdensome, moves too slowly, imposes too much uncertainty on private investment decisions, and requires such an inordinate investment of government time and resources that the total amount of renewable energy capacity that can realistically be authorized is highly constrained, and falls far short of what the major studies suggest would be needed to achieve net-zero.[67]

This recommendation emphasizes the urgent need to streamline permitting processes while ensuring due diligence and upholding essential project standards. Simplifying bureaucratic procedures without compromising project quality is paramount, aiming for a balance between efficiency and thoroughness. Additionally, it calls for the integration and enhancement of regulatory frameworks at both local and global levels. This entails promoting the harmonization of standards through international cooperation to establish a more predictable regulatory environment.

The approach advocates for the creation of effective and inclusive regulatory reforms, engaging all stakeholders. The goal is to establish flexible regulations capable of adapting to technological advancements and changing climate conditions. To enhance accountability and track progress in infrastructure development, there is a growing need for new, specific country level KPIs with measurable targets focusing on interoperability and permit acquisition speed. These targets will help measure how effectively individual countries are integrating different systems and technologies, and how quickly they are overcoming regulatory barriers. By monitoring these parameters, governments can be held accountable for their commitments, ensuring faster deployment of essential climate projects and facilitating global sustainable development.

67 LOYOLA ASSOCIATES. **Global Infrastructure Permitting**. 2023. Available at: https://cei.org/wp-content/uploads/2023/07/Global-Infrastructure-Permitting.pdf Accessed in: June 26, 2024.

Each country should expedite the permitting process for investments in infrastructure that supports the net zero transition and is climate resilient, limiting maximum permitting times, by creating an integrated permitting system and establishing fast-track processes.

Executive Summary

To accelerate implementation of climate transition projects, it is imperative for all G20 nations to create their own integrated permitting system to fast-track the process for infrastructure projects that support the net zero transition and are climate resilient. This streamlined process would be anchored by an integrated approval hub, aimed at simplifying and consolidating all permitting activities into a single platform, without losing the required due diligence. This hub would enhance the efficiency and transparency of the process, making it easier for developers to navigate through the various regulatory requirements.

Moreover, integrating sustainability considerations into these permitting systems is paramount. This includes the incorporation of requirements for using energy sources with a minimum carbon footprint, adopting waste reuse and recycling technologies, and implementing logistics chains for the treatment and legal disposal of waste. By embedding these criteria into the approval process, countries can support alignment on infrastructure projects with sustainability goals from their inception.

For countries with existing legislation, the introduction of national specialized offices to assist developers through the initial approval stages is another key component. These agencies would serve as a bridge between project teams and regulatory frameworks, ensuring that projects comply with sustainability goals but are also expedited through the permitting process. Additionally, a fast-track option for smaller, less impactful projects would facilitate quicker deployment, contributing significantly to the net-zero goals without overburdening public resources.

However, for countries lacking clear legislation for such projects, establishing one-stop shops may not be feasible initially. In such cases, these countries might benefit from receiving support to create integrated permitting systems and fast-track processes from other countries with more established frameworks.

In summary, expediting permitting processes for infrastructure that supports the net-zero transition and is climate resilient investment is critical in addressing the urgent global imperative of combating climate change. Streamlined approaches, such as integrated systems and fast-track processes, are essential to overcome historical challenges and unlock the potential for rapid, sustainable development. Established initiatives like the Global Infrastructure Hub (established by the Australia G20)[68], the Blue Dot Network (certifying quality infrastructure projects with climate alignment, initiated by the Organization for Economic co-operational and Development - OECD)[69], and others such as the Asian Infrastructure Investment Bank (AIIB)[70] and Africa50[71] provide examples of efforts to mobilize funding and expertise for infrastructure projects.

68 GIHUB. **Global Infrastructure Hub Fact Sheet**. 2022. Available at: https://cdn.gihub.org/umbraco/media/4777/gi-hub-fact-sheet.pdf. Accessed in: June 26, 2024.

69 THE BLUE DOT NETWORK. **The Blue Dot Network**. 2024. Available at: https://www.bluedot-network.org/. Accessed in: June 26, 2024.

70 AIIB. **Asian Infrastructure Investment Bank**. 2024. Available at: https://www.aiib.org/en/index.html. Accessed in: June 26, 2024.

71 AFRICA50. **Financing Africa's Infrastructure**. 2024. Available at: https://africa50.com. Accessed in: June 26, 2024.

Background and Context

The urgency to implement an integrated permitting system and fast-track processes for investment is increasingly critical against the backdrop of the global climate crisis. Historically, the lack of such streamlined and efficient permitting processes has been a significant roadblock to essential infrastructure projects aimed at mitigating climate change and promoting sustainability. The cumbersome and complex nature of obtaining necessary permits and approvals has often led to delays, increased costs, and, in some cases, the full abandonment of key projects for the transition to a green economy.

Globally, the inefficiency in permitting processes has caused problems by hindering the pace at which renewable energy projects, such as wind and solar farms, can be brought online. For example, in many jurisdictions, developers must navigate a labyrinth of regulatory approvals from different agencies, each with its own set of requirements and timelines. This complexity poses logistical challenges but also introduces significant uncertainties and financial risks, making it more difficult to secure investment.

Examples of efforts to streamline permitting processes can be found in initiatives like the European Union's Trans-European Networks for Energy (TEN-E) Regulation[72], which aims to expedite the realization of Projects of Common Interest (PCIs) urgent for the EU's energy transition and network integration. Similarly, the FAST-41[73] program in the United States seeks to enhance the efficiency of environmental reviews and authorization processes for significant infrastructure projects, demonstrating a commitment to overcoming historical obstacles to infrastructure development.

Sub action 2.1.1: Develop "One Stop Shop" departments in national agencies for projects to obtain all necessary permits – local, subnational and national – under a single review process, while also establishing maximum timelines for permit issuance.

To effectively streamline the approval process for projects, G20 countries should create dedicated national 'One Stop Shop' agencies tasked with facilitating the issuance of all necessary permits for infrastructure that supports the net-zero transition and is climate resilient projects. These agencies will serve as centralized platforms where developers can obtain permits from local, subnational and national authorities under a single review process.

The G20 should establish maximum timelines for permit issuance within these 'One Stop Shop' agencies to prevent unnecessary delays and expedite the deployment of infrastructure that supports the net-zero transition and is climate resilient.

Notable examples of the "one-stop shop" model include India's National Single Window System[74], a digital platform that integrates the existing clearance systems of the Central Departments and the States to be a One Stop Shop for investors, entrepreneurs, and businesses, for 31 central departments and 22 State governments that had more than 1.5 million uses in its inception year. The Danish Energy Agency and Danish Environmental Portal[75], which provide integrated services for energy and environmental initiatives. Similarly, the Netherlands has embraced this approach through the consolidated Environment and Planning Act, effective from January 2024. Australia's Department of Climate Change, Energy, the Environment, and Water exemplifies centralized governance for environmental matters, and the New Zealand Environmental Protection Authority (EPA) serves as a single point of contact for environmental regulation. In Norway, The Norwegian Water Resources and Energy Directorate (NVE)[76] functions as a "one-stop shop" for hydropower projects, streamlining processes in that sector. Additionally, the United States (U.S) Department of Energy has established a dedicated office for renewable energy project permitting, simplifying the approval process for

72 EUROPEAN COMMISSION. **Trans-European Networks for Energy**. 2022. Available at: https://energy.ec.europa.eu/topics/infrastructure/trans-european-networks-energy_en. Accessed in: June 26, 2024.

73 FAST-41. **Department of Energy**. 2015. Available at: https://www.energy.gov/oe/fast-41. Accessed in: June 26, 2024.

74 India's National Single Window System for Business Approvals. NSWS, 2024. Available at: https://nsws.gov.in. Accessed in: June 26, 2024.

75 The Danish Energy Agency. DEA, 2024. Available at: https://ens.dk. Accessed in: June 26, 2024.

76 The Norwegian Water Resources and Energy Directorate. NVE, 2024. Available at: https://www.nve.no/english. Accessed in: June 26, 2024.

large-scale renewable energy projects nationwide. These cases demonstrate the effectiveness of centralized coordination in expediting decision-making and fostering sustainable development across various sectors.

Sub action 2.1.2: Create specialized offices in national agencies to develop and provide technical assistance to projects, including pre-assessment of potential impacts prior to permitting applications and aim to make relevant data for projects publicly available.

To address the complexities surrounding the net zero transition, the G20 nations should establish dedicated offices tasked with developing a centralized database for projects. This database would include pre-assessment on potential impacts prior to permitting applications and work towards publicly available relevant project data. In addition to pre-feasibility studies at the national level, it is also recommended to create a central observatory as a platform to collect, analyze and monitor data related to climate infrastructure. Such a platform could track projects from pre-application to completion or abandonment covering all major infrastructure projects at the local, subnational and national levels, providing a common basis for official environmental assessment and authorization decisions, private investment decisions, and public comments. Notable examples include the EU's periodic report on Environmental Impact Assessment (EIAs) completed across Member States.[77]

G20 countries should also introduce online databases accessible via Geographic Information System (GIS) maps, providing necessary information on administrative restrictions, environmental assessments, aviation and military interests, and grid availability. This GIS map would enable project developers to assess the suitability of specific areas and sites for their projects more efficiently, ultimately reducing the cost of infrastructure deployment and enhancing planning procedures' efficiency. An example of how digitalization can speed up deadlines and add a layer of transparency to the process is the Build Operate Transfer (MoEFCC), which uses a GIS-based multi-layered decision support system that integrates environment, forest, wildlife, biodiversity, and coastal zone deforestation.[78]

The G20 can significantly improve access to financing, streamline the approval process for infrastructure that supports the net-zero transition and is climate resilient, and enhance transparency and efficiency in infrastructure planning and development. This holistic approach will foster sustainable infrastructure deployment while promoting economic growth and resilience to climate change.

To further enhance the effectiveness of these measures, it is imperative to integrate local experience and collaborate closely with governmental and relevant agencies. Local knowledge and expertise are invaluable in identifying potential environmental and social impacts that may not be readily apparent from a centralized perspective. By involving local stakeholders, including communities, Indigenous groups, and environmental organizations, in the planning and decision-making process, G20 nations can ensure that infrastructure projects align with local needs and priorities. It has been observed that some EMDEs previously had regulatory and base frameworks that were successful in accelerating fossil-fuel power projects such as Build Own Operate (BOO), Build Operate Transfer (BOT) concession models and Power Purchase Agreements that could now be used to drive infrastructure that supports the net zero transition and is climate resilient.

Working in partnership with governments and relevant agencies is essential for navigating regulatory frameworks, obtaining necessary permits, and addressing jurisdictional complexities. By establishing cooperative relationships, G20 nations can leverage governmental resources and expertise to streamline approval processes and facilitate the implementation of projects. This collaboration also promotes accountability and transparency, as governments play a vital role in overseeing project development and monitoring compliance with regulatory requirements.

---

77 Environmental impact assessment. European Commission, 2024. Available at: https://environment.ec.europa.eu/law-and-governance/environmental-assessments/environmental-impact-assessment_en. Accessed in: June 26, 2024.

78 Ministry of Environment, Forest and Climate Change, Government of India. MoEFCC, 2024. Available at: https://moef.gov.in. Accessed in: June 26, 2024.

By integrating local experience and working closely with governments and relevant agencies, the G20 can strengthen the effectiveness and sustainability of efforts to address infrastructure challenges. This inclusive approach enhances project outcomes but also fosters trust and cooperation among stakeholders, ultimately contributing to the long-term success of infrastructure development initiatives. Facilitating technical assistance accessibility for project developers, particularly in developing countries, enhances efficiency and equity. Integrating local knowledge and collaborating with local governments strengthens infrastructure initiatives' effectiveness and sustainability.

