



G20 CONTRIBUTION TO THE 2030 AGENDA

PROGRESS AND WAY FORWARD

PREFACE BY THE SECRETARY-GENERAL OF THE OECD

The G20 has long recognised that developing countries, just like advanced economies, are central to the achievement of the G20's overarching objective of strong, sustainable and balanced growth. Framed initially by the Seoul Development Consensus in 2010, the G20's work on sustainable development has changed shape and expanded over time. In 2015, with the global agreement of the 2030 Agenda for Sustainable Development, the G20 has further stepped up its engagement on sustainable development. Since then, G20 Leaders have consistently recognised the unique and crucial role of this coordination forum in advancing and supporting the implementation of the global goals, both within and beyond its member countries' borders. This collective commitment is outlined in the G20 Action Plan on the 2030 Agenda for Sustainable Development, adopted in 2016 and taken forward through concrete actions and annual progress updates.

Four years on, what has this G20 commitment helped to achieve and how can these efforts be measured? This report, prepared for Japan's G20 Presidency in 2019, examines and assesses the G20's collective contributions based on its own Action Plan. In doing so, it identifies a number of areas where the G20 can demonstrate concrete progress in supporting global prosperity, reducing the risks of instability and shocks, and reinforcing co-ordination across the global goals. Beyond these, the report also identifies some key areas where the G20 has further to go in implementing the Sustainable Development Goals (SDGs) and the Addis Ababa Action Agenda (AAAA) on Financing for Development.

Overall, this assessment is good news. It shows that the G20's outputs and outcomes are increasingly aligned with, and are making a positive contribution to, the global goals, often working in close collaboration with international organisations. This year, in addition to this report, the OECD is very proud to be supporting a range of key G20 outcomes. These include: inputs to the international tax agenda generating billions of dollars of new tax revenue; revision of the OECD Code of Liberalisation of Capital Movements enabling countries to better manage capital flows for improved financial stability; providing the substantive basis for principles on artificial intelligence; reporting on the G20's progress on gender and women's inclusion in the workforce; and contributing to the Presidency's policy priorities on quality infrastructure, aging and financial inclusion.

We are nevertheless at a critical juncture for international fora and for multilateralism in general, as highlighted by recent developments on trade and climate. It has become clear that collective ambition is in danger of weakening, just when it needs to be enhanced in the face of pressing challenges faced by the global economy and the international community. As the prime forum for international economic co-operation, the G20 can – and should – do more. The G20 can lead by example in several ways: fully embed sustainable development in its own actions; provide critical support to global public goods, including by advancing the AAAA; and support developing countries' own capacities to design and implement sustainable development strategies. Against this background, 2019 marks a very timely checkpoint for the global goals and for the G20 to provide much-needed leadership. As the 2030 deadline looms ever-larger on the horizon, world leaders will come together in New York in September 2019 to take stock of progress and to reassess their respective roadmaps for the future. The clock is ticking, much is at stake and failure is not an option.

As a long-standing partner of the G20, and best supporting actor on the UN-led global effort to achieve the SDGs, the OECD is committed to supporting the G20's efforts on the 2030 Agenda for Sustainable Development, working in partnership with the United Nations and the broader multilateral system. We hope the value of this assessment will lie not only in collating the robust data and evidence needed to inform G20 members' decision making, but also in deepening the G20's broader narrative and outreach efforts on its global contributions.



Angel Gurría, Secretary-General of the OECD

PREFACE BY THE UNDP ADMINISTRATOR

Four years ago, the international community agreed on the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda, and the Paris Agreement on Climate Change -- a set of key blueprints to chart a better future for all. The G20 made a valued contribution to these global efforts in 2016 by adopting in G20 Action Plan on the 2030 Agenda -- a policy framework to align the G20 Agenda with the 2030 Agenda -- and ultimately aimed at contributing to global efforts to achieve all 17 Sustainable Development Goals (SDGs) by 2030. Acting upon this plan, G20 members took swift action to advance concrete sustainable development outcomes in a number of key areas, in particular by supporting developing countries to implement the 2030 Agenda according to their national priorities; and to assist them in the provision of global public goods.

Reflecting on this valued support, this report examines how the G20 has collectively contributed to the Action Plan's defined Sustainable Development Sectors (SDS) and the G20's current priorities across three dimensions of sustainable development -- economic, social and environmental. It also analyses how the G20's work on cross-cutting issues such as gender equality is helping to deliver results for people living in developing countries. In doing so, the report supports the commitment from G20 Leaders in 2018 to review progress made on the implementation of the Action Plan. As a long-standing G20 knowledge partner on the 2030 Agenda, the United Nations Development Programme (UNDP) jointly developed this report with the Organisation for Economic Co-operation and Development (OECD) at the request of the Japanese Presidency of the G20.

Crucially, the report provides a number of key findings on overall progress made and makes a number of recommendations on the way forward for further implementation of the G20 Action Plan. This report ultimately aims to support the G20's efforts to further contribute to the 2030 Agenda, especially in view of the SDG Summit being convened by the United Nations (UN) Secretary-General in September 2019. The summit will take stock of the global efforts that are already being made; and it will identify future actions to accelerate progress towards the SDGs.

In this respect, much remains to be done if we are to realize all 17 SDGs fully and the G20 Osaka Summit is being convened at a critical juncture and a time of uncertainty. We cannot afford to delay urgent actions needed to address the extensive and intertwined challenges such as poverty and rising inequality; climate change; migration and forced displacement. The international community will also need to pivot to respond to the major transformations that are currently taking place such as the "4th Industrial Revolution" and the digital economy as well as coordinating efforts to ensure that the global economy remains open and stable. These complex challenges will impact upon each and every one of us in some way and it is clearly evident that no one country can tackle these challenges alone.

In this respect, the report seizes upon a timely opportunity to raise awareness of the need for a revigorated multilateral system to accelerate sustainable development across the globe. The continued strong partnership between the G20, the UN System and the OECD -- exemplified by this very report and many other initiatives -- is a clear example of the kind of productive collaboration that is needed more than ever. Perhaps more importantly, this spirit of a co-operation is a cause for great confidence and hope that the international community can work even more closely together to meet the many challenges; and indeed, seize upon the many opportunities that will present themselves on the road to 2030.



Achim Steiner, UNDP Administrator

FOREWORD

As the premier forum for international economic co-operation,¹ the G20 plays an important role in the 2030 Agenda for Sustainable Development, including the Sustainable Development Goals (SDGs) and the Addis Ababa Action Agenda (AAAA). In addition to its core economic mandate, the G20's work encompasses action on key global social and environmental challenges, contributing to the provision of global public goods and supporting the integration of low-income and developing countries into a sustainable global economy. Collectively, G20 members account for around 85% of global gross domestic product (GDP), 75% of world trade, 80% of global carbon dioxide emissions (CO₂) and 70% of global plastic production – as well as two-thirds of the world's population and more than half of the world's poor.² Furthermore, G20 members account for two-thirds of outward international investment flows and provide the vast majority of international development assistance, while also being the source countries for three-quarters of global remittances. At its inception as a Leader-level forum in 2008 in the wake of the global financial crisis, the G20 focused on restoring economic growth, ensuring global stability and promoting resilience. Since then, the G20 has broadened its agenda to encompass social and environmental challenges with sustainable economic dimensions – from preventing the spread of pandemics to reducing inequalities. To achieve its objectives, the G20's primary modes of collective action comprise:

- **international policy co-operation and co-ordination** to bolster growth and consolidate recovery, reinforce resilience to shocks and prevent future crises, and promote sustainable development, with support from major global institutions and through an enhanced global governance architecture
- **co-ordination of domestic policy reforms** to maximise collective synergies and manage their spillovers for mutual and global benefit
- **agenda-setting and leading by example** by agreeing on common principles, initiating reforms and innovative collective actions and instruments, filling gaps in international standard-setting and provision of global public goods
- **promotion of knowledge sharing and South-South and triangular co-operation** as complementary means to achieve the 2030 Agenda, to tackle global challenges and to strengthen capacities in developing countries
- **outreach** with the international community at large and partnership and multi-stakeholder dialogues to share knowledge and raise public awareness on global challenges.

This report complements the G20's Osaka Update and is provided under the responsibility of the Organisation for Economic Co-operation (OECD) and the United Nations Development Programme (UNDP). It takes stock of the G20's progress against the [G20's Action Plan on the 2030 Agenda for Sustainable Development](#), adopted in 2016 at their Hangzhou Summit, and supports G20 Leaders' 2018 commitment to review their progress in implementing the Action Plan.³ It looks at how the G20 has collectively contributed to Sustainable Development Sectors (SDS) defined in the Action Plan and at the G20's current priorities across the three dimensions of sustainable development – economic, social and environmental – while also examining how the G20's work on cross-cutting issues such as gender equality is helping to deliver results. Finally, the report delivers some key findings on overall progress and makes suggestions on the way forward for the implementation of the Action Plan, including from discussions at the annual OECD-UNDP workshops in support of the G20's sustainable development agenda.