Sub action 2.1.3: Implement a permitting process reform with the objective that non-critical requirements do not delay the approval process.

With the aim to achieve that non-critical requirements do not hinder the approval process for infrastructure that supports the net-zero transition and is climate resilient projects, G20 countries should conduct a comprehensive review of existing legal frameworks governing infrastructure approvals to identify areas where litigation and legal challenges commonly arise. The G20 should also consider introducing expedited legal procedures specifically tailored to address disputes related to infrastructure projects. This may involve establishing specialized courts or tribunals with expertise in environmental and infrastructure law to handle disputes.

G20 countries should promote transparency and public participation in the approval process to reduce the likelihood of legal challenges. This includes providing clear guidelines and criteria for project approvals, as well as opportunities for stakeholders to provide input and feedback at various stages of the decision-making process. A notable example is Germany that has enacted a litigation reform aimed at expediting legal challenges to permits and environmental impact assessments for infrastructure projects. The law allows courts to overlook defects in the contested administrative act, such as procedural or formal violations, if they are likely to be rectified soon. [79]

Moreover, G20 countries should promote transparency and public participation in the approval process to reduce the likelihood of legal challenges. This includes providing clear guidelines and criteria for project approvals, as well as opportunities for stakeholders to provide input and feedback at various stages of the decision-making process. A notable example is Germany, which has enacted a litigation reform aimed at expediting legal challenges to permits and environmental impact assessments for infrastructure projects. The law allows courts to overlook defects in the contested administrative act, such as procedural or formal violations, if they are likely to be corrected soon.

79 LOYOLA ASSOCIATES. **Global Infrastructure Permitting**. 2023. Available at: https://cei.org/wp-content/uploads/2023/07/Global-Infrastructure-Permitting.pdf Accessed in: June 26, 2024.

Countries must foster international collaboration to advance interoperability and expedite permitting procedures.

Executive Summary

Addressing the challenges posed by climate change demands an optimization of local and global regulatory frameworks to support, rather than hinder, the development of infrastructure that supports the net-zero transition and is climate resilient. This Policy Action calls for "interoperability" to be achieved by a comprehensive approach to decrease regulatory barriers, accelerating the deployment of key infrastructure both across and within G20 jurisdictions.

The importance of regulatory harmonization and a globally consistent approach is paramount, and better coordination between the relevant administrations is an absolute necessity. In this context, interoperability requires fostering international collaboration to help streamline and expedite permitting processes through the sharing of best practices and methodologies, technology transfer, and capacity building. Establishing international guidelines for environmental and project assessments, creating platforms for data sharing, and developing standardized regulatory frameworks can significantly reduce the time and cost associated with infrastructure project approvals. However, interoperability of permitting procedures is also an issue in some countries. Multiple, conflicting regulatory schemes between subnational institutions impose costs and divert resources from projects creating gaps and arbitrage opportunities.

In essence, the facilitation of international collaboration in addressing the infrastructure gap and the inefficiency in the permitting process is not merely a strategic choice but a necessity for sustainable development and the global transition to a low-emission economy. By working together, G20 countries and international institutions can leverage their collective expertise and resources to make a meaningful impact on global infrastructure development, ensuring that projects get off the ground more quickly but also contribute positively to the fight against climate change and the promotion of resilient growth.

In previous years, the B20 have suggested that an international principles-based implementation process for financial regulation should be introduced, possibly based on a Multi-Party Implementation Agreements (MPIA) model for regulatory cooperation. This also provides opportunities for cross-border consultation and mutual recognition. Consistent policy implementation plays an essential role in mitigating any unintended consequences of policies and regulations. A new dialogue system should formalize the current ad hoc approach to consultation and discussion and seek to address upfront any possible unintended consequences from conflicting regulatory objectives. Importantly also supported by quantitative and qualitative impact assessments, which need to be ex-ante and ex-post, and need to be independent by those bodies setting the policies.

Background and Context

The urgency for fostering international collaboration in the permitting processes for infrastructure that supports the net-zero transition and is climate resilient development stems from a confluence of global challenges and opportunities. Historically, the lack of cohesive international efforts has led to fragmented approaches, inefficiencies, and delays in deploying infrastructure critical for both economic development and environmental sustainability. This scenario is particularly acute in the context of the net-zero transition and climate resilience, where the scale and complexity of infrastructure requirements surpass the capacities and resources of individual countries, especially those in the developing world.

Globalization has interconnected economies, making the impacts of infrastructure development no longer confined to national borders. Climate change, exemplified by increasing frequency and intensity of extreme weather events, has underscored the necessity for infrastructure that supports the net-zero transition but is also resilient to these changes. However, the existing permitting processes in many countries are mired in bureaucratic red tape, lack of clear and consistent regulations, and inadequate consideration of environmental impacts, leading to significant delays and cost overruns. These challenges are magnified in developing countries, where financial constraints, limited local capital markets, and higher perceived risks further complicate infrastructure financing and development.

The need for international collaboration is clear. It offers a pathway to harmonize permitting processes, share best practices, and mobilize financial resources effectively. By working together, countries can leverage their collective expertise to streamline regulatory frameworks, enhance transparency, and reduce uncertainties that often hinder infrastructure projects. Such collaboration can also facilitate technology transfer and capacity building in developing countries, helping them overcome technical and administrative challenges.

EU's Regulation on guidelines for trans-European energy infrastructure, known as the TEN-E Regulation, establishes guidelines to streamline the permitting process for PCIs. The regulation sets an overall timetable of 3.5 years for the permitting process and introduces measures to foster rapid treatment of PCIs, demonstrating the EU's commitment to facilitating the development of essential energy infrastructure through international collaboration and streamlined regulatory processes[80].

Moreover, international collaboration can create platforms for sharing data and methodologies related to project permitting and environmental assessments, promoting a more integrated and efficient approach to infrastructure development. This collective effort is essential to address the dual challenges of closing the infrastructure gap and meeting the ambitious targets set by the Paris Agreement for climate change mitigation and adaptation.

Sub action 2.2.1: Foster international collaboration among permitting agencies and developers to harmonize cross-border taxonomy, methodologies, share data, and align on national permitting regulations.

G20 countries should lead the charge in fostering international collaboration to streamline and accelerate the permitting processes for infrastructure essential to the net-zero transition, resilient against climate extremes. This global effort requires harmonizing permitting methodologies, ensuring agencies and developers can navigate the process with clarity and efficiency.

This initiative could involve creating a multinational Task Force or working group, including representatives from permitting agencies, developers, and possibly other stakeholders like environmental and industry experts. The goal would be to develop a set of standardized methodologies for evaluating and

80 GOV UK ENERGY INFRASTRUCTURE. **Consents and planning applications for national energy infrastructure projects**. 2013. Available at: https://www.gov.uk/guidance/consents-and-planning-applications-for-national-energy-infrastructure-projects. Accessed in: June 26, 2024.

approving infrastructure projects, which would be adaptable to local conditions but based on shared principles and criteria.

This collaboration could also involve the establishment of an international database or digital platform for sharing data related to best practices, environmental assessments, and regulatory frameworks. Additionally, integrating policy mechanisms to incorporate intellectual property into underwriting processes could enhance the effectiveness of such platforms. By pooling resources and knowledge, countries can benefit from lessons learned elsewhere, avoiding common pitfalls and accelerating the permitting process. To align national permitting regulations, the G20 could facilitate a series of bilateral or multilateral agreements or even recommend amendments to existing international treaties to include provisions for infrastructure permitting that support climate goals.

G20 countries should adopt infrastructure support measures, based on evidenced risk fundamentals, and commit to consistent implementation of the rules, to stimulate sustainable investment and financing by private institutions. Additionally, it is essential to review regulatory accounting requirements.

Exploring the potential for cross-border or global consolidation of large projects could significantly increase visibility and transparency, thereby attracting potential global capital. By consolidating projects across borders, developers can achieve economies of scale, reduce costs and attract investment from multiple sources. This approach also allows for the sharing of knowledge, resources and risk sharing among international stakeholders. Establishing transparent mechanisms for project evaluation, financing and governance can instill investor confidence and facilitate the flow of capital into infrastructure that supports the net-zero transition and is climate resilient projects. Collaborative efforts to harmonize licensing processes and regulatory frameworks internationally can further encourage private sector investment in infrastructure essential for the transition to net-zero emissions and climate resilience.

Consideration could be given to exploring the feasibility of mutual recognition of permits or joint environmental impact assessments for projects with overlapping jurisdictions. This approach would enhance the efficiency of cross-border projects by streamlining regulatory processes and ensuring consistent environmental standards. By fostering collaboration between jurisdictions, such measures could reduce administrative burdens and facilitate more cohesive and effective project implementation.

To further enhance this initiative, specific areas for harmonization should be identified, such as environmental impact assessment methodologies, establishing common standards for measuring and evaluating the environmental impacts of infrastructure projects; data formats, creating standardized formats for collecting and sharing environmental and project-related data; risk assessment frameworks, developing uniform criteria for assessing risks associated with infrastructure projects. Moreover, capacity-building programs for EMDEs institutions and public personnel are vital. They should offer specialized training for licensing authorities, facilitate knowledge exchange between developed countries and EMDEs, and provide technical support to implement harmonized methodologies.

In essence, the exploration of cross-border project consolidation highlights the critical role of consistent regulatory implementation in capital management. By ensuring transparency, mitigating risks, and harmonizing regulations globally, policymakers can foster an environment conducive to infrastructure that supports the net-zero transition and is climate resilient investment, driving progress towards a resilient and low-carbon future.

Sub action 2.2.2: Support EMDEs, including those not in the G20, to expedite the permitting process by sharing methodologies and data.

G20 countries can significantly enhance support for emerging economies by meticulously structuring a global framework for sharing advanced methodologies and critical data relevant to streamlining permitting processes. Sharing methodologies and data involves creating a platform for knowledge exchange, where countries, including the private sector, can access case studies, regulatory frameworks, and technological solutions that have been successful in expediting permitting processes.

This could include detailed guidance on navigating legal and environmental assessments, community engagement practices, and innovative technologies that reduce timeframes for permit approvals.

Such approaches would empower non-G20 nations to overcome administrative hurdles, thereby accelerating their infrastructure development towards achieving net-zero targets and enhancing climate resilience. This strategic collaboration and financial backing, with participation from the private sector, are essential for fostering a unified, effective global response to climate change challenges.

Toolkit:

Methodology Sharing: Developing a series of workshops, webinars, and exchange programs aimed at transferring knowledge about efficient permitting processes. This could be based on case studies and best practices derived from successful infrastructure projects within the G20 and adapted for the unique challenges faced by emerging economies.

Data Sharing: Where confidentiality and privacy regulations allow, setting up a digital repository where countries can access and contribute to a pool of data related to infrastructure projects. This platform could include environmental impact assessments, project timelines, regulatory frameworks, and success metrics.

RECOMMENDATION 3

Recommendation 3

Recommendation is partially aligned with previous B20 editions

Strengthening Micro, Small, Medium Enterprises (MSMEs) Integration into Global Value Chains (GVCs) through enhanced financial inclusion and regulatory support.

Policy Actions

Policy Action 3.1 – Streamline administrative processes for global integration by increasing cross-border interoperability and review the regulatory framework that affects MSME's access to trade and climate finance.

Policy Action 3.2 – Enable "GVC ecosystems" by improving all firms', and particularly MSMEs', financial productivity and access to finance and working capital management.

Key Performance Indicators	Baseline	Target	Classification
Formal MSME Finance Gap (world) This KPI quantifies the shortfall in financial services available to MSMEs worldwide, highlighting the difference between their financing needs and the actual funds they receive Source: Adopted by India B20 World Bank data[81]	**56%** 2019	**30%** 2030	Aligned with previous B20s editions
Share of small-scale industries with a loan or line of credit (world) This KPI indicates the percentage of small-scale industries globally that have access to financial borrowing, through either loans or lines of credit Source: Adopted by India B20. World Bank data[82]	**30%** 2023	**50%** 2030	Aligned with previous B20s editions
Registered MSMEs to the LEI system (world) This KPI measures the total number of MSMEs that have successfully registered for a LEI, providing a unique identity code to legally distinct entities that engage in financial transactions Source: GLEIF[83]	**0.05** 2024	**0.26** 2030	New indicator

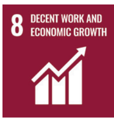
81 WORLD BANK. **MSME Finance Gap**. 2019. Available at: https://www.smefinanceforum.org/data-sites/msme-finance-gap. Accessed in: June 26, 2024.

82 WORLD BANK. **Share of small-scale industries with a loan or line of credit**. 2023. Available at: https://ourworldindata.org/grapher/smalsmall-scale-industries-loan?tab=table. Accessed in: June 26, 2024.

83 GLEIF. **GLEIF Golden Copy and Delta Files**. 2024. Available at: https://www.gleif.org/en/lei-data/gleif-golden-copy/download-the-golden-copy#/. Accessed in: June 26, 2024.

SDGs

Recommendation 3 contributes to the achievement of the following UN SDGs:

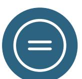


- SDG 1 - No Poverty – because strengthening MSMEs' financial inclusion can contribute to poverty reduction by providing economic opportunities for disadvantaged groups.
- SDG 8 - Decent Work and Economic Growth – because facilitating MSMEs' access to global value chains and financing can lead to more inclusive and sustainable economic growth, creating decent jobs and promoting economic growth.
- SDG 9 - Industry, Innovation and Infrastructure – because increasing financial productivity and access to financing for MSMEs, we can strengthen economic infrastructure and promote innovation in global value chains.
- SDG 10 - Reduced Inequalities – because improving MSMEs' access to financing and global value chains can reduce economic inequalities by providing equal opportunities for businesses of different sizes and regions.
- SDG 17 - Partnerships for The Goals: Actions to strengthen MSME integration into global value chains require partnerships between governments, the private sector, and other stakeholders to achieve sustainable development goals.

Relevant B20 Brasil Guiding Claims

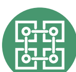
Recommendation 3 has the strongest impact on five B20 Brasil Guiding Claims:

Recommendation 3 which focuses on enhancing the integration of MSMEs into global value chains, aligns with five Guiding Claims:

 **Promote inclusive growth and combat hunger, poverty and inequality**

Accelerate a fair net-zero transition

Increase productivity through innovation

 **Foster the resilience of Global Value Chains**

Enhance human capital

By streamlining administrative processes and improving financial inclusion and regulatory support for MSMEs, it facilitates their participation in global markets. This boosts economic growth and reduces inequality but also stimulates innovation, strengthens supply chain resilience, and contributes to a more sustainable economic framework.

Relevant G20 Brasil Priorities

Recommendation 3 contributes to the following priorities of the G20 Brasil:

Recommendation 3 contributes to addressing G20 Brasil's Finance Track key priorities – Financial Inclusion, Sustainable Finance, Financial Sector Issues – because it focuses on enhancing the integration of MSMEs into global value chains through improved financial inclusion and regulatory support, aligning with the objectives of multiple key priority areas.

- Financial Inclusion: By streamlining administrative processes for global integration and enhancing cross-border interoperability, Policy Action 3.1 facilitates MSMEs' access to trade and climate finance. Moreover, initiatives such as developing user-friendly digital platforms for immediate access to capital (Policy Action 3.2.1) and expanding the range of financial strategies available (Policy Action 3.2.2) further promote financial inclusion by providing MSMEs with easier access to financing.
- Sustainable Finance: Recommendation 3 encourages the adoption of sustainable business practices throughout supply chains. Additionally, by reviewing macroprudential policies and addressing regulatory concerns by MSMEs (Policy Action 3.1.2), this recommendation supports that MSMEs have equitable access to credit and financing, supporting the transition towards greener and more resilient economies.
- Financial Sector Issues: Recommendation 3 directly addresses financial sector challenges by advocating for regulatory reforms and collaborative efforts to support MSMEs' financial productivity and access to finance. Collaboration with international regulatory bodies such as the Financial Action Task Force, Financial Stability Board, and Bank for International Settlements (Policy Action 3.1.2) reflects a commitment to addressing regulatory concerns at the global level, thereby fostering a more stable and inclusive financial sector.

Context

MSMEs, including individual entrepreneurs, are the backbone of the global economy, driving innovation, employment and growth. Although definitions vary across countries based on annual sales, number of employees, assets, or market capitalization[84], MSMEs comprise about 90% of businesses and employ over half of the global workforce. They are particularly critical in emerging markets, contributing up to 40% of GDP and 75% of formal employment. [85]

These figures significantly increase when including the informal sector, which operates outside of formal regulations and taxation, including self-employed workers and unregistered small businesses. Their existence often results from regulatory complexity and a lack of knowledge to meet legal requirements. Informal economies and individual micro-enterprises such as family farmers are key to fighting hunger, as they increase local food production and reduce dependence on imports. They also diversify crops and adopt sustainable farming practices, making agricultural systems more resilient. These small businesses facilitate the distribution of food in areas with limited formal infrastructure,

84 CORPORATE FINANCE INSTITUTE. **Small and Medium-sized Enterprises (SMEs)**. 2024. Available at: https://corporatefinanceinstitute.com/resources/accounting/small-and-medium-sized-enterprises-smes/. Accessed in: 1 jul. 2024.

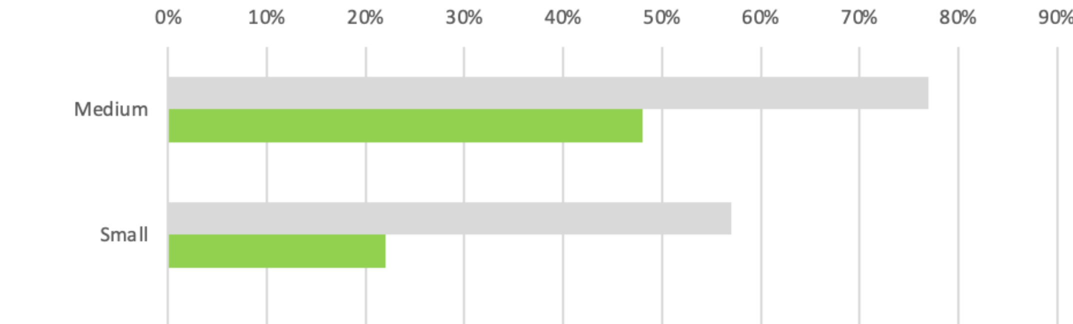
85 WORLD BANK. **SME Finance**. 2019. Available at: https://www.worldbank.org/en/topic/smefinance. Accessed in: 1 jul. 2024.

generating jobs and income for communities. By supporting and empowering these informal economies, it is possible to strengthen food security and improve access to fresh and healthy food, reducing hunger on a global scale.

To address this phenomenon, it is vital to find ways to support these informal activities while also creating opportunities for them to move towards formality, ensuring a balance between security and flexibility. GVC ecosystems can be a powerful tool to help informal economies emerge and formalize by providing access to markets, knowledge transfer, encouraging collaboration, and promoting more formal and sustainable practices. This benefits informal businesses but also contributes to more inclusive and sustainable economic growth.

Despite their role in economic development, MSMEs face substantial barriers in accessing finance and technical capacity that significantly impede their journeys towards net zero. They produce approximately 40% of the business sector's Greenhouse Gas (GHG) emissions. Yet, they are often overlooked in policy measures aimed at reducing emissions, with fewer than 100 out of over 6,000 environmental policies targeting SMEs by mid-2021[86]. Beyond purely climate finance, an estimated 65 million firms, or 40% of formal SMEs in developing countries, face annually a US$ 5.2 trillion of unmet total financing needs with about 50% of these lacking access to formal credit[87]. While is normal for MSMEs to be less productive than larger firms, the productivity gap is more prominent in EMDEs (see exhibit 5).

Exhibit 5 – MSME internal productivity relative to large enterprises



Note: Average productivity levels for micro, small and medium enterprises are expressed as a percentage of that of large enterprises, with average large enterprise productivity totaling 100%.
Source: Polices for Competitive SMEs in the Pacific Alliance and Participating South America Countries. OECD, 2019. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2019/04/latin-america-and-the-caribbean-2019_e41bc8eb/d9e1e5f0-en.pdf. Accessed on: July 1, 2024.

Recognizing these needs, in 2012 the IFC was tasked with managing the MSME Finance Forum, established by the G20 Global Partnership for Financial Inclusion (GPFI), with a focus on "Leveraging Digital Public Infrastructure for Financial Inclusion and Productivity Gains". The MSME Finance Forum is today a key forum pulling together traditional financial intimations and fintech's, however their significant initiatives have not been able to overcome the MSME Financing gap.[88]

86 IEA. **The International Energy**. 2024. Available at: https://www.iea.org/. Accessed in: 1 jul. 2024.

87 WORLD BANK. **Assessment of the shortfalls and opportunities in financing SMEs in emerging markets**. 2017. Available at: https://worldbank.org. Accessed in: June 26, 2024.

88 G20 BRASIL. **Global Partnership for Financial Inclusion**. 2024. Available at: https://www.gpfi.org/sites/gpfi/files/GPFI. Accessed in: 1 jul. 2024.

The integration of MSMEs into GVC by actively incentivizing trade participation offers a path to economic growth, job creation and sustainability. While MSMEs may bring input and market diversification improving GVC resilience and mitigating adverse economic shocks, GVCs can provide MSMEs with access to international markets, foreign investments, advanced technology, ultimately increasing productivity[89]. This has already been recognized by the B20, which established a full taskforce named “Inclusive GVCs for Resilient Global Trade and Investment” during the 2023 India Presidency.

The effect of trade on inequality depends on the appropriate national and multilateral policies. MSMEs need support to trade, as they usually lack the resources and collateral for qualifying for loans and the knowledge for navigating the complex and fragmented trade finance system[90]. However, there should not be an excessive dependence on digital tools. Although digital tools offer advantages, some MSMEs, especially in developing countries, may not have the infrastructure or capacity to use them effectively, thus requiring alternative solutions combined with digital platforms.

The inclusion of MSMEs into GVCs will translate to job creation and exponential growth in low-value cross border payments volumes; where companies face higher costs to access financial services, especially in EMDEs. As such, the G20 has made enhancing cross-border payments a key priority, recognizing them as pivotal for international trade. Halfway into this seven-year plan, significant progress has been made[91], yet further improvements are needed to fully achieve these targets and enhance MSME participation in global trade.

It is recommended for the G20 countries to promote concrete market instruments, structures and mechanisms that suit MSME sizes, growth objectives and funding needs, from equity to debt financing, with a particular focus on strengthening companies’ capitalization. To enhance the effectiveness of climate finance in MSMEs, there is a pressing need to develop specific KPIs to track the contributions of individual agencies and the impact of recommendations on MSMEs. These KPIs would provide detailed insights into how agencies are facilitating climate finance flows and the tangible benefits for MSMEs, which are essential for sustainable economic growth.