¹ At the Pittsburgh Summit, G20 Leaders officially designated the G20 as "the premier forum for international economic co-operation".

² Based on the global extreme poverty line, currently defined by the World Bank as USD 1.90 a day, using International Comparison Program purchasing power parity calculations and representing the international equivalent of what USD 1.90 could buy in the United States in 2011.

³ The 2018 Buenos Aires Update stated: "We reaffirm our commitment to support the United Nations' follow-up and review process, led by the HLPF. As a forward-looking step, we will highlight collective and concrete G20 actions taken so far towards implementing the G20 Action Plan, and thus contributing to the 2030 Agenda for Sustainable Development, taking the opportunity of the HLPF [High Level Political Forum] in New York in 2019 which will take place at the level of Heads of States and Governments". www.g20.utoronto.ca/2018/buenos_aires_update_0.pdf

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INTRODUCTION

This report is a first attempt to take stock of and, where possible, to measure the G20 contributions to efforts towards implementing the SDGs since the adoption of the G20's 2030 Action Plan. Based on this analysis and evidence to date, the G20 has played, and will continue to play, an important and unique role in progress towards the 2030 Agenda for Sustainable Development. To date, key achievements include: concrete measures (including targets) to drive sustainable growth and enhance global stability; co-operation on tax transparency, resulting in the identification of USD 95 billion in additional revenue since 2009; lowering the cost of remittances, projected to generate at least USD 25 billion per year by 2030; increasing female participation in the workforce and reducing the gender gap by 25% by 2025; promoting dialogue and driving consensus on trade and investment issues; enhancing food security through a host of concrete initiatives, including the establishment of the Agricultural Market Information System (AMIS) aimed at improving food market transparency and encourage international policy co-ordination in times of crisis.

But more remains to be done, as the G20 itself recognises in characterising its 2030 Action Plan as a “living document”. With a time frame matching the 2030 Agenda and annual updates designed to reflect the priorities of each G20 presidency, this plan provides the G20 with a solid basis for action and ample flexibility to refine G20 contributions in line with emerging global challenges. In addition, the G20 has committed to strengthening its whole-of-G20 approach, reflecting the universal nature of the global goals, and has agreed to further contribute to the 2030 Agenda implementation. In Buenos Aires, G20 Leaders “reaffirm[ed] [their] commitment to leading the transformation towards sustainable development”.

Going forward, this report and other analysis can serve to build the case for the G20's ongoing contribution to global efforts for sustainable development. By 2020, the G20 will have already travelled one-third of the way along the timeline for the SDGs. To mark this milestone, a compelling narrative that provides a longer-term perspective and promotes long-term planning could serve to uphold continuity and consistency in G20 actions. This detailed roadmap could reinforce the G20's implementation of its 2030 Action Plan by supporting priority-setting, detailing how work across all G20 work streams aligns with the global goals, facilitating measurement against 2030 Agenda targets, thereby providing more visibility and continuity for the G20's contributions. In line with its efforts to generate benefits beyond G20 borders and its commitments to international and triangular co-operation, the G20 could also consider deepening its analysis on the positive and negative spillover effects of its actions, as well as extending its peer learning exercise on implementation of Agenda 2030 to non-members and on the localisation of the SDGs. Such efforts can serve to strengthen the G20's contribution to the global goals while at the same time reinforcing its global legitimacy.

ECONOMIC DIMENSION OF SUSTAINABLE DEVELOPMENT

Growth strategies

Global growth is indispensable to sustainable development, with potential to contribute to 2030 Agenda across a wide range of SDGs. In the aftermath of the 2008-09 financial crisis, the G20 was entrusted as a core mandate with the task of achieving strong, sustainable and balanced growth (with a subsequent reference to “inclusive growth”); accelerating and consolidating the post-crisis recovery; and supporting the emergence of new sources of growth. To achieve this objective, G20 members committed to apply the available monetary, fiscal and structural policy tools.

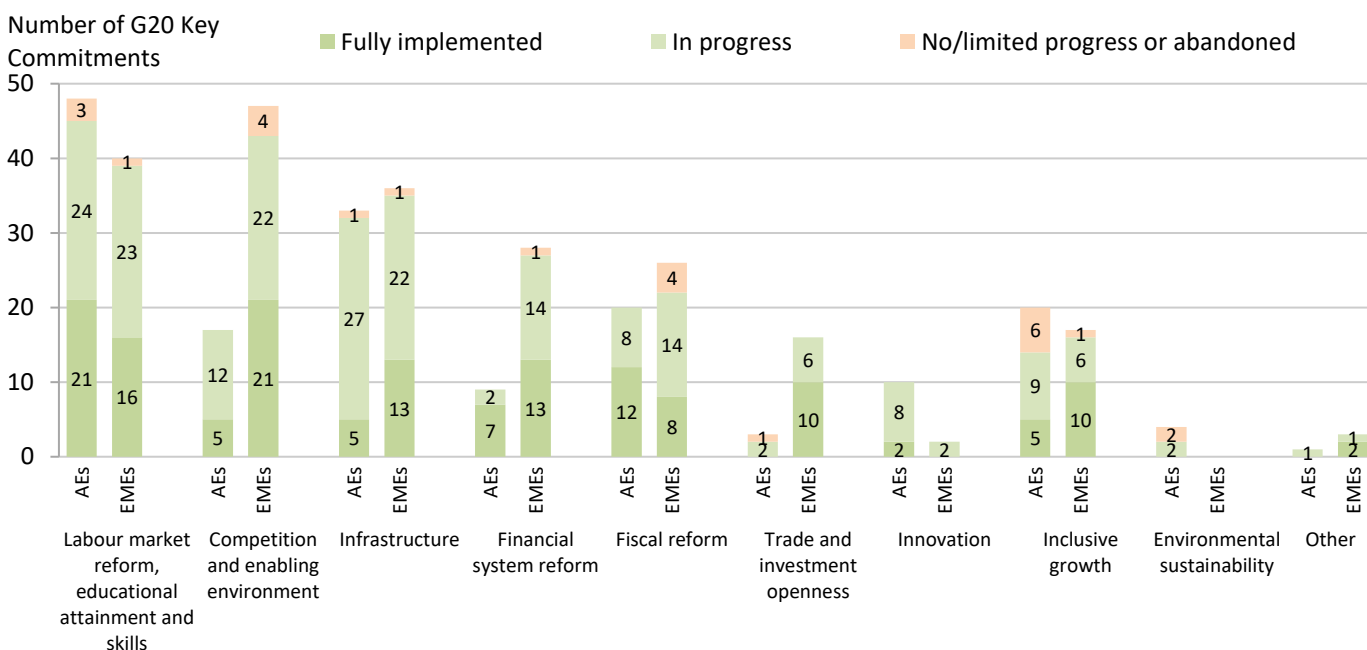
This objective translated into the adoption of Action Plans (updated every year) that encapsulated the various actions taken or considered by G20 members to spur growth. In 2014, the G20 reframed these actions in its “2 in 5” objective (2% additional growth scenario in the 5 years to 2018) focussing largely on the implementation of an ambitious structural reform agenda. Positive growth spillovers onto developing countries were expected from the “2 in 5” objective through increased demand in a more open and integrated global economy. An accommodative monetary stance in most G20 members (albeit not “co-ordinated” at G20 level) was also expected to soften financing conditions for developing countries.

The OECD’s Assessment (2018) Quantifying the Implementation and Impact of G20 Members’ Growth Strategies found that:

- Around two-thirds of the key commitment measures in the Comprehensive Growth Strategies put forward at the Brisbane Summit, as well as in the Adjusted Growth Strategies at the Antalya Summit, have been fully implemented.
- Half of the key commitment measures in the Adjusted Growth Strategies at the Hangzhou Summit and around 40% of the commitment measures in the Adjusted Growth Strategies at the Hamburg Summit have been fully implemented.
- The implementation of these commitments raised G20 GDP by around 1.3% by 2018, though there was a high degree of uncertainty around this estimate.

The assessment found only modest positive spillovers on developing countries from the implementation of the “2 in 5”, partly because of their very limited emphasis on trade-related measures. (Figure 1). Overall, while the estimated impact of Growth Strategy commitments implemented to date fell short of the aspiration of a 2% increase in G20 GDP by 2018, the OECD assessment foresaw they could raise G20 GDP above the 2% increase by 2021.

Figure 1: Implementation progress of Hangzhou and Hamburg growth strategies



Note: Presentation along G20 Enhanced Structural Reform Agenda priority areas with advanced economies (AEs, left column) and emerging economies (EMEs, right column) presented separately

Source: Assessment by the authors, 2019

Continued G20 commitment to strong, sustainable and balanced growth can support global prosperity, including through positive spillovers on non-G20 countries. In 2019, under Japan's Presidency, the G20 is taking up two themes, "global imbalances" and "ageing", as core aspects of the growth strategy, among a wide spectrum of issues relevant to growth discussion. These discussions are helping countries to identify relevant and effective policy responses to achieve strong, sustainable, balanced and inclusive growth. In the future, consideration of the risks posed by climate change and other environmental challenges and their impact on sustainable growth could help support G20 countries to assess the economic benefits of transformation towards sustainable development, as well as the potential costs of inaction.

Domestic resource mobilisation

Domestic resource mobilisation (DRM) is the primary source of financing for development. Public revenues are sub-optimal in many developing countries, however, with many developing countries having tax-to-GDP ratios below 15%, a widely perceived minimum needed for a minimally effective state. Overall, the ratio for the 53 developing countries in the OECD Revenue Statistics is 19.1%, compared with 34% for the OECD. Increasing the tax-to-GDP ratios across developing countries by just 1% would provide an extra USD 250 billion in revenues in developing countries.

Since 2009, the G20 has made great strides in its agenda to enhance international tax co-operation, eliminate tax fraud and reduce tax avoidance globally as well as to strengthen domestic resource mobilisation in developing countries, one of its flagship initiatives and perhaps its major achievement.

The Global Forum on Transparency and Exchange of Information (EOI) for Tax Purposes, hosted by the OECD, has now 154 members committed to implementing and monitoring international standards on EOI. With G20 support, a powerful EOI infrastructure has been established, with both the Global Forum standards of EOI on request and Automatic Exchange of Information (AEOI) providing an effective suite of international tax compliance tools. Exchanges under the AEOI standard commenced in 2017 represent a major shift in international tax transparency and the ability of jurisdictions to tackle offshore tax evasion. Information on 47 million offshore accounts – with a total value of around 4.9 trillion Euros – has been exchanged for the first time in 2018. The OECD's analysis shows that automatic exchange of information has resulted in a decline of 20% to 25% of bank deposits in international financial centres. Since 2009 and leading up to the implementation of AEOI, governments have identified over EUR 95 billion in additional revenue through voluntary compliance mechanisms and other offshore investigations. Now that the Common Reporting Standard is fully implemented, this amount should stabilise and countries will annually collect taxes on the income generated by the disclosed assets.

The OECD/G20 Inclusive Framework (IF) on Base Erosion and Profit Shifting (BEPS) was established to promote the broad and consistent implementation of the BEPS package, developed by the OECD and the G20 in 2015 to support governments in addressing the gaps in the international tax system. In 2019, 129 countries and jurisdictions, accounting for over 90% of the world's GDP, work on an equal footing through the IF to develop tools and approaches for combating tax avoidance and to tackle the challenges arising from the digitalisation of the economy. To date, 21 000 previously secret tax rulings have been exchanged, significantly reducing the potential for "sweetheart" deals that deprive other countries of their revenues. Since 2015, more than 250 regimes have been reviewed, with almost all regimes identified as harmful being amended or abolished, benefiting countries at all levels of development. Furthermore, 70 percent of the membership of the Inclusive Framework on BEPS are non-OECD and non-G20 countries and jurisdictions from all geographic regions in the world.

Pursuant to its Call to Action for Strengthening Tax Capacity in Developing Countries in Antalya, the G20 has supported collaborative initiatives such as the IMF/OECD/UN/WBG Platform for Collaboration on Tax (PCT) and the OECD/UNDP Tax Inspectors Without Borders (TIWB). Since its establishment, the PCT has made progress in intensifying the co-operation between international organisation on tax issues, including developing toolkits and reports for low-capacity countries in implementing BEPS standards and the medium-term revenue strategy (MTRS) as an important joint approach for co-ordinated and sustained support to country-led comprehensive tax reform. Eighteen countries have expressed interest in taking an MTRS approach to their revenue system reform efforts. In 2018, the PCT held its first global conference and submitted its work plan to the G20 Finance Ministers and Central Bank Governors, followed by a progress report in June 2019.

The TIWB initiative, launched in 2015, has grown significantly, with 63 programmes ongoing and completed in 36 countries across the globe and a further 27 programmes in the pipeline. Tax administrations supported by TIWB are reporting a range of positive outcomes: the cumulative increase in revenue collections reported to date is USD 470 million, representing an average of over USD 100 in additional tax revenues recovered for every USD 1 spent on operating costs. In addition, the

International Monetary Fund and World Bank are also providing technical assistance for DRM such as the Revenue Mobilization Trust Fund, the Tax Administration Diagnostic Assessment Tool and the Global Tax Program. Support is also extended to better equipping developing countries to fight tax crime and trade misinvoicing, a key means to address illicit financial flows (IFF). By the end of 2018, several G20 members had supported the training of over 700 investigators from more than 90 countries through the OECD International Academy for Tax Crime Investigation in Italy and Argentina, as well as through the Africa Academy for Tax and Crime Investigation in Kenya. In addition, an Asia Academy for Tax and Financial Crime Investigation has been established in Japan in June 2019.

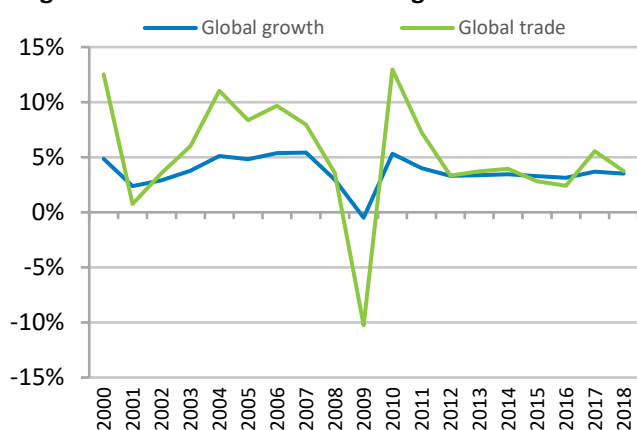
Looking ahead, the G20 commitment and contribution to strengthening DRM in developing countries will be paramount and could yield major gains for developing countries. In particular, G20 collective actions are needed to improve countries' tax policies and administration, revenue collection and statistics, and international co-operation on tax to combat IFF. Building on the implementation of the G20/OECD BEPS Project and the AEOI standard, the G20 aims to deepen an inclusive process of international tax co-operation for the setting, monitoring and implementation of international taxation standards and to find a consensus-based solution to address the tax challenges arising from the digitalisation of the economy by 2020.

Trade and investment

International trade and investment supports the world economy and development. G20 policy decisions in this area have a strong impact on global growth, international trade and investment flows, and their organisation into global and regional value chains. In addition, G20 members account for 70% of aid for trade flows⁴ and around the same share of global foreign direct investment (FDI) flows.

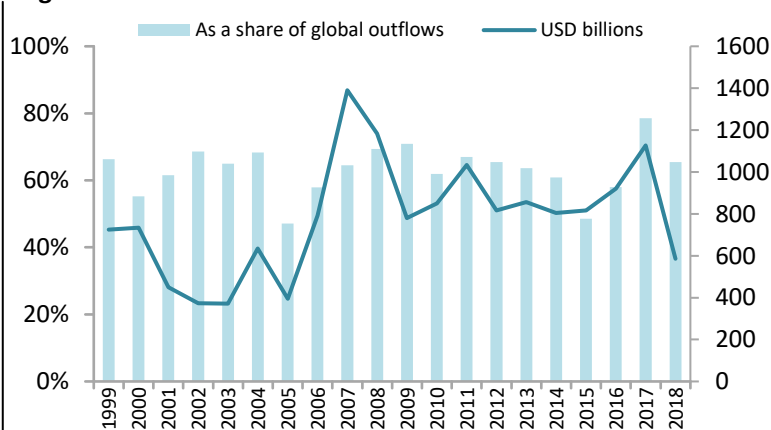
G20 co-operation has been critical, as the global economic crisis marked a structural shift in the relationship between global growth and international trade and investment trends. As Figure 2a shows, global trade growth is no longer higher than global growth. Meanwhile, Figure 2b shows that global FDI flows were flat for several years following the crisis before rising in 2015, only to fall again since then.