When considering a global GVC ecosystem, the taskforce aims to construct a supportive ecosystem that aids MSMEs in overcoming sustainability challenges but also positions them at the forefront of global trade dynamics, thereby ensuring more resilient value chains and driving long-term economic growth across diverse markets and regions.

89 INTERNATIONAL TRADE CENTRE. **Supporting SMEs Through Trade Facilitation Reforms**. 2018. Available at: https://intracen.org/file/supportingsmesthroughtradefacilitationreformsfinallowrespdf. Accessed in: 1 jul. 2024.

90 WORLD BANK; OECD. **Inclusive Global Value Chains**. 2017. Available at: https://www.oecd-ilibrary.org/docserver/. Accessed in: 1 jul. 2024.

91 FSB. **Assesses progress toward achieving G20 cross-border payments targets**. 2023. Available at: https://fsb.org. Accessed in: June 26, 2024.

Policy Action 3.1

Streamline administrative processes for global integration by increasing cross-border interoperability and review the regulatory framework that affects MSME's access to trade and climate finance.

Executive Summary

The need for MSMEs and individuals in EMDEs to access finance, markets, skills, and supportive environments is decisive for their integration into Global Value Chains, yet they face significant barriers, including resource and skill shortages, and regulatory challenges. The 2023 Trade Finance Gaps survey[92] revealed a widening finance gap, largely due to compliance and collateral issues. Regulatory demands for transparency and sustainability further complicate MSMEs' access to finance, despite the potential of digitalization to lower these barriers by simplifying processes and reducing costs. A comprehensive strategy involving policy reform, international collaboration, and targeted support initiatives is recommended to enhance MSMEs' ability to secure financing. This includes adjusting regulatory policies (e.g., Basel III) and standards (e.g., KYC), promoting digital standardization by mandating the adoption of interoperable digital tools (e.g., LEI), and establishing support agencies to aid MSMEs in navigating the finance landscape effectively.

Background and Context

MSMEs face hurdles in integrating into GVCs, primarily due to resource and collateral shortages for traditional trade financing and skill gaps for navigating intricate and disjointed trade finance systems. Reasons for loan rejection included factors such as perceptions of high country-risk, lack of collateral, poorly presented documentation, and issues related to Know-your-customer (KYC) compliance, which disproportionately affect MSMEs (Exhibit 6).

92 ASIAN DEVELOPMENT BANK. **2023 Trade Finance Gaps, Growth, and Jobs Survey.** 2023. Available at: https://www.adb.org/sites/default/files/publication/906596/adb-brief-256-2023-trade-finance-gaps-growth-jobs-survey.pdf. Accessed in: 1 jul. 2024.

Exhibit 6 – Reasons for Rejecting Trade Finance Applications in 2022 (% of bank responses)

Source: 2023 Trade Finance Gaps, Growth, and Jobs Survey. ADB, 2023. Available at: https://www.adb.org/publications/2023-trade-finance-gaps-growth-jobs-survey Accessed on: June 26, 2024.

In fact, MSMEs have shown concern regarding their limited collateral, banking relationships and credit history. However, approaching the issue only through these lenses, would not fully solve the problem. MSMEs risk losing out on sustainability-linked finance due to their limited capacity to structure good quality financing requests and to provide transparency on the necessary topics. Demands for greater transparency and sustainability reporting, including Scope 3 emissions, indirectly impact MSMEs as suppliers to larger firms or sustainable investments for investors. In such scenarios, inadequate or missing data increases the risk of greenwashing. The difficulty of navigating an ecosystem with numerous actors offering a range of digital tools and frameworks for sustainable finance is worsened by a lack of human capital.

Additionally, the complexity of regulatory requirements, coupled with the need for environmental compliance, places an extra burden on MSMEs. Simplifying documentation, harmonizing environmental standards, and providing digital solutions for compliance could significantly alleviate these pressures. Furthermore, offering training programs and consultation services can help MSMEs better understand and meet sustainability criteria, thereby enhancing their ability to secure financing and contribute meaningfully to global value chains."

Recent regulatory adjustments, aimed at mitigating risks in the global financial landscape amidst geopolitical tensions and economic crises, threaten to escalate these compliance expenses further, especially impacting MSMEs, as they often lack the necessary flexibility to address MSMEs. These effects are further heightened in EMDEs, where low sovereign ratings negatively impact the credit rating of otherwise financially solid corporates, which are also historically less included into global trade financing opportunities. The appropriate bodies should collaborate to tailor regulatory solutions regarding macroprudential policies and standards considering the specificalities of MSME financing, which will then be supported by MSME agencies.

However even with tailored solutions, MSMEs still face the challenge to provide greater transparency to support counterparty due diligence processes and their associated risk assessments. Many factors are involved, but particularly, MSMEs lack the very central thing that enables trust in the international trade - a robust business credential - posing an obstacle to financial stability objectives, such as the improvement of risk management and assessment, facilitation of orderly resolution, curbing financial fraud, and enabling access for high quality financial data. To overcome this obstacle, in 2011 G20 Leaders supported the creation of a LEI to uniquely identify parties to financial transactions and mandated the Financial Stability Board (FSB) to "prepare recommendations for the appropriate

governance framework, representing the public interest for a global LEI"[93]. There was a steady growth in the number of LEI Identifiers from April 2019 to April 2024. Over this period, the number of LEIs increased from approximately 1.5 million to almost 3 million.[94] This pattern suggests a growing and continued adoption of LEIs, driven by greater awareness and regulatory requirements related to the identification of legal entities in the financial sector and other industries.

Rapid progression of digitalization offers potential for greater transparency and addresses data handling issues. Digital technologies streamline commercial documentation and environmental compliance procedures. They enable swift information exchange, real-time environmental monitoring, and license automation, cutting down bureaucracy and costs for companies. Blockchain and cryptocurrencies ease cross-border financial transactions. E-commerce platforms link producers to global supply chains, fostering a business environment conducive to international trade and sustainable economic growth.

G20 countries should adopt policies that strengthen cross-border interoperability and promote financial inclusion for MSMEs as part of a commitment to sustainability and responsible development. This requires the implementation of policies and programs that empower MSMEs to effectively participate in global value chains and adopt sustainable practices in their operations. To achieve this goal, it is critical to develop digital platforms that facilitate trade among MSMEs, establish special funds to finance sustainable practices, and offer training programs on sustainable management and international regulatory compliance. Tax incentives for investments in green technologies and partnerships between MSMEs and large corporations are also essential to drive innovation and sustainability.

In addition, it is important to promote networks among MSMEs committed to sustainability, to share best practices and cooperate on sustainable projects. By adopting these measures, G20 countries can strengthen the capacities of MSMEs to operate globally, but also ensure that their expansion contributes positively to global sustainability and development goals.

Sub action 3.1.1: Establish divisions within existing agencies to assist MSMEs in the approval process for investments, especially climate-related ones, by providing project management specialist support, knowledge sharing platforms, standardized templates for financial applications and digital tools for administrative efficiency.

MSMEs, especially those in EMDEs, face significant challenges when submitting financial applications. Financial institutions suggest that focusing on internal factors could improve their approval rates, these factors range from enhancing financial literacy and the ability to craft compelling financing proposals, to collaborating with investors to make certain processes more efficient such as due diligence, Anti-Money Laundering (AML), and KYC requirements.

Many MSME Hubs exist world-wide, adopting various models. And while a universal approach remains elusive, due to geographic-specific necessities and diverse MSME and individual entrepreneurs, selecting the appropriate financial instruments and structuring effective financial applications seem to be a global knowledge gap (especially in EMDEs)[95]. Given these challenges, agencies should offer a division specifically dedicated to facilitating access to financing tools available both nationally and internationally. These divisions should offer comprehensive assistance throughout the entire approval process: from selecting suitable financing options to structuring financial applications, targeting better approval rates.

To effectively provide this support, agencies should develop, in local language, open-source knowledge-sharing platforms that offer courses, handbooks and other vital resources on locally available financial instruments and management services, such as legal, accounting and invoice management support.

93 FSB. **G20 Recommendations for Strengthening Financial Stability**. 2014. Available at: https://www.fsb.org/wp-content/uploads/Overview-of-Progress-in-the-Implementation-of-the-G20-Recommendations-for-Strengthening-Financial-Stability.pdf Accessed in: 26 jun. 2024.

94 GLEIF. **Global LEI System Statistics Dashboard**. 2024. Available at: https://www.gleif.org/assets/components/global-lei-system-statistics-dashboard/tableau-dashboard.html Accessed in: 1 jul. 2024.

95 INTERNATIONAL LABOR ORGANIZATION. **Towards an Effective SME Promotion Agency**. 2017. Available at: https://www.ilo.org/sites/default/files/. Accessed in: 1 jul. 2024.

Governments may develop such services from scratch or stimulate the local market by partnering with firms and initiatives, potentially offering subsidized services. An example is the SME Hub in Malaysia[96], which collaborates with the private sector and government agencies to provide SMEs with weekly presentations on available solutions. Additionally, consulting services should be available where project management specialists assist companies in selecting financing options that align with their business goals and help structure their projects to enhance likelihood of successful financial applications.

To facilitate this effort, G20 governments should collaborate with the MSME Financing Forum and the International Chamber of Commerce (ICC) to develop and distribute standardized templates for financial applications. These templates must be tailored to different company sizes and sectors and include tools that automatically evaluate projects against specific outcomes. For example, integrating the International Sustainability Standards (ISS) Principles for Sustainable Trade[97] to award a "Green Tick" for sustainable projects would facilitate access to specialized climate finance tools under more favorable terms.

To reduce duplication of efforts among agencies, the creation of an international best practices program coordinated by a G20 working group is recommended. This program would ideally provide a shared database of financing tools available per geography. The designated overseeing body will evaluate the performance of national agencies, pinpoint unique geographical challenges, and set up a regular knowledge exchange framework among MSME Promotion Agencies. This could involve selecting benchmark institutions with a successful track record in enhancing approval rates for MSME development for specific scenarios, to conduct specialized training programs for other such divisions from similar geographies; like the "Train the Trainers" initiative modeled after COP28.[98] Such an approach would boost individual efficiency but also help standardize taxonomies and methodologies worldwide. Moreover, actions related to the COP28 like Race to Zero initiative, encompass commitments to achieve net-zero emissions by mid-century or earlier. Partnerships between governments, businesses, and civil society organizations are leveraged to accelerate the transition to a low-carbon economy, alongside educational and awareness campaigns.

In addition, an effective measure would be the creation of public financial incentives aimed at mobilizing public finances and innovation to promote the engagement of municipalities in remote areas of the country. This could involve allocating specific resources to infrastructure and development projects in these regions, as well as implementing capacity building and technical support programs for local governments. Such incentives would stimulate economic activity and development in these areas, but also strengthen social cohesion and reduce regional disparities.

Sub action 3.1.2 Collaborate with international regulatory bodies such as the Financial Action Task Force, Financial Stability Board and Bank for International Settlements with the purpose to review macroprudential policy and address regulatory concerns by MSMEs, enabling their access to credit, trade and climate financing.