Figure 2a – Global GDP and trade growth



Source: OECD Economic Outlook Database ([link](#))

Figure 2b – FDI flows from the G20 economies



Source: OECD Foreign Direct Investment statistics database ([link](#))

In the aftermath of the crisis, the G20's efforts helped to revive international trade and to facilitate the integration of developing countries in international trade and global value chains (GVCs), thereby contributing to progress towards a wide range of SDGs, including SDG 8 on economic growth, SDG 10 on inequalities within and among countries, and SDG 17 on strengthening the global partnership. Developing countries deeply involved in GVCs have been able to leverage this

⁴ Since 2015, total disbursements for aid for trade amounted to USD 745 million. The aid for trade initiative, developed by the World Trade Organization (WTO) and OECD, seeks to mobilise resources to address the trade-related constraints identified by developing and least-developed countries.

involvement to achieve rapid productivity growth, gains in modern sector employment, and impressive rises in living standards and declines in poverty.⁵ The G20's Trade and Investment Working Group (TIWG), founded in the Chinese Presidency, is a non-negotiating forum that promotes dialogue, understanding and consensus on trade and investment issues. For example, the group's work has led to Leader-level action on the following issues:

- *Keeping markets open and reforming the multilateral trading system:* At the first G20 Leaders' Summit in Washington in 2008, the G20 underscored "the critical importance of rejecting protectionism" and committed to "refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions or implementing WTO inconsistent measures to stimulate exports" within the next 12 months. This "standstill" was subsequently extended until its expiry at end-2018. Regular joint monitoring of trade and investment measures by WTO, UNCTAD, OECD and the WBG provides an important insight into changes in the trade environment, the implementation of the standstill agreement since 2009⁶ and recent increases in the number and coverage of trade-restrictive measures in the context of trade tensions. On international investment, G20 members have made collective progress in removing barriers to international capital flows. Most recently, the G20 Buenos Aires Leaders' Declaration underlined the vital importance of trade and investment in supporting growth, productivity, innovation, job creation and development, and recognised the contribution of the multilateral trading system. While noting that the system is currently facing challenges and that there is room for improvement, Leaders agreed to support the necessary reform of the WTO to improve its functioning. A well-functioning multilateral trading system is a global public good contributing to the achievement of the SDGs.
- *Trade facilitation:* Since the 9th WTO Ministerial Conference in Bali, which agreed the WTO Trade Facilitation Agreement (TFA), the G20 has been consistently calling for ratification and implementation of the TFA. Implementation of the TFA is of paramount importance: OECD analysis finds that the WTO TFA can generate trade cost reductions for countries of between 14% and 18%, with the largest gains accruing to developing countries. The G20 has led by example: the G20 as a group committed to ratify the TFA and delivered on this obligation in January 2018 and ratifications worldwide are on the rise, with 141 WTO members having ratified the TFA by January 2019.
- *Global value chains (GVCs):* The Chinese G20 Presidency in 2016 emphasised G20 actions to promote further inclusion of developing countries in international trade and to promote more inclusive GVCs. In 2017, the German G20 Presidency called for policies that encourage greater participation, value addition and upward mobility in GVCs by low-income and developing countries. Argentina's Presidency in 2018 discussed agro-food GVCs as one of the important means to achieve a sustainable food future, with a particular focus on the issues and gains for developing countries. Under Japan's Presidency in 2019, G20 members are contributing examples of policies and practices for business aimed at making GVCs more inclusive, including for developing countries and small and medium-sized enterprises (SMEs), as part of the Presidency's broader commitment to mainstreaming the achievement of the SDGs across the different G20 work streams, including in the TIWG.
- *Trade and the digital economy:* In 2016, China highlighted promoting e-commerce development as one of the most important strategies for global trade growth. In 2017, Germany included a specific focus on the issues for developing countries, as well as advancing discussions on mapping and measuring digital trade. In 2018, the Argentinian priority theme Trade and Investment in the New Industrial Revolution (NIR) continued the useful discussion of the challenges and opportunities that the NIR opens for trade and investment and included a specific focus on what these technological changes mean for developing economies. Japan's G20 Presidency has continued discussions on trade and the digital economy, again including a focus on issues for developing countries.
- *Principles for Global Investment Policymaking:* In 2016, the G20 agreed on nine non-binding Guiding Principles for Global Investment Policymaking that provide guidance for investment policymaking with a view to fostering an open, transparent and conducive global policy environment for investment and promoting coherence in national and international investment policymaking and promoting inclusive economic growth and sustainable development.

⁵ For further information, see the [Global Value Chain Development Report 2017](#).

⁶ The reports on G20 trade and investment measures, released in November 2016, noted that: "It is imperative that G20 economies ...re-double their efforts to deliver on their commitment to refrain from taking new protectionist measures and roll back existing ones [...]". www.oecd.org/daf/inv/investment-policy/16th-Report-on-G20-Trade-and-Investment-Measures.pdf

- In addition, the discussion on steel excess capacities started in the preparatory TIWG meeting of the Shanghai trade ministerial meeting (July 2016⁷) and resulted in the decision by G20 Leaders, at the Hangzhou Summit, to establish the Global Forum on Steel Excess Capacity (which was formally established in December 2016 in Berlin). The Global Forum has made great contribution in addressing the challenges of excess capacity to enhance market function and encourage adjustment.

Current trade actions reflect the tensions that have built up in the global trading system over time. There is, however, clear evidence of the benefits of keeping markets open through international co-operation. The multilateral trading system has played an important role in ensuring that international trade and investment are engines of growth, productivity, innovation, job creation and development, and G20 members support the necessary reform of the WTO to improve its functioning. Moreover, by continuing to implement their Strategy for Global Trade Growth (2016), G20 members can lead by example and, guided by the imperatives of SDGs, continue to support mechanisms such as aid for trade in developing countries, including for capacity-building.

Agriculture, food security and nutrition

Food security and nutrition are persistent global concerns. The 2030 Agenda reflects the critical role of the global food and agriculture system in producing safe and nutritious food to meet a growing demand, contributing to the sustainable management of natural resources, adapting and mitigating climate change, and generating jobs and incomes. For developing countries, particularly in Africa, agriculture and the rural non-farm economy are critical for overall economic development, structural transformation and employment creation. Nevertheless, after more than a decade of continuous reduction in the prevalence of undernourishment up to 2015, this trend seems to have halted. According to the Food and Agricultural Organisation's (FAO) *State of Food Security and Nutrition in the World* (2018), the absolute number of undernourished people has been on the rise since 2014, reaching an estimated 821 million in 2017, almost 11% of the world's population.⁸ Addressing global food security and nutrition objectives is a multidimensional global challenge. The agricultural sector can contribute to these objectives by achieving sustainable productivity growth and protecting the natural resources base of future growth, but it also hinges upon the success of countries' overall strategy for rural development, economic transformation, job creation and gender equality.⁹ For example, the food economy is the biggest employer in West Africa, accounting for 66% of total employment (SWAC, 2018). While the majority of food economy jobs are still in agriculture, off-farm employment in food-related manufacturing and service activities is increasing as the food economy adapts to rapid population growth, urbanisation and rising incomes. Off-farm employment and the food economy play a particularly important role for women.

G20 members' domestic actions have a significant impact on global food security and nutrition. On the supply side, total factor productivity (TFP) – i.e. techniques and innovations that greater production with fewer resources in a sustainable way – has significantly increased in G20 members over time (USDA, 2018).

The G20 has also contributed to global progress on food security through a number of initiatives and collective actions. Food security, productivity and sustainability have been at the core of successive G20 Agricultural Ministers' declarations and the adoption of the G20 Food Security and Nutrition Framework. In recent years, particular emphasis has been put on the sustainable use of natural resources (water in 2017, soils in 2018, innovation in 2019). The G20 also focuses on agro-food value chains and the need for collaboration to tackle global challenges, and supports developing countries' efforts at promoting rural development, with an initiative on rural youth unemployment.

⁷ “10. The G20 steelmaking economies will participate in the global community's actions to address global excess capacity, including by participating in the OECD Steel Committee meeting scheduled for September 8-9, 2016 and discussing the feasibility of forming a Global Forum as a cooperative platform for dialogue and information sharing on global capacity developments and on policies and support measures taken by governments.” G20 Trade Ministers Meeting Statement 9-10 July 2016, Shanghai (www.wto.org/english/news_e/news16_e/dgra_09jul16_e.pdf)

⁸ The most frequent indicator used for hunger is the prevalence of undernourishment, the first indicator for SDG 2 (www.fao.org/sustainable-development-goals/goals/goal-2/en/). G20-specific data on this indicator is incomplete.

⁹ 79% of the economically active women in the least developed countries are engaged in agriculture (Doss, 2014), and despite women's contributions to the food system, women account for only 12.8% of agricultural landholders in all developing countries and they often have no access to, and control over, productive resources such as land and livestock, financial services, and agricultural inputs and technology (FAO, 2016; UNDP, 2017).

Following the 2007-08 food crisis, the G20 proved its value in promoting a host of high-impact initiatives with multiple and complementary objectives that remain in place today: from enhancing the transparency of food markets, to better managing risks, to bolstering innovation, productivity and investment, to making developing countries' agriculture sectors more resilient (Box 1).

G20 collective actions have supported progress towards the 2030 Agenda in a wide range of SDGs to eradicate poverty, end hunger, improve access to safe and nutritious food, support rural development, reduce inequalities, and promote inclusiveness. However, undernutrition still needs to be combated. While public investment in agriculture globally is declining, smallholder farmers and poor rural households require greater attention, and increased investment in infrastructure and digital technology will help achieve sustainable agriculture food security and nutrition. Furthermore, since 2016, the G20 has undertaken work on information and communication technologies in agriculture. G20 efforts can increase awareness and understanding of the potential of technologies to promote agricultural sustainable productivity, contribute to the environment through the sustainable use of natural resources and create greater scope for evidence-based policy making in the sector. In the future, the G20's work on agriculture, food security and nutrition is likely to continue to play a crucial role in global sustainable development, including in developing countries, especially in Africa, for economic transformation and employment creation.

Box 1: G20 initiatives aimed at enhancing food security and raising agricultural productivity sustainably

- **Agricultural Market Information System (AMIS)** monitors markets and policies in order to avoid market disruptions and damaging policy reactions. Housed at the FAO, the Secretariat of AMIS is formed by FAO, GEOGLAM, IFPRI, IFAD, IGC, OECD, UNCTAD, the World Bank Group, WFP and WTO. Since its inception in 2011 AMIS has developed methodologies, collected data, disseminated information and promoted policy dialogue among participating countries, in particular through the Global Food Market Information Group and the Rapid Response Forum.
- **Global Agriculture and Food Security Programme (GAFSP)** provides funding for country and regional agriculture and food security investment plans. To date, it has invested in a portfolio of USD 1.4 billion in 41 countries around the world. It complements the investment from UN agencies and multilateral development finance institutions.
- **G20 Framework for Analysing Policies to Improve Agricultural Productivity Growth Sustainably** analyses countries' experience in bringing together innovation, productivity and sustainability. To date, reviews have been completed for 13 countries (of which 8 are G20 members: Australia, Brazil, Canada, the People's Republic of China, Estonia, Japan, Korea, Latvia, the Netherlands, Sweden, Turkey, the United States, Viet Nam). These reviews, undertaken by the OECD, have promoted domestic debate in reviewed countries, and provided important insights for other countries addressing these challenges.
- **Platform for Agricultural Risk Management (PARM)** supports the development of agricultural risk management policies and capacities in developing countries in the context of increasing prevalence of extreme weather events. Housed at IFAD, to date, PARM has worked in partnership with eight sub-Saharan countries (Cabo Verde, Cameroon, Ethiopia, Liberia, Niger, Senegal, Uganda and Zambia) to make agricultural risk management an integral part of their policy planning and investment plans.
- **Group on Earth Observations Global Agricultural Monitoring Initiative (GEOGLAM)** since 2011 has disseminated relevant, timely and actionable information on agricultural conditions and outlooks on production, building on existing systems where possible and developing national capacities to utilise Earth observation tools.
- **International Research Initiative on Wheat Improvement (IRIWI)**, created in 2011, contributes to creating a global Strategic Research Agenda on wheat, supporting co-ordination and sharing of knowledge and resources.
- **AgResults**, launched by G20 leaders in 2012, is a USD 118 million initiative to overcome market failure for smallholder farmers in developing countries, rewarding adoption of innovative technologies with financial incentives, including prizes (pull mechanisms for agriculture).
- **G20 Agricultural Chief Scientists (MACS)** group has held regular meetings since 2012, facilitating information exchange and co-operation on research activities and outcomes about key challenges facing the agricultural sector.
- **Tropical Agriculture Platform (TAP)**, created in 2012, focuses on knowledge sharing and capacity development in the Least Developed Countries (LDCs) located within the tropics.
- **Technical Platform on the Measurement and Reduction of Food Loss and Waste (TPFLW)**, led by FAO and IFPRI since 2015, facilitates local, national and regional level food loss and waste prevention, reduction and measurement, ensuring information sharing and contributing to policy dialogue.

Infrastructure

Infrastructure is a crucial enabler of connectivity and of sustainable and inclusive development. While estimates vary, the need for infrastructure investment from 2015 to 2030 is estimated at USD 95 trillion by 2030 (OECD, 2017). The world faces significant infrastructure investment challenges, which are greatest in low- and middle-income countries, particularly in Africa, where they limit countries' ability to boost growth and employment and advance towards the SDGs. While resource mobilisation remains a challenge in many developing countries, the biggest problem may not centre on the availability of funds but on the lack of inclusive, sustainable and bankable infrastructure projects. Key obstacles to investment in infrastructure stem, among other things, from inadequate national strategies and capacities; fragmented international frameworks; lack of connectivity; poor standardisation, efficiency and transparency in processes and methodologies; and major related financing/governance issues, all of which need to be addressed.

For these reasons, infrastructure is at the forefront of the G20's work to strengthen the structural foundations of global growth and make it more sustainable while minimising adverse impacts. Key progress to date includes:

- work to support structural reforms to facilitate cross-border/regional connectivity in developing countries and identify exemplary infrastructure projects
- reform of multilateral organisations to strengthen engagement in public-private partnerships (PPPs), project preparation facilities and multilateral development bank (MDB) balance sheet optimisation
- work on development finance and the mobilisation of private finance (e.g. PPPs, private-sector instruments and blended finance)
- engagement of institutional investors for long-term investment, governance of infrastructure and diversification of financial instruments
- improving data availability and transparency on infrastructure investment through the planned international organisations' Infrastructure Data Initiative
- establishment of the G20 Global Infrastructure Hub to improve the matching of investors to projects and of the Global Infrastructure Connectivity Alliance to support co-operation and knowledge exchange with relevant institutions and initiatives.

Under the Argentine Presidency, the G20 also pushed to find concrete ways to mobilise more private capital, under the Roadmap to Infrastructure as an Asset Class ("Roadmap"), which aims to bring about positive economic impact towards sustainable development, such as job creation and technology transfer, beyond the value of the infrastructure itself. In addition, the G20 has also brokered the agreement of new infrastructure standards, including the [G20/OECD High-Level Principles for Long-term Investment Financing by Institutional Investors](#), the [G20/OECD Guidance Note on Diversification of Financial Instruments for Infrastructure and SMEs](#), and the [G20 High Level Principles on Sustainable Habitat through Regional Planning](#).

The Financial Stability Board (FSB) issued in 2018 its "[Evaluation of the effects of financial regulatory reforms on infrastructure finance](#)", focusing on corporate and project debt financing (loans and bonds), for which the financial regulatory reforms are of immediate relevance.¹⁰ While much of the G20's infrastructure work fell out of the scope of this evaluation, it found that the effect of the G20 reforms on infrastructure finance had been of a second order relative to factors such as the macro-financial environment, government policy and institutional factors. As regards the reforms that have been largely implemented and are most relevant for this evaluation (the initial Basel III capital and liquidity requirements agreed in 2010 and over-the-counter derivatives reforms), the analysis does not identify material negative effects on the provision and cost of infrastructure finance to date.

In 2019, under Japan's Presidency, the G20 has agreed principles on quality infrastructure investment, backed up by international organisations' reference notes, which aim to maximise the positive economic, environmental, social and development impact of infrastructure and create a virtuous circle of economic activities, while ensuring sound public finances. This work is linked to the outcome of the G20 Hangzhou Summit in 2016, where Leaders confirmed the importance of quality infrastructure investment, whose objectives "aim to ensure economic efficiency in view of life-cycle cost, safety, resilience against natural disaster, job creation, capacity building, and transfer of expertise and know-

¹⁰ Public financing, constituting the bulk of infrastructure financing, was not in the scope of the study, except to the extent that such financing supports private sources, such as via credit enhancements.

how on mutually agreed terms and conditions, while addressing social and environmental impacts and aligning with economic and development strategies". Going forward, the G20's discussion in its infrastructure, development and anti-corruption working groups can continue to highlight opportunities for economic participation and social inclusion for all, while also facilitating women's empowerment and improving environmental outcomes. As such, the G20's work on quality infrastructure can provide a solid basis for the transformation needed for modern, resilient, inclusive and sustainable societies.

Financial inclusion and remittances

The importance of financial inclusion to the achievement of the SDGs is well documented.¹¹ Financial inclusion is on the rise with 69% of adults having a bank account globally, up from 51% in 2011. Digital technologies can further enable financial inclusion. However, worldwide, 1.7 billion people – around a third of all working-age adults – still do not have a bank account, and financial services remain out of reach for many people in the informal economy. In particular, it is the poor, youth, women and people belonging to vulnerable groups (such as forcibly displaced persons) who are most likely to be left behind in an era of digital transformation and suffer from lack of access to adequate financial services. Among the financially excluded are migrant workers and their families in their home countries. As sending or receiving money from abroad increases the likelihood of using an account, migrant remittances can play a vital role to improve financial inclusion, in particular in developing countries. Globally, the World Bank estimates that remittances flowing to low-income and developing countries through formal channels increased by 9.6% in 2018 to USD 529 billion, up from USD 483 billion in 2017,¹² and migrant women are responsible for more than USD 300 billion in global remittance. These amounts far outstrip official development assistance, recorded at USD 163 billion in 2017, although it should be noted that less than 7% of the 2017 remittances cited went to low income countries, compared to more than 30% of official development assistance (ODA).¹³ While remittances are a key driver to help reduce poverty, develop home countries' economic infrastructure and provide additional revenue streams for the financial sector, financial inclusion efforts must also include expanding access to financial services to excluded population e.g. through digital solutions, addressing financial system challenges and promoting SME financing.