MSMEs have voiced concerns about the adverse effects stemming from increased regulations on macro-prudential policy and global standards for climate financing. For example, the Basel III requirements agreed upon during the latest reform – known as Basel 3.1 – inadvertently restrict their credit access due to unsuitable risk assessments and asset treatments. The European Parliament's Economic and Monetary Affairs Committee's (Econ)[99] deviation from Basel Committee on Banking and Supervision (BCBS)[100] guidelines on capital requirements across asset classes and equity exposure, this decision aimed to prevent a significant rise in EU's banks capital requirements, which could otherwise

96 SMECORP. **MSME Hub**. 2024. Available at: https://www.smecorp.gov.my/index.php/en/about/. Accessed in: 1 jul. 2024.

97 ICC. **Principles for Sustainable Trade**. 2023. Available at: https://iccwbo.org/news-publications/policies-reports/icc-principles-for-sustainable-trade/. Accessed in: 1 jul. 2024.

98 DIFC ACADEMY. **Continuity Training Initiative**. 2024. Available at: https://academy.difc.ae/school-of-finance-management/cop28-legacy-training-programme. Accessed in: 1 jul. 2024.

99 ECON. **European Parliament**. 2024. Available at: https://www.europarl.europa.eu/committees/en/econ/home/highlights. Accessed in: July 01, 2024.

100 BCBS. **The Basel Committee**. 2024. Available at: https://www.bis.org/bcbs/index.htm. Accessed in: July 01, 2024.

elevate borrowing costs for those who need the most. Similarly, the United Kingdom (UK's) specialized treatment for MSME exposures attempts to mitigate these financing barriers.[101] This reflects important specificalities that were not considered by the BCBS, and for which revision is recommended to avoid negative impacts to access to finance by MSMEs, addressing their concerns in an international, rather than a country specific basis. For example, the G20 should discuss with the Bank of International Settlements (BIS) the viability of developing differential capital treatments for infrastructure and climate-related asset classes, as well as for trade finance tools targeted at MSMEs.

This kind of issue is present in the Basel III discussions. During the same decision, the *Econ* agreed to toughen up banks reporting and disclosure requirements on ESG risks, announcing plans to introduce a dedicated prudential framework to penalize banks for lending to dirty energy providers or companies that consume from them. Although this decision is important to support the energy transition, it may lead to further financial exclusion, an issue that should be addressed while regulatory frameworks are still under development. It is crucial for it to be accompanied by governmental programs that offer alternatives for MSMEs that are willing to invest in local green energy solutions, but do not have the necessary CAPEX upfront, providing energetic independence and freeing up working capital for other operational costs.

A key part of incorporating MSMEs into GVCs is the World Trade Organization (WTO). The WTO enables MSMEs to take advantage of growth prospects and manage regulatory complexity by means of initiatives such as advising services and capacity-building programs.[102] The WTO encourages sustainable global commerce and inclusive economic development by placing a strong emphasis on MSME integration into GVCs. Through the efforts of international policy-making bodies, MSMEs can better navigate the complexities of global trade and finance, fostering a more inclusive and resilient global economy.

There must be a focus on areas that directly affect MSMEs, including minimum capital requirements, commercial documentation complexity, and penalties related to ESG risks. MSMEs often face restrictions in accessing credit due to unfavorable risk assessments and the financial gap between demand and supply. Simplifying commercial documentation and balancing environmental penalties with financial incentives can promote the effective inclusion of MSMEs in global markets.

Sub action 3.1.3: Expand Legal Entity Identifier (LEI) adoption across all financial transactions involving MSMEs to simplify international trade.

To increase financial inclusion in EMDEs, the adoption of a trusted, globally recognized system for business identity is key. The LEI is an alphanumeric code that links to a system where the identity of a legal entity can be quickly and efficiently verified electronically and free of charge by banks, financial institutions, potential business partners, and other regulated institutions It functions as a digital international company ID, with 'records' that provide information on the unique entity to which it is assigned. Once registered, any MSME holding a LEI can be recognized universally and demonstrate the level of transparency needed, decreasing the cost of KYC compliance for it to establish a trusted relationship other organizations.

There is a need to expand adoption across all financial transactions involving MSMEs to simplify international trade, especially in EMDEs. The most relevant barriers to increasing the adoption are "the need for issuance, renewals and other costs, the existence of legacy technological systems relying on previously existing or local identifiers, a lack of clearly articulated benefits and use cases, and some quality issues concerning the LEI reference data"[103]. Potential costs associated are one of the main burdens on LEI adoption, particularly for smaller enterprises. Therefore, exploring alternative solutions

101 OECD. **Financing SMEs and Entrepreneurs**. 2022. Available at: https://www.oecd-ilibrary.org/industry-and-services/financing-smes-and-entrepreneurs-2022_e9073a0f-en. Accessed in: June 26, 2024.

102 WTO PLURILATERALS. **Micro Small and Medium Enterprises**. 2020. Available at: https://wtoplurilaterals.info/plural_initiative/micro-small-and-medium-enterprises-msmes/. Accessed in: 1 jul. 2024.

103 FSB. **Options to Improve Adoption of the LEI**. 2022. Available at: https://www.fsb.org/2022/07/options-to-improve-adoption-of-the-lei-in-particular-for-use-in-cross-border-payments/. Accessed in: 1 jul. 2024.

for cost reduction and identification is essential, especially for low-value transactions. By finding cost-effective and accessible alternatives, it is encouraged that MSMEs are not disproportionately impacted by the financial and administrative burdens.

G20 countries must take action, utilizing best practices based on the top 5 jurisdictions (US, UK, Germany, Italy, Spain) which mandate LEI usage, as well as India, which has presented accelerated growth in LEI adoption recently. In Zimbabwe, a flagship partnership[104] between the GLEIF, London Stock Exchange Group (LSEG), a LEI issuing organization), the Centre for Financial Regulation and Inclusion (Cenfri, a think-tank on African Development), Cornerstone Advisory Plus (a financial sector training provider) and Zimbabwe's NMB Bank Limited (responsible for equipping local SME customers with LEIs) to introduce a Validation Agent[105] in the region, make the technology available and increase awareness, aiming to accelerate LEI adoption in the country. Such project can be scaled and replicated in other geographies.

Along with the LEI should also be considered the "GVC Passport" concept proposed by the B20 and the Business at OECD as a contribution of the 2020 G20 cycle[106]. The concept suggests providing firms, for example part of a large investment exercise, with an authenticated, authoritative, verifiable financial fingerprint of a given entity, enabling it to operate within GVCs without the need to reproduce the same documentation on multiple occasions, nor to undergo duplicative verifications. A concept easily implementable envisioned as a set of Finance related verifiable credentials, starting from the LEI, to be encrypted and verified. This would help to facilitate that firms comply with the rules, whilst potentially reducing regulatory burden through a single authentication process that can be verified throughout the GVC. Critical is the fact that the GVC Passport would not be an additional protocol to follow, but it would rather compile and recognize certifications already received ensuring that the firms prove their compliance only once, through a single authentication that can be verified throughout the GVC, and therefore avoiding the need to certify again in the next country or transaction.

104 GLIEF. **The Key to Unlocking Financial Inclusion in Developing Economies**. 2021. Available at: https://www.rfilc.org/library/the-lei-the-key-to-unlocking-financial-inclusion-in/. Accessed in: 1 jul. 2024.

105 GLEIF. **Validation agents**. Available at: https://www.gleif.org/en/lei-solutions/validation-agents. Accessed in: 1 jul. 2024.

106 TRADE FINANCE GLOBAL. **Introducing the GVC Passport**. 2024. Available at: https://www.tradefinanceglobal.com/posts/global-executive-forum-b20-business-at-oecd-exclusive-gvc-passport/. Accessed in: 1 jul. 2024.

Policy Action 3.2

Enable "GVC ecosystems" by improving all firms', and particularly MSMEs', financial productivity and access to finance and working capital management.

Executive Summary

To enhance the financial inclusion and productivity of MSMEs within global value chains, a strategic approach involving the development of digital early payment platforms accompanied by financial capacitation initiatives is required. This initiative leverages on already existing technology and solutions and will facilitate immediate access to capital and help achieve interoperability across various financial institutions, simplify the funding processes and enable accelerated growth for MSMEs. Collaborative efforts with financial technology companies, traditional and non-traditional financial institutions, and regulatory bodies will be essential in establishing a supportive environment for MSMEs to thrive within GVCs. By leveraging these collaborations and fostering a supportive policy environment, this policy action aims to significantly improve MSMEs' ability to engage in sustainable business practices and manage working capital more efficiently, thereby strengthening their position in the global market. Moreover, G20 countries should proactively encourage their domestic MSMEs to conduct international trade business, which can be facilitated by using specific financing tools, e.g., export credit insurance.

Background and Context

Integrating MSMEs into GVCs is imperative to boost productivity. Yet, MSMEs often remain on the periphery as they struggle with high infrastructure costs to access GVCs on one hand, while facing more urgent working capital needs on the other. Recent challenges, such as inflation and rising energy prices, have compounded operational costs, draining MSME liquidity and diverting potential financial infrastructure investments towards immediate expenses, thereby hindering progress towards a net-zero transition.

Global trade is primarily conducted through open account transactions, where goods are shipped in advance of payment and therefore financed by the sellers whose working capital is therefore mobilized during supply chain processes and transactions. According to the Supply Chain Finance Forum, to optimize working capital management, Supply Chain Finance (SCF) solutions become important. That means, financing and risk mitigation practices and techniques where inter-firm transactions are intermediated by financial institutions that, for example, provide logistics, or invoicing solutions[107]. Recognizing this and aiming to raise SME productivity, the B20, Business at OECD Business and Industry Advisory Committee (BIAC), and the International Organization of Employers (IOE) have advocated for early invoice payment platforms to improve SMEs' access to working capital and facilitate cross-border payments[108]. Such digital platforms, endorsed for their security and interoperability, could enhance

107 GLOBAL SUPPLY CHAIN FINANCE FORUM. **Global Supply Chain Finance Forum**. 2024. Available at: http://supplychainfinanceforum.org/. Accessed in: 1 jul. 2024.

108 IEO. **Addressing efficiency in payments and working capital to deliver Sustainability and Growth**. 2023. Available at: https://www.ioe-emp.org/news/details/b20-business-at-oecd-and-ioe-publish-a-joint-paper-addressing-efficiency-in-payments-and-working-capital-to-deliver-sustainability-and-growth. Accessed in: 1 jul. 2024.

SME liquidity, creditworthiness (improved payment track record), and opportunities to reduce borrowing costs, ultimately supporting sustainable growth and fostering GVC ecosystems.

Innovation in payment processing and fund transfers has led to the emergence of intermediaries facilitating transactions between payers and recipients, ensuring that invoices are paid directly. Collaborative Cash Flow Optimization (C2FO)[109], Taulia[110] and Tradeshift PrimeRevenue[111], are examples of platforms where technology supports collaboration across GVCs and increases the available supply of working capital. Timely cross-border payments are the fundamental pillar of international trade and economic activity. Faster, cheaper, more transparent and inclusive cross-border payments would bring widespread benefits for supporting economic growth, international trade, global development and financial inclusion.[112]

This initiative leverages the productivity aspect of the "Sustainable Growth Propeller" framework initiated under the B20 Indonesian Presidency in 2022. The initiative highlights the importance of working capital support, aligning with the cross-border payments roadmap focus on improving invoice payments' cost, speed, access, and transparency. The Indonesia B20 work shows that by addressing just one aspect of productivity, net-zero targets and economic growth can be positively impacted. However, further initiatives are needed, to implement and complement such platforms. To do this, this policy action will link this proposal for an invoice financing platform, with diverse ideas by related B20 taskforces and other relevant institutions related to digital infrastructure and financing ecosystems. The University of Luxembourg has set forward an Inclusive Green Finance Working Group (IGFWG), which counts with the participation of members from multiple central banks and monetary authorities worldwide. The group highlights as preconditions for transformative change: (a) investing in financial infrastructure and resources – incl. technical systems to make monetary transactions and provide financial services – and (ii) establishing an Inclusive Green Finance (IGF) ecosystem featuring technology providers and educational resources capable of delivering the complementary elements needed to achieve inclusive finance objectives. These ideas are useful towards catalyzing the impact of previous recommendations by the B20.