Globally, G20 members are source countries for 75% of migrant remittances, with outflows from these countries reaching USD 290 billion in 2017. While the G20's work to reduce the cost of remittances spans more than a decade, in 2016 the G20 aligned its previous goal with the 2030 Agenda's to reduce to less than 3% the cost of remittances and to eliminate remittance corridors with costs higher than 5% by 2030 (SDG 10). Achieving this goal would, at a minimum, generate an extra USD 25 billion per year by 2030. Work on remittances is contributing to positive results. From 2011-18, the World Bank's Remittance Prices Worldwide database recorded a drop in the global average remittances cost from more than 9% to less than 7%. Moreover, more than half of the remittance corridors tracked worldwide had accessible services with costs lower than 5%. Nevertheless, the cost of sending money home varies depending on where it is being sent, with sub-Saharan Africa remaining the costliest destination for remittances.

To deliver on its commitments, the G20 has established the Global Partnership for Financial Inclusion (GPFI), together with implementing partners. The G20 Financial Inclusion Action Plan (2017) incorporates ten Action Areas to increase financial inclusion for all, including the most vulnerable, individuals and businesses, in the formal and informal economy. These include work focused on SME finance, regulation and engagement with the global financial sector standard-setting bodies, markets and payments systems, financial consumer protection, and financial literacy. As an example of this latter theme, a 2017 comparative study (the "G20/OECD INFE report on adult financial literacy in G20 countries") found the G20's work is helping countries to benchmark themselves against their peers, drawing on lessons and policy approaches. On other areas of its work programme, digital solutions promise to boost financial inclusion by bringing new service providers such as mobile network operators (MNOs) and fintechs into the sector, with extraordinary results in some developing countries: according to the Global Findex, sub-Saharan Africa is the global leader in mobile money with 21% of adults in the region having a mobile money account on average. Since the establishment of the GPFI in 2010, important progress has been made. In 2018, for example, G20 Leaders endorsed the Policy Guide on Digitisation and Informality, to assist policy makers to

¹¹ www.cgap.org/research/publication/achieving-sustainable-development-goals

¹² <https://www.worldbank.org/en/news/press-release/2018/04/23/record-high-remittances-to-low-and-middle-income-countries-in-2017>

¹³ Official development assistance provided through both bilateral and multilateral channels by all official donors reporting to the OECD Development Assistance Committee (DAC), including Arab donors, Turkey and Russia (current US\$).

harness digitisation to financially include those individuals and micro small medium enterprises (MSMEs) in the informal economy. Ongoing encouragement from the G20 has been particularly effective with the global standard-setting bodies, which have increasingly recognised the importance of financial inclusion to the achievement of their core objectives.¹⁴

In 2019, in line with the priorities of the Japanese Presidency, the GPMI expanded the gamut of its work to include ageing, which advances faster in developing countries than in developed ones, and its policy implications: the elderly, facing cognitive decline, health and mobility issues, social isolation, and increasing financial strain, can become vulnerable with data indicating that elderly women face some of the greatest challenges (Global Findex database, 2017). Indeed, inequalities in income, decent work, access to education and health across the life cycle accumulate and expose many women to poverty in old age (UNDP et al., 2017). In 2019, the GPMI has partnered with the OECD, the Alliance for Financial Inclusion, the Better Than Cash Alliance and FinCoNet to develop the eight G20 Fukuoka Policy Priorities¹⁵, which are designed to help policy makers and other stakeholders to identify and address the opportunities and challenges relating to financial inclusion of older people. These priorities address both supply-side and demand-side issues including, for example, the importance of: strengthening digital and financial literacy; developing customised responses to the needs of older people (i.e. through design of financial products); harnessing technology to develop solutions where relevant; and protecting older people from the risk of financial abuse, frauds and scams. The G20/OECD Task Force on Financial Consumer Protection and the OECD/INFE will be taking forward further related work on this issue. Other issues for future consideration include how increasing financial inclusion can be better accompanied by measures to enhance financial consumer protection (e.g. responsible usage of personal data) and how digital financial literacy can best be leveraged to achieve further sustainable development outcomes.

Industrialisation

Industrialisation is a powerful propellant of economic and productivity growth. With SDG 9, the international community has recognised the key contribution of industry to sustainable development. However, progress has been slow in terms of structural transformation in many developing countries, especially in sub-Saharan Africa and LDCs. While the 2030 Agenda aims to significantly raise industry's share of employment and GDP and double its share in LDCs, value added in manufacturing as percentage of GDP has been falling in sub-Saharan economies for two decades, only recently rebounding from its lowest level in 2011.¹⁶ African countries confront compounding challenges: rapid population growth with a projected increase in workforce of 156% by 2050 and accelerating urbanisation. This confluence of trends could either lead to remarkable advances in wealth through economic dynamism or result in unemployment, underemployment and economic malaise.

In 2016, the G20 responded to the structural transformation challenge in Africa and LDCs through industrialisation, by launching the Initiative on Supporting Industrialisation in Africa and LDCs. The Initiative draws on a comprehensive United Nations Industrial Development Organization (UNIDO) study of the issue. In the following year, the G20 doubled down on its ambition to promote sustainable development in Africa – through structural transformation and by other means – by launching the G20 Africa Partnership. The G20 Africa Partnership, as an overarching framework for several initiatives, contributed directly and indirectly to the SDS Industrialisation through its constituent initiatives by addressing a variety of development challenges such as increasing private investment, developing rural areas, empowering women and girls, and supporting entrepreneurship.

While considerable efforts have been and are being made by G20 members and other stakeholders to accelerate structural transformation in Africa and LDCs, success stories remain limited. By proposing voluntary policy options, the 2016 G20 Initiative left implementation and monitoring primarily to interested parties. The Development Working Group is expecting a report on progress regarding the initiative in 2019, which will give an overview of actions and achievements since 2016.

By all indications, structural transformation will remain a key obstacle for many developing countries, particularly in Africa, over the next decade. The G20 has succeeded in raising awareness of this challenge and taking some steps to

¹⁴ Central banking and innovation: partners in the quest for financial inclusion; Speech by Mr Agustín Carstens, General Manager of the BIS, at the Reserve Bank of India, C D Deshmukh Memorial Lecture, Mumbai, 25 April 2019 at www.bis.org/speeches/sp190425.htm

¹⁵ *G20 Fukuoka Policy Priorities on Ageing and Financial Inclusion*, GPMI and G20 FMCBG, June 4, 2019

¹⁶ World Bank Group data and African Union/OECD Africa's Development Dynamics report (Reference)

addressing it, but developing countries will need continuous political support in order to harness new technologies and modernise production systems. Another important consideration is the role of ancillary service industries. The prospect of greater regional integration in Africa, with the agreement to implement a Continental Free Trade Area and deepen integration in areas such as aviation and transport, and the increasing consumption related to urbanisation, notably in intermediary cities, open up new opportunities for enterprise development and regional value chains. The G20 can play an important role in supporting this dynamism through its initiative on industrialisation and for rural youth employment.

International financial architecture

A stable, resilient and inclusive global financial system is a cornerstone for sustainable development. Since its inception, the G20 has been working to support the reform of the international financial architecture – such as reforms at the IMF and within the World Bank Group – which strengthens the resilience of the global financial system while preserving its open and integrated structure.

The G20 established the International Financial Architecture Working Group (IFAWG) in 2012 to provide political impetus and weight for this reform agenda, and recognised in 2016 the need for the international financial and monetary system to tackle the evolving challenges of heightened capital flow and asset price volatility, as well as their financial spillover effects, against the background of diverging monetary policies in many countries. The IFAWG agreed on action-oriented measures in subsequent work plans.¹⁷

In Hamburg in July 2017, leaders of the G20 endorsed the Hamburg Action Plan and reasserted their support to “enhance the international financial architecture and the global financial safety net with a strong, quota-based and adequately resourced IMF at its centre”.¹⁸ At the Summit in Buenos Aires in 2018, the G20 Leaders agreed to work towards enhancing debt transparency and sustainability, and improving sustainable financing practices by borrowers and creditors, both official and private and welcomed the report of the G20 Eminent Persons’ Group on Global Financial Governance.¹⁹

This work is well aligned with the 2030 Agenda, which calls for strengthening the voice and participation of developing countries in global international economic and financial institutions (SDG 10; 16.8). To enhance the international financial architecture, the G20 is working to i) strengthen further the Global Financial Safety Net, with a strong, quota-based and adequately resourced IMF at its centre; ii) monitor and discuss the risks associated with volatile international capital flows; iii) improve the effectiveness of financing for development in low-income countries; and iv) optimise MDBs’ balance sheets and discuss the role of MDBs as a system. In addition, the G20 also works towards SDG 17 and AAAA, which will have resolved to promote the orderliness and predictability of sovereign debt restructuring processes and strengthening debt sustainability mechanisms while keeping a strong focus on global financial stability in low income and developing countries. In 2017, the G20 endorsed the Hamburg Principles and Ambitions on crowding-in private finance, which provide a common framework among MDBs and quantify MDBs’ ability to crowd-in private funds and encourage further work to better assess and foster additionality.

Key achievements in this area to date include:

- Broad support among G20 members to ensure that the IMF remains strong, quota-based and adequately resourced, so that it can play its role at the centre of the GFSN. As such, G20 members are helping to achieve more effective co-operation between the IMF and the Regional Financing Arrangements, while respecting their mandates.
- Recognition that volatility in financial markets and capital flows underscores the importance of continued monitoring of cross-border capital flows and examining tools to help countries harness their benefits while also managing risks. The G20 has acknowledged the important role of the IMF’s Institutional View on capital flows in providing a systematic and consistent macroeconomic policy framework to help inform its 189 member countries on how best to handle capital

¹⁷ IFA Working Group Terms of Reference, January 2016.

¹⁸ Hamburg Action Plan, www.consilium.europa.eu/media/23546/2017-g20-hamburg-action-plan-en.pdf, and IFA Final Report, 2019, www.g20.utoronto.ca/2018/g20_ifa_wg_2018_-_final_report.pdf

¹⁹ 2018 G20 Leaders’ Declaration “Building consensus for fair and sustainable development” at www.g20.utoronto.ca/2018/buenos_aires_leaders_declaration.pdf.

flows, while considering country-specific circumstances, including in the current context of capital flow reversal risks. On several occasions, the G20 has also recognised the value of the OECD Code of Liberalisation of Capital Movements. It encouraged those G20 countries that have not yet adhered to the code to consider doing so, taking into consideration country-specific circumstances.²⁰ The code, which is open to all countries, supports countries on their path towards capital flow liberalisation with the aim of maintaining market confidence and attracting high-quality capital for sustainable and balanced economic development.

- On rising debt vulnerabilities in low-income countries, based on the 2017 G20 Operational Guidelines for Sustainable Financing (OGSF), the G20 underscores the importance of the IMF's and World Bank's multipronged approach on strengthening public debt transparency, supports the ongoing work of the Paris Club, and encourages the adoption of sustainable financing practices by all borrowers and creditors, both public and private, including the use, among others, of IMF-World Bank Debt Sustainability Analyses and IMF/WB debt limits policies. The G20 welcomes the completion of the voluntary self-assessment of the implementation of the OGFS and the IMF/WB note on the survey results and policy recommendations.
- The G20 has also provided important political impetus to the reform efforts of multilateral development banks, through members' respective governance frameworks and in accordance with their mandates²¹. In 2019, G20 Finance Ministers welcomed the MDBs' report on value for money, noting that they looked forward to further work on indicators where harmonization is relevant, affordable and final provides clear benefits.

To build on this progress and further strengthen the GFSN, work continues on IMF resources and governance reform, and the 15th General Review of Quotas is to be concluded by no later than the 2019 Annual Meetings. The G20 may require future instruments to ensure predictability and flexibility in dealing with sudden reversal of capital flows, in close co-operation with relevant international financial institutions within their respective mandates to further improve effective responses to macroeconomic and financial risks and provide appropriate responses to the needs of low-income and developing countries.

²⁰ See G20 Finance Ministers and Central Bank Governors, 18 March 2017, Baden Baden, at www.g20.utoronto.ca/2017/170318-finance-en.html.

²¹ For example, to increase lending through balance sheet optimization. based on the MDB Action Plan to Optimize Balance Sheets endorsed by G20 Leaders at the November 2015 Antalya summit.

SOCIAL DIMENSION OF SUSTAINABLE DEVELOPMENT

Human resource development, employment and education

The world is confronting a deep and fast-paced technological transformation that requires people to be equipped with the right skills for a digital and technology-intensive economy. At the same time, increased human longevity and the rapidly changing nature of work increase the demand for access to adult learning. Training and education systems have to be upgraded and adapted to provide the right tools and transferable skills throughout life – from initial education and certification to professional training and lifelong learning opportunities – by re-skilling and up-skilling. Furthermore, despite significant progress in access to education globally, developing countries continue to face challenges that deserve specific attention.

Responding to this challenge, the G20 has placed increasing emphasis on the following global policy priorities for collective actions:

- promoting more and better-quality jobs, through an integrated approach to achieve full and productive employment and high-quality work for all²²
- supporting human resource development through education, quality apprenticeships and training to enhance vocational skills development and lifelong learning²³
- increasing the inclusiveness of labour markets by closing the gender gap, reducing the number of young people left behind
- identifying solutions for groups with particular needs, such as children in the first years of their lives, rural youth in developing countries, and women and girls.²⁴

In 2019, the G20 expanded this agenda to discuss quality education for human capital investment and came back to the question of how trends on ageing and other demographic changes are shaping workforce demand and supply, after having launched the G20 Initiative for Rural Youth Employment and on digital skills for women and girls (#eSkills4Girls) in 2017 to address the youth bulge in many developing countries, particularly in Africa, and the Initiative on Early Childhood Development in 2018, affirming the importance of early childhood as the foundation for future health and well-being.

The G20's actions in these areas are contributing to progress across the 2030 Agenda. In ongoing contributions to the 2030 Agenda, the G20 is continuing work towards its target to narrow the gender gap in labour force participation by 25% by 2025 in G20 members (taking national circumstances into account). However, while the OECD's monitoring of the gender gaps in labour force participation shows good progress is being made in many countries, further efforts will be needed to meet the target. The G20 has also made some progress on its target to reduce the share of young people who are most at risk of being permanently left behind in the labour market by 15% by 2025. However, far too many remain on the margins of the labour market.

In the future, better mobilising the talents that women can bring to the labour market and addressing the inequalities in the gender division of paid and unpaid work will be a key condition for stronger and more inclusive growth. UNDP and UNWomen estimate that interventions in increasing female labour force participation and educational attainment by 2030 will raise global GDP by 3.6% or USD 4.4 trillion (UNDP, UNWomen, 2018). With its target on female labour force participation and the G20 #eSkills4Girls initiative to address the gender digital divide in the global North and South, the G20 has already made important contributions in this respect. While the new, more flexible, forms of employment that are opening up as a result of new technologies could provide one way of making the labour market more inclusive, these will need to be accompanied by more training opportunities, and better employment and social protection policies to prevent exploitation, taking into account international standards such as the UN Guiding Principles on Business and Human Rights as well as the International Labour Organisation Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration) and the OECD Due Diligence Guidance where applicable.

²² See the G20 Framework on Promoting Quality Jobs which was endorsed in 2015.

²³ See the G20 Training Strategy (adopted in 2010) and the G20 Skills Strategy (adopted in 2015).

²⁴ In 2012, G20 Leaders committed to the Brisbane goal of reducing the gender gap in labour force participation by 25% by 2025 from its level in 2012. In 2015, G20 Leaders committed to the Antalya goal of reducing the share of young people who are most at risk of being permanently left behind in the labour market by 15% by 2025.

A key contribution to ending occupational segregation and increasing inclusiveness of labour markets is the recognition of the underlying cause for severe constraints of women's workforce participation and educational attainment: the overwhelmingly unequal demands that women face regarding household and care responsibilities.

Global health

Human health and well-being lies at the core of the 2030 Agenda, the SDGs and the pledge to leave no one behind. It is also a central element of human dignity and human rights, fundamental to human capital and development. As a public good and a necessary component for socio-economic stability, global health is also a key driver of inclusive growth. In addition to persistent health challenges, emergencies – such as those arising from outbreaks of infectious diseases – can overwhelm health systems, spill into other sectors and even shut down economies. Ultimately, these health threats can hold back or even reverse a myriad of gains for sustainable development.²⁵

For the G20, work on health emergencies first surfaced with the outbreak of the Ebola Crisis in 2014 (see box 2). In 2017, the G20 agreed to collectively respond to health emergencies and to tackle the challenge of antimicrobial resistance (AMR), resulting in the establishment of the Global AMR Research and Development Hub and strengthened commitments to develop and implement National Action Plans²⁶ against AMR. In 2018, the issue of child obesity attracted the G20's attention, along with endorsing international initiatives to assist countries' work towards UHC, including, in 2019, joint work between the Health and Finance tracks on health financing for developing countries to achieve UHC.