Beyond traditional trade finance players, new vehicles and actors are emerging from the process of ongoing digitalization. Trade finance platforms are usually built by consortia of large institutional banks in cooperation with technology companies to digitize trade processes such as electronic issuances, documentation exchange and invoice financing with user-friendly interfaces[113]. And, as argued by the B20 India Taskforce on "Inclusive GVC for Resilient Global Trade and Investment", digital platforms provide capital asset efficiencies, as the business model is easily scalable across geographies and does not require physical capital investment in each market. They offer an opportunity to widen GVC inclusivity and, therefore, resilience. And public-private partnerships can boost investments in such infrastructure, accelerating the deployment and adoption of digital platforms. G20 governments may either collaborate directly in providing digital public infrastructure and economic incentives for these solutions or indirectly by cooperating with private parties to develop roadmaps for digital adoption with the appropriate regulatory support. For example, the Brazilian PIX[114] and the Indian UPI[115], have led to the financial inclusion of MSMEs and vulnerable communities.

Fintech are also pivotal, partnering with banks or offering complementary services like e-commerce, e-invoice management tools and online legal and accounting support to support MSME finance. Successful solutions are being increasingly offered in an ecosystem format, integrating financial and

---

109 C2FO. **Collaborative Cash Flow Optimization**. 2024. Available at: https://c2fo.com. Accessed in: 1 jul. 2024.

110 Working Capital Improvement. Taulia, 2024. Available: https://taulia.com/platform/enterprises/working-capital-improvement/. Accessed in: 1 jul. 2024.

111 PRIMEREVENUE. **Tradeshift PrimeRevenue**. 2012. Available at: https://primerevenue.com/resources/blog/tradeshift-announces-strategic-partnership-primerevenue-scf/. Accessed in: 1 jul. 2024.

112 FSB. **Enhancing cross-border payments**: stage 3 roadmap. 2020. Available at: https://www.fsb.org/2020/10/enhancing-cross-border-payments-stage-3-roadmap/. Accessed in: 1 jul. 2024.

113 BAFT. **Global Supply Chain Finance Forum**. 2019. Available at: https://www.baft.org/policy-news/global-supply-chain-finance-forum-issues-receivables-discounting-guidance-to-drive-further-clarity-on-terms-and-techniques/. Accessed in: 1 jul. 2024.

114 BANCO CENTRAL DO BRASIL. **PIX**. 2020. Available at: https://www.bcb.gov.br/estabilidadefinanceira/pix. Accessed in: 1 jul. 2024.

115 NPCI. **Unified Payments Interface**. 2024. Available at: https://www.npci.org.in/what-we-do/upi/product-overview. Accessed in: 1 jul. 2024.

non-financial services to enable solutions that would not be possible on a standalone basis, such as personalized offers, embedded finance, and contextual finance. This collaborative approach often becomes a competitive advantage to traditional institutions that would otherwise suffer with the competition of digital native banking suppliers. Considering these recent trends and building upon the work set forth by the previous B20 Presidencies, this policy action focuses on accelerating the development of digital platforms in an ecosystem format to improve MSME capital management, while amplifying credit availability, financing options and training.

Sub action 3.2.1: Collaborate with financial technology companies and regulatory bodies to develop user-friendly digital early payment platforms that facilitate immediate access to capital for MSMEs, helping to achieve interoperability across banking and financial institutions to allow seamless transactions.

Digital early payment platforms can streamline and formalize the process of extending trade credit, making it more efficient and accessible. Innovative offerings could include features like dynamic discounting, where suppliers offer discounts to buyers for early payment, and supply chain financing, where a third party provides the supplier with the invoice amount minus a discount, and the buyer settles the full amount later. The proposed platform addresses both dimensions of the IGF infrastructure pillar (Access to Green Finance" aims to provide SMEs with financing for green technologies and sustainable practices, allowing them to reduce their environmental impact and better integrate into Global Value Chains (GVCs)) with regards to invoice payments. Besides being accessible for all enterprises with internet connection, it serves as intermediator between this clientele and financiers. For example, instruments such as Electronic Payment Undertakings (ePUs) and Digital Bills of Exchange (DBEs) are concrete examples of how digitization of trading instruments can revolutionize financial transactions.

By digitizing the credit arrangements traditionally made within GVCs, they can offer more structured, secure, transparent, and traceable financial transactions; likely translating into an increase in invoice payments and a reduction of waiting time or the administrative burden to manage procurement. And as a platform based on reliable certification, it may contribute to financial crime prevention, such as money laundering or terrorist financing, and efficient sharing of ESG data. However, although such initiatives are available, they are currently fragmented or offered on a stand-alone basis. By encouraging the development of early payment Platforms at National level for working capital in cooperation with government, central bank and other relevant sponsoring and convening national entities, would allow to deliver solutions to MSMEs that are properly integrated, offering that interoperability to processes that are so strongly needed.

Digital platforms offer significant benefits for MSMEs, enhancing their market reach, operational efficiency, and competitiveness. However, their implementation must support affordability and address the digital divide, particularly for MSMEs in developing countries. Bridging this divide is important to fully harness the advantages of digital platforms. Additionally, these platforms must prioritize security measures to protect MSMEs from fraud and cyberattacks, ensuring a safe and trustworthy digital environment. To support a global, interoperable solution, allowing for technology adoption at scale, G20 governments must facilitate the creation of interoperability standards and protocols for digital data exchange. This strictly aligns with the G20 cross-border payments roadmap.

The adoption of ISO20022[116] in March 2023 represented a significant milestone towards faster payments, by improving screening processes and reducing false positive alerts for financial crime. However, for full benefits, including increased credit access and lower transaction costs in digital early payments platforms, global adoption and harmonization of ISO20022 are essential, overcoming regulatory and interpretive fragmentation. The B20 recommends that the G20 work on aligning international frameworks for AML, counter-financing of terrorism (CFT), and data, including in Least-Developed Countries. Success hinges on public-private cooperation, with governments facilitating unified standards and the private sector contributing with expertise, innovation, and technology investments.

116 ISO. **ISO 20022**. 2024. Available at: https://www.iso20022.org/. Accessed in: 1 jul. 2024.

By expanding the scope of financial inclusion beyond digital tools, we can encourage that everyone, regardless of their location or level of familiarity with technology, has access to the financial services they need to thrive, such as implementing microcredit programs through of local credit unions, Create centers where small business owners can receive training in financial management and use of technology, Develop applications with support in multiple local languages facilitate use by people with low digital literacy.

Sub action 3.2.2: Establish partnerships with traditional and non-traditional financial institutions to expand the range and accessibility of financial strategies available such as microloans, lines of credit, and financing options focused on sustainability.

An important enabler for seamless GVC integration is Trade Finance, a system of credits that facilitate transactions and allows both importers and exporters to reduce the risks involved. Traditional trade financing, while important, is insufficient for MSMEs, unless properly integrated into digital marketplaces and GVCs, which demand innovative payment and credit solutions, besides updated management techniques. Despite innovations like Swift Go[117], which has enabled banks to offer MSME fast, secure, and cost-effective cross-border low-value payments, most MSMEs prefer fintech services due to their support services, User Experience (UX) and convenience, with only 44% preferring traditional banking for its security according to a 2023 survey by Swift. Yet, 83% of MSMEs would reconsider banks if they offered a similar level of service, signaling a significant opportunity for banks to adapt and capture market share[118]. This reveals a competitive opening for banks to collaborate with fintech and microfinance institutions, taking advantage of their tech savviness. Microfinance Institutions such as 4Told[119] are leveraging data analytics and AI to optimize the lending process, assessing creditworthiness using multiple factors beyond just collateral and speeding up loan approvals and disbursements, thus enabling swifter access to capital. Moreover, InsurTechs like Accion and Grab are also transforming the insurance market, offering microinsurance products that are more suited to MSMEs' unique risks.

By partnering with these new players, traditional financial institutions may offer MSMEs a wider range of financial tools and resources, enabling them to better manage cash flow and working capital needs. Rather than having platforms dedicated solely for invoice financing, the ideal solution would function as a one-stop-shop for MSMEs to access a suite of services, allowing easy comparison and adoption of various financial tools. This platform would serve as an intermediary that addresses information asymmetry issues in sustainable financing, including specialized auditing, legal, rating, and research services offered by FinTech's or field experts. The B20 urges G20 governments to promote such synergistic partnerships and network development, by leading multi-stakeholder coordination and cooperation to support SMEs comprehensively aiming to enhance their operational efficiency.

G20 countries should create mechanisms to unlock fixed private savings, directing them to investment structures in SMEs through institutional investors. Aligning European Long-Term Investment Funds (ELTIFs) with the needs of investors can facilitate the channeling of household savings to MSMEs, promoting their growth. To further incentivize retail investment in debt and equity products for MSMEs, it is possible to implement tax incentives similar to the UK's Individual Savings Accounts (ISAs)[120] and Italy's Piani Individuali di Risparmio (PIRs)[121]. Such incentives should be structured to minimize risks for investors, including a minimum holding period for investments, to work towards sustainable and secure financing for SMEs. This approach can foster entrepreneurship and boost economic growth in G20 countries.

117 SWIFT GO. **Simpler low-value international payments**. 2024. Available: https://www.swift.com/swift-go/en/what/. Accessed in: 1 jul. 2024.

118 Flow. **Going the distance with Swift Go**. 2023. Available on: https://flow.db.com/cash-management/going-the-distance-with-swift-go?language_id=1. Accessed in: 1 jul. 2024.

119 4TOLD FINTECH. **Artificial Intelligence Financial Platform**. 2024. Available on: https://www.4toldfintech.com/en/productos-eng/. Accessed in: 1 jul. 2024.

120 GOV UK. **Individual Savings Accounts**. 2024. Available at: https://www.gov.uk/individual-savings-accounts/how-isas-work. Accessed in: 1 jul. 2024.

121 PIR. **Piani Individuali di Risparmio**. 2019. Available at: https://www.mef.gov.it/inevidenza/I-nuovi-PIR-diventano-operativi-una-spinta-alle-PMI/. Accessed in: 1 jul. 2024.

An example of a successful implementation is India's Udyam Scheme where MSMEs registered under the Udyam portal have access to concessional capital with lower interest rates and relaxed collateral requirements. Moreover, registered businesses can access fiscal incentives such as credit guarantee coverage and priority sector lending at reduced interest rates. For example, they have access to Emergency Credit Line for businesses and equity infusion fund (Self-Reliant India Fund) and Registered entities and their IP is safeguarded through a government registration system preventing unauthorized use.[122]

In addition to pursuing innovations and strategic partnerships, it is paramount to consider the accessibility and suitability of financial products offered to SMEs. As emphasized by the comment, these products should be available but also financially accessible and tailored to the unique needs of SMEs. For example, short-term working capital loans can be pivotal in assisting SMEs in addressing short-term cash flow challenges. Therefore, in developing financial solutions for SMEs, it is paramount to ensure that these products cater to market demands but also to the financial and operational realities faced by these enterprises on their growth journey.

Sub action 3.2.3: Incentivize large corporations to provide credit and technical support to MSME suppliers, offering guidance and resources to invest in sustainable business operations and practices while enhancing their own Supply Chain capacity.

In GVCs, financial dependencies are high; what one company owes and is owed (accounts payable and receivable) becomes a central component of short-term financing. Because these chains involve repetitive dealings and sustained partnerships, financial choices by one company can affect the financial well-being of another. This is especially true for suppliers downstream, which directly affect both the financial health and the scope 3 evaluations of larger firms. These firms, which typically face fewer financial restrictions and can access lower interest rates in foreign currencies, hold an intrinsic interest on the predictability of financial flows, overall supply chain resilience and, therefore, on ensuring SMEs have access to the funds they need. They can, lend this "cheaper money" or even provide backstops that could range from an outright guarantee to underpin a bank's loan to the MSME to more limited recourse structures which link the backstop to the performance of certain KPIs of their smaller suppliers in the GVC, channeling them lower-rate foreign currency loans obtained in from both traditional and non-traditional financiers. This way, MSMEs effectively expand their access to a broader range of financial offerings, way beyond what they could typically obtain on their own, enabling them to invest in environmentally sound projects. This way, MSMEs effectively expand their access to a broader range of financial offerings, way beyond what they could typically obtain on their own, enabling them to invest in environmentally sound projects. Although perhaps not profitable for larger companies on the short-term, if properly incentivized, they may be willing to provide this service to MSMEs if they can assess the involved risk and obtain granular data to better track their Scope 3 emissions which will enable such companies to leverage country sustainability incentives. For this reason, G20 countries should make compliance with Scope 3 mandatory to encourage the training and engagement of large companies with small companies, driving sustainable practices throughout the supply chain.

This is complementary to the other sub-actions, as the networks and relationships cultivated within GVC ecosystem platforms can be leveraged to create trust and credibility, enabling these kinds of collaborations to happen as large firms can access the information needed to assess risk. And such risk can be diminished if SMEs are technically capacitated to take full advantage of the tools and infrastructure under development, by optimizing cashflows, enhancing creditworthiness. Hence, there is also reason to believe these firms may be interested in furthering SME access to capital, but also in investing in the development of the enabling digital platforms and capacity building programs. Thus, G20 nations can lead by example and encourage large businesses and multinationals to invest in digitizing their supplier ecosystem, support with financing, and provide training programs for

122 UDYAM. **Udyam registration portal**. 2024. Available at: https://udyam-registrations.org/. Accessed in: 1 jul. 2024.

participating SMEs. This sub-action drives financial acumen among SMEs but also fosters a culture of sustainability within the sector, ensuring long-term resilience and profitability.

The COP28 MENA SME Climate Hub initiative, launched by the COP28 Presidency in partnership with Masdar, First Abu Dhabi Bank and Abu Dhabi Chamber, aims to help SMEs in the Middle East and North Africa implement net-zero strategies. Offering free tools and resources, the initiative enables these companies to reduce their emissions and report annually on their progress, with the goal of achieving carbon neutrality by 2050. The platform also facilitates SMEs' participation in the UN's global Race to Zero campaign, empowering them to address challenges such as access to finance and digitalization, and to build resilience in a low-carbon future.[123]

However, fostering collaboration between MSMEs and large corporations can indeed yield numerous benefits for both parties and the overall economy. Ensuring fairness and protection for MSMEs within these collaborations is decisive for sustainable and equitable economic growth. Transparency and fair pricing, ethical supply chain practices, government regulations, and oversight are key areas to focus on. By implementing these mechanisms, stakeholders can foster a more inclusive and sustainable business environment where MSMEs can thrive while also contributing to the success of larger corporations. This benefits the individual businesses involved but also strengthens the overall economy by promoting fairness, innovation, and long-term growth.

In addition, G20 countries should incorporate MSME-specific components into their decarbonization and energy transition plans. This implies the allocation of a portion of the funding or access to program resources to MSMEs. For example, within transportation decarbonization programs, countries can implement initiatives that allow individual truckers to swap their vehicles for more efficient models, as a way to support the adoption of electric vehicles or biofuels. This action is critical to ensure that MSMEs in G20 countries are not left out of energy transition efforts by promoting their active participation and providing them with access to the opportunities and resources available for economic and environmental sustainability.

123 COP28. **SME Climate Hub MENA**. 2024. Available at: https://smeclimatehub.org/uae/. Accessed in: 1 jul. 2024.

ANNEXES

Annex A – Acronyms

4P	Paris Pact for People and Planet
ABGF	Agência Brasileira Gestora de Fundos Garantidores e Garantias
ADB	Asian Development Bank
AfDB	African Development Bank Group
AIIB	Asian Infrastructure Investment Bank
AML	Anti-Money Laundering
B2B	Business to Business
B2C	Business to Customer
BCBS	Basel Committee on Banking and Supervision
BEE	Business Enabling Environment
BIAC	Business and Industry Advisory Committee
BIS	Bank of International Settlements
BOO	Build Own Operate
BOT	Build Operate Transfer
C2FO	Collaborative Cash Flow Optimization
CFLC	Catalytic First-Loss Capital
CFT	Counter financing of terrorism
CPMI	Committee on Payments and Market Infrastructure
DBEs	Digital Bills of Exchange
DFIs	Development Finance Institutions
ECAs	Export Credit Agencies
Econ	European Parliament's Economic and Monetary Affairs Committee's
EIAs	Environmental Impact Assessment
EIB	European Investment Bank
ELTIFs	European Long-term Investment Funds
EMDEs	Emerging Markets and Development Economies
EPA	Environmental Protection Authority
ePUs	Electronic Payment Undertakings
ESG	Environmental, Social and Governance
EU	European Union
FATF	Financial Action Task Force
FSB	Financial Stability Board
FTAs	Free Trade Agreements
GDP	Gross Domestic Product
GEMs	Global Emerging Markets

GHG	Greenhouse Gas
GIS	Geographic Information System
GLEIF	Global Level Entity Identifier Foundation
GPFI	Global Partnership for Financial Inclusion
GVC	Global Value Chain
IBRD	International Bank for Reconstruction and Development
ICC	International Chamber of Commerce
IFA	International Financial Architecture Working Group
IFC	International Finance Corporation
IGF	Inclusive Green Finance
IGFWG	Inclusive Green Finance Working Group
IMF	International Monetary Fund
IOE	International Organization of Employers
IRR	Internal Rate of Return
ISAs	Individual Savings Accounts
ISS	International Sustainability Standards
ISSB	International Sustainability Standards Board
IWG	Infrastructure Working Group
KPI	Key Performance Indicators
KYC	Know Your Customer
LAC	Latin America and the Caribbean
LDCs	Least Developed Countries
LEI	Legal Entity Identifier
LSEG	London Stock Exchange Group
MDBs	Multilateral Development Banks
MICs	Middle Income Countries
MIGA	Multilateral Investment Guarantee Agency
MOEFCC	Ministry of Environment, Forest and Climate Change, Government of India
MPIA	Multi-Party Interim Appeal Arbitration Arrangement
MSMEs	Micro, Small, Medium Enterprises
ODA	Official Development Assistance
NVE	The Norwegian Water Resources and Energy Directorate
OECD	Organization for Economic co-operational and Development
PCIs	Projects of Common Interest
PCM	Private Capital Mobilization
PIRs	Piani Individuali di Risparmio (Individual Savings Account)
ROC	Regulatory Oversight Committee

RST	Resilience and Sustainability Fund
SCF	Supply Chain Finance Forum
SDGs	Sustainable Development Goals
SFWG	Sustainable Finance Working Group
SMEs	Small to Medium enterprises
SPEs	Special Purpose Entities
SWFs	Sovereign Wealth Funds
TEN-E	Trans-European Networks for Energy
UAEs	United Arab Emirates
UK	United Kingdom
US	United States
UX	User Experience
WBG's	World Bank Group
WTO	World Trade Organization

Annex B – Composition and Meeting Schedule

Distribution of Members by country

Country	#
Argentina	3
Belgium	2
Brazil	38
Canada	2
China	13
France	7
Germany	3
India	10
Italy	10
Japan	1
Mexico	2
Russian Federation	7
Saudi Arabia	3
Singapore	3
South Africa	3
Spain	1
Swaziland	1
Sweden	1
United Arab Emirates	1
United Kingdom	8
United States	17
Total	**136**

Distribution of Members by gender

Gender	#
Female	44
Male	92

Task Force Chair

Name	Organization	Position	Country
Luciana Antonini Ribeiro	eB Capital	Founder	Brazil

Task Force Deputy Chairs

Name	Organization	Position	Country
Jorge Hargrave	Maraé Investimentos	Director	Brazil
Dr. Luisa Palacios	Columbia University, SIPA	Senior Research Scholar	United States of America

Task Force Co-Chairs

Name	Organization	Position	Country
Gianluca Riccio	Business at OECD (BIAC)	Chair of the Finance Committee	Italy
Harrison Lung	e&	Group Chief Strategy Officer	United Arab Emirates
John W. H. Denton	International Chamber of Commerce (ICC)	Secretary General	France
Karen Fang	Bank of America	Managing Director, Global Head of Sustainable Finance	United States
Majid Al Suwaidi	ALTÉRRA and COP28 Presidency	CEO (ALTÉRRA)/ Director General & Special Representative (COP28 Presidency)	United Arab Emirates
Marcelo Marangon	Citi	President	United States
Marc-André Blanchard	CDPQ Global	Executive Vice-President and Global Head of Sustainability	Canada
Vaishali Nigam Sinha	ReNew	Co-founder and Chairperson for Sustainability	India
Zhang Xiaolun	China National Machinery Industry Corporation	Chairman	China

Task Force PMO

Name	Organization	Country
Miguel Ángel Castro Riberos	National Confederation of Industry	Brazil

Task Force Members

Name	Organization	Position	Country
Adailton Dias	Sompo Seguros	Director	Japan
Alessia Viola	Snam spa	Senior Manager Public Funding and Sustainable Finance	Italy
Alex Kekulov	SocialCap	Co-founder & CEO	United States
Alexandra da Silva Vieira	FENSEG - Federação Nacional de Seguros Gerais	Gerente	Brazil
Allison Lim	Allliance to End Plastic Waste	V-P, Corporate & Public Affairs	Singapore
Amber Malhotra	MINJU (Sam Circle, i4, Model H)	CEO and Managing Partner	United States
Ana Paula de Almeida Santos	CNSeg - Confederação Nacional das Seguradoras	Director of Sustentability and Consumer Relations	Brazil
Andres Maceira	Guaraná Bank	Co-founder & CEO	Brazil
Andres Portilla	Institute of International Finance	Managing Director Regulatory	United States
Andrey Lisitsyn	RSPP	Managing Director of Financial Policy and Financial Markets	Russian Federation
Angel Machado	Argentina Chamber of Commerce and Services	Director	Argentina
Ashok Anantharaman	Action Construction Equipment Limited	Chief Operations Officer (COO)	India
Aureo Ricardo Salles de Barros	ACRJ Associação Comercial do Rio de Janeiro	VP de Negócios e Sustentabilidade	Brazil
Boniswa Madikizela	Financial Literacy & Inclusion Centre of Southern Africa NPC	Founder, Executive Director	South Africa
Bruno Rodriguez Pereira	Sompo Seguros	Diretor Financeiro (Chief Financial Officer - CFO)	Brazil
Carlos Henrique de Oliveira Passos	Sistema FIEB - Federação das Indústrias do Estado da Bahia	Presidente	Brazil
Cassio Fernando von Gal	Banco BocomBBM S.A.	Executive Vice President	Brazil
Christian Belisario	Bloomberg	Head of Government Relations - LatAm	United States
Christine Lepage	MEDEF	Deputy Director General	France
Claudia Cristina Rheinfranck	Swiss RE Corporate Solutions	ESG Vice President	Sweden
DASTUGUE Fanny	Confederation of International Contractors' Associations	Director General	France
David Madon	IFAC (International Federation of Accountants)	Director - Sustainability, Policy & Regulatory Affairs	United States
Deepali Khanna	The Rockefeller Foundation	Vice President - Asia	United States
Desiree Green	Prudential Financial, Inc.	Vice President & Head of Emerging Markets, International Government Affairs	United States
Diego Perez Martin de Almeida	AbFintechs - Associação Brasileira de Fintechs	Presidente	Brazil
Dmitry Pristanskov	Norilsk Nickel	State-Secretary - Vice-President	Russian Federation

Name	Organization	Position	Country
Dr. Nayef AlDelbah	alNimr alArabi	CEO	Saudi Arabia
Eduardo Fabiano Alves da Silva	CNP Assurances	CFO Latin America	France
Elena Mikhnevich	E.V. Mikhnevich (GradiLen strategic consulting)	Sole proprietor	Russian Federation
Eliza U. Samartini Coelho	Pfizer Brasil	Govenment Affairs	United States
Enrico Petrocelli	Cassa Depositi e Prestiti	Head of International Institutional Relations	Italy
Eric Lequn Zhang	Vanke Development HQ	VP	China
Fabio Marchetti	Generali	Group Head of International Public Affairs	Italy
Fernanda Cabrini	Prudential of Brazil	Senior Manager - External and Government Affairs	Brazil
Fernando De Maria	Autostrade per l'Italia	Business Unit Operations Director	Italy
Fernando Lago	Cámara Argentina de la Construcción	Executive Director	Argentina
Frederico Lamego de Teixeira Soares	Confederação Nacional da Indústria	Superintendente de Relações Internacionais	Brazil
Galina Cooan	BeeGate	Government International Relations	United States
Gantakolla Srivastava	Confederation of Indian Industry	Chief - Economic Strategy	India
Gary Litman	U.S. Chamber of Commerce	Senior Vice President, Global Initiatives	United States
Germana Aparecida Alves Cruz	Standard Chartered Bank	CEO & Head of Financial Institutions, Latam	United Kingdom
Gianluca Riccio	Business at OECD (BIAC) and Lloyds Banking Group	Chair Finance Committee Business at OECD, and Risk Data Tranformation Lead at LloydsBanking Group	United Kingdom
Giorgio Marsiaj	Unione Industriali Torino	Dr.	Italy
Giuseppe Arleo	Ordine dei Commercialisti - CNDCEC	Expert	Italy
Gustavo L. Noman	Visa Inc	Government affairs	United States
Hanan Sakr	Cop28 UAE presidency	Head Private Sector Engagement	United Arab Emirates
Haroldo Silva	Abit - Brazilian Textile Association	Chief-Economist	Brazil
Harry Newman	Swift	Head of Banking and Payments Strategy	Belgium
Hessa AlSheikh	Hassana Investment Company	Executive Director - Head of Interational Public Markets	Saudi Arabia
Igor Andryushchenko	VTB Bank	Head of Department, Senior Vice-President	Russian Federation
Ivo Fumyo Kanashiro	MAPFRE BRASIL	superintendent	Brazil

Name	Organization	Position	Country
Jaap van Waalwijk van Doorn	Cresol	Head of International Relations and Funding	Brazil
Jane P	Mastercard	Executive Vice President, Small & Medium Enterprises	United States
Jeffrey Steiner	Canada-Saudi Business Council	Chair	Canada
Jitendra Gupta	Jupiter money	Founder	India
Joao Arantes	Vale	Corporate Affairs Specialist	Brazil
Joel Gomes da Silva Junior	FENSEG	Superintendente	Brazil
Juan Bosco Marti Ascencio	Aleatica	Executive Director for Institutional Affairs and Communications	Mexico
Julieda Puig Pereira Paes	LACAN	Boars Member	Brazil
Kalpanaa Sankar	Belstar Microfinance Limited	Managing Director	India
Karin Cristela Rodriguez	UIPBA - Union Industrial de la Provincia de Buenos Aires, Red MIA - Mujeres de la Industria Argentina, Signo Plast S.A.	Journalist	Argentina
Karina Simão Almas de Jesus	CEBDS - Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável	Coordenadora	Brazil
Kerstin Mathias	City of London Corporation	Policy & Innovation Director	United Kingdom
Kiki Del Valle	Mastercard	Executive Vice President	United States
Leandro Mendonça de Oliveira Santos	Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Capitalização - CNseg	Specialist	Brazil
Li Hai	Powerchina International Group Limited	Deputy chief engineer of PowerChina Internationl Group Limited and Deputy General Manager of America	China
Li Lin	China Communication Construction Company South Amrica Regional company	Vice President	China
Lim Wee Seng	DBS Pte Ltd	Group Head of Energy, Renewables and Infrastructure	Singapore
Lindsay Xi Lin	China International Capital Corporation Ltd. (CICC)	Managing Director & Head of Americas Region	China
Liria Knutti	Startup20 / DoctorWeb / Farmazon	CEO	Brazil
Luca Fontana	Autostrade Per L'Italia	EVP CAPEX Investments	Italy
Luis Enrique Bandera	FIDES	Executive Director	Mexico
Luis Martí Alvarez	ACCIONA	Director for Public Policy and Regulation	Spain
Luisa Palacios	Columbia University	Senior Research Scholar	United States
Maartje Driessens	Prumo Logistica	International Relations Manager	Brazil

Name	Organization	Position	Country
Marc-André Blanchard	Caisse de Dépôt et Placement du Québec (CDPQ)	Head of CDPQ Global and Global Head of Sustainability	Canada
Marcus Vinicius Almeida Silveira	AMBIPAR GROUP	Institutional Director	Brazil
Margarita Pirovska	Principles for Responsible Investment	Director, Global Policy	United Kingdom
Maria Carolina Nogueira Rocha	ABGI	CEO	France
Martina Lorusso	Bawer S.p.A.	Owner	Italy
Miguel Pinto Guimarães	Comitê - CRISTO G20	Conselheiro	Brazil
Mohammad Omar Shahzad	Meinhardt Group	Group CEO	Singapore
Monica Monteiro	Grupo Bandeira de Comunicação - Canais PayTV	Diretora Executiva	Brazil
Mr. Anant Goenka	Rama Prasad Goenka Group (RPG)	Vice President, FICCI and Vice Chairman, RPG Group	India
Naadiya Moosajee	WomHub	Co-Founder & CIO	South Africa
Nádia Júnia Almeida de Souza	Khenê Brazil	CEO	Brazil
Nirav Sheth	iCasper CapFin Advisors LLP	Designate Partner	India
Ntombifuthi Mtoba	Public Investment Corporation "PIC"	Deputy Chair	South Africa
Olav Jones	Insurance Europe	Deputy Director General and Director of Economics and Finance	Belgium
Olga van Zijverden	DIHK	Director Foreign Trade Policy	Germany
Pablo Silva Cesario	Abrasca	CEO	Brazil
Pankaj Bohra	Pankaj Bohra & Co.	Founder Partner	India
Paulo Roberto Bauer	CISER	Mr	Brazil
Philippe Dessoy	CICA (Confederation of International Contractors' Association)	General Manager	France
Preksin Oleg	Association of Russian Banks — ARB	Dr	Russian Federation
Qu Cheng	China Railway Engineering Corporation	Vice President	China
Qu Wen	China Council for the Promotion of International Trade	Director of Development Research Department	China
Rafael Silva Dutra de Souza	ICATU	Risk, Internal Control, Bus Continuity Manager	Brazil
Rafaela Maria Barreda	Lloyd's	Managing director & President	United Kingdom
Raimundo Rodrigues Batista	ABIHPEC - Associação Brasileira da Industria de Higiene Pessoal, Perfumaria e Cosméticos	Executive Director	Brazil
Renata Espírito Santo	Citibank	Senior Manager	United States

Name	Organization	Position	Country
Ricardo Augusto Pereira Pinto	Capemisa Seguradora de Vida e Previdência S/A	Finance Manager	Brazil
Ricardo Marques Braga	Novartis Biociências S/A	Government Affairs	Swaziland
Richard Touroude	Fédération Nationale des Travaux Publics	Director of International Affairs	France
Robert Neill	APCIA	Vice President Head of International and Counsel	United States
Roberto Guimarães	ABDIB	Diretor	Brazil
Roberto Júnior	Global Shapers Community	Global Shaper	Brazil
Roberto Race	Competere.Eu	Secretary General	Italy
Rodrigo Lovatti	Comitê - CRISTO G20	Chanceler	Brazil
Rodrigo Santiago	Impetus Public Affairs	Managing Partner	Brazil
Roger Shaun Tarbuck	International Cooperative & Mutual Insurance Federation (ICMIF)	Chief Executive	United Kingdom
Rubens Sardenberg	Brazilian Federation of Banks (FEBRABAN)	Director of Economics, Risks and Regulation	Brazil
Salah Khashoggi	Tamra Capital	Managing Director	Saudi Arabia
Samuel Arantes	Cerrado Asset	Director	Brazil
Sandro Marcondes	Santander	Global Debt Financing Head	Brazil
Sasidhar Narasimha Thumuluri	Sub-K Imapct Solutions Ltd	Managing Director and CEO	India
Sergey Storchak	State Development Corporation VEB.RF	Senior Banker	Russian Federation
Shailesh K Pathak	Federation of Indian Chambers of Commerce & Industry (FICCI)	Secretary General FICCI	India
Shankar Garigiparthy	Lloyd's India	CEO & Country Manager	United Kingdom
Sudhir Rao Hoshing	Irb infrastructure developers ltd	CEO	India
Summer Xia	Zhuzhou CRRC Times Electric Co Ltd	Regional Director	China
Susan K. Neely	American Council of Life Insurers	President and CEO	United States
Sven Schönborn	BDI - Federation of German Industries	Senior Representative	Germany
Svetlana Komrakova	Norilsk Nickel	General Counsel	Russian Federation
Tales Paschoalin Leão	Chubb	Credit manager	United Kingdom
Tatiani Leal	CNI	Coordinator of Projects	Brazil
Thiago Alves da Silva	Generali Brasil Seguros S.A.	Finance Senior Manager	Italy
Ursula Radeke-Pietsch	Siemens AG	Global Senior Vice President Finance	Germany
Venilton Tadini	Abdib	Presidente-Executivo	Brazil
Xi Chen	China Chamber of International Commerce (CCOIC)	Project Manager	China
Xiao Chunyi	China Export & Credit Insurance Corporation	Vice General Manager, International Department	China

Name	Organization	Position	Country
Xu Bowen	China Life Insurance (Group) Company	Senior Supervisor	China
Yann Abdou N'Diaye	Investissements & Intermediation en Banque et Financements (I.I.B.F.) SAS	Chairman & CEO	France
Yunpeng Zhou	ICBC BRASIL	Vice-President	China
Yunwei Cui	TODAYTEC INDUSTRIA	Director	China
Zhang Xiaolun	China National Machinery Industry Corporation (SINOMACH)	Chairman	China

Task force Meetings Schedule

Data	Format
22 February 2024	Virtual
21 March 2024	Virtual
18 April 2024	Virtual
16 May 2024	Virtual

Annex C – Partners

Knowledge Partner

Deloitte.

Network Partners