Box 2: The example of the West Africa Ebola crisis

In 2014, in the midst of the West Africa Ebola crisis, G20 leaders made their first G20 commitments on global health, highlighting the G20's comparative advantage in addressing “longer-term systemic issues and gaps in capability, preparedness and response capacity that expose the global economy to the impacts of infectious disease” and announcing a range of measures to strengthen national, regional and global preparedness against threats posed by infectious diseases to global health. Overall, by the end of 2015, over US\$3.6 billion was spent in responding to the outbreak, which had been estimated as costing US\$2.2 billion in lost GDP to Guinea, Sierra Leone and Liberia. Response to the current Ebola virus outbreak in the Democratic Republic of Congo is one example of how G20 efforts in mobilising resources for the prevention and control of Ebola have contributed to the effectiveness of international efforts. The goal to strengthen health systems is now at the heart of G20 efforts to achieve universal health coverage (UHC), including by ensuring sustainable financing, responding to demographic challenges such as ageing societies and strengthening countries capacity to respond to health emergencies including in low income and developing countries and by improving preparedness for dealing with global health threats. These issues were also discussed at the sixth Tokyo International Conference on African Development (TICAD VI), with the aim of increasing synergies between G20 and TICAD VII in 2019.¹

Much progress is still required to ensure health services for all and reduce health inequities. Between 2015 and 2030, a cumulative projected USD 11.2 trillion will be lost in economic output from low-income and developing countries (LIDCs) from preventable mortality²⁷. Meanwhile, advancing UHC by 2030 would require, on average, an additional USD 58 per capita per year across 67 LIDCs, and many countries are projected to face funding shortfalls which will hamper their efforts to attain UHC²⁸. To support progress towards the 2030 Agenda, in 2019 G20 Leaders and finance and health ministers have raised the need for action, with a specific focus on strengthening health financing for UHC through a

²⁵ According to Jamison, Lau and Wang (2005), an estimated 11% of GDP gains in developing countries between 1970 and 2000 were due to reduced adult mortality rates, in Jamison, D., L.J. Lau and J. Wang (2005), Health's contribution to economic growth in an environment of partially endogenous technical progress, in Lopez-Casasnovas et al. (eds.), *Health and Economic Growth: Findings and Policy Implications*, Cambridge, MIT Press.

²⁶ The original commitment on National Action Plans was through the Tripartite (WHO/FAO/OIE) in 2016.

²⁷ Defined here as preventable given effective and timely health care. Alkire, BC., Peters, AW., Shrimme, MG, Meara, JG (2018), The economic consequences of mortality amenable to high quality health care in low and middle income countries, *Health Affairs*, 37:6, pp 988-966

²⁸ WHO, “Public Spending on Health: A closer look at global trends”, 2018. www.who.int/health_financing/documents/health-expenditure-report-2018/en/

cross-government and whole-of-society approach. To underline this commitment, in September 2019 the G20 will support the UHC High-Level Meeting in the margins of the United Nations General Assembly.

Inclusive business

The base of the economic pyramid (BoP) accounts for approximately 4 billion to 4.5 billion people who earn less than USD 8 per day (PPP, 2005) with a collective purchasing power of USD 5 trillion/year. Inclusive business (IB) models create wealth *with*, not *at* the BoP. This means that IBs go beyond single-transaction interactions with the BoP, and promote skills development, education, financial assistance and other development solutions. As such, inclusive businesses can function as an effective private sector catalyst for achieving sustainable development across a wide range of SDGs. However, insufficient financing together with unfavourable government regulations is often viewed as the main barriers to inclusive business. Indeed, IB requires a healthy corporate ecosystem to survive and thrive: This involves legislation to support and encourage the creation of and transition towards IB models, incentive schemes as well as reliable and communicable market information.

Since the G20's adoption of a working definition for inclusive business in 2011, IB has become increasingly central to the G20's development strategy. The global Inclusive Business Framework, established in 2015, outlined both the conceptual parameters for IB models and how inclusive businesses function. At their 2015 summit, G20 leaders also issued a global multi-sector call to action to work on IB and the G20 Global Platform on Inclusive Business (GPIB) was launched the following year to disseminate good practices. The latter has been re-launched with enriched content and design in 2018. The G20 is aimed to promote IB as an overarching approach to foster private sector's contribution to sustainable development. Through the "Call on Financing for Inclusive Businesses" in 2018 the G20 aimed to scale up IB models through increasing the mobilisation of financial resources, (including through social impact investing, blended finance and other innovative financing approaches). These discussions also covered the use of public procurement and funding by international financial institutions to encourage the replication of good practice. The Argentine Presidency also initiated the development of the G20 Inclusive Business Operational Guidelines in collaboration with UNDP to identify features or characteristics commonly used by leading financing institutions for assessing the IB nature of businesses.

Through the efforts described above, G20 Members have committed to promoting enabling conditions for Inclusive Business and Social Impact Investment as part of broader efforts by governments and private sector to promote the development of business models that are more human-centred and aligned with the SDGs. To take this inclusive business agenda further, the G20 could work towards a structured eligibility framework, based on existing approaches, to help finance institutions, governments and investors in specifically targeting inclusive businesses. In co-operation with private and public sector actors along with international organisations and research institutes, the G20 could further contribute to inclusive growth by providing guidance to investors and governments on mainstreaming such criteria for their investments and engaging with existing initiatives and platforms for inclusive growth. Another important tool to advance IB models is to provide up-to-date, reliable data and knowledge products to governments, the private sector and development stakeholders. To bridge this knowledge gap, the GPIB should be updated to provide all stakeholders with relevant, practical information on financing alternatives, policy instruments and experiences, especially those incorporating the use of innovative private financial instruments as well as public procurement practices to support IBs.

ENVIRONMENTAL DIMENSION OF SUSTAINABLE DEVELOPMENT

Marine environment

The marine environment is under severe pressure from unsustainable fishing and over-exploitation of marine resources, habitat destruction, pollution and climate change. It is estimated that 60% of the world's major marine ecosystems have been degraded or are being used unsustainably, which undermines the ecosystem services upon which growth and human well-being depend.²⁹ A further concern is the potential for harmful subsidies to increase risks to fisheries sustainability. Fisheries support policies are a part of the policy toolbox in most countries, and advanced economy governments spend on average an amount equal to 20% of the value of fisheries landings on supports to the sector. Some of these supports can have unintended negative side effects, such as increasing fishing effort beyond desired levels or causing excess capacity of fishing fleets, as well as making illegal unreported and unregulated (IUU) fishing more attractive for fishers.

Data on plastics production is sparse, but suggest that more than 70% of global plastics production takes place in G20 countries³⁰ (OECD, forthcoming), with many countries lacking basic waste collection and treatment services.³¹ Globally, only 15% of plastic waste is collected and recycled into secondary plastics – with rates varying significantly among countries. The remainder either is incinerated, ends up in landfills or leaks into the environment, including into the ocean, threatening ecosystems' health.³² In 2017, G20 countries adopted the G20 Action Plan on Marine Litter in which they agreed a new collective objective to prevent and reduce marine pollution of all kinds, including marine litter. The action plan has contributed to enhanced international action on plastics, including single-use plastics, with EU countries, Canada and Indonesia for example taking steps to address them. In 2019, Japan is seeking to increase this focus on the protection of the marine environment with the adoption of a G20 Marine Plastic Litter Implementation Framework.

From 2010 to 2030, the ocean economy is projected to double in size to reach USD 3 trillion annually³³. However, this potential can be realised only if the global community increases efforts to conserve and sustainably use these resources. Given the proportion of plastics production in G20 countries, the G20 is well positioned to play a major role in reducing marine litter. Support for markets for recycled plastics, addressing uncertainty about availability and quality of recycled plastics, and reducing the cost of recycled plastic production are all relevant. In addition, G20 governments could focus on strengthening environmental standards relating to plastic sorting and recycling, and supporting the emergence of innovative plastics designs and recycling technologies.³⁴

Beyond policy measures to address marine litter, marine protected areas (MPAs) are another potentially effective tool for managing pressures on the maritime environment. Currently, about 7.5% of marine and coastal areas are protected – still short of the 10% target for 2020 by the Aichi Biodiversity targets and the SDGs. Coverage of MPAs in G20 countries is already rising much faster than in the rest of the world. In 2000, MPAs in G20 countries were host to 4.2% of total marine areas under national jurisdiction protection, with this number rising to 16.5% in recent years.³⁵ There is a need for strategic siting of MPAs, monitoring and compliance, sustainable finance, and to embed MPAs in a wider policy mix so as to address the multiple pressures on marine ecosystems. This topic is of particular importance given the planned 2020 United Nations Oceans Conference and upcoming negotiation of the post-2020 biodiversity framework at the UN Convention on Biological Diversity COP15 in Beijing in 2020, and current negotiation of the Biodiversity Beyond National

²⁹ OECD (2017), *Marine Protected Areas: Economics, Management and Effective Policy Mixes*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264276208-en>.

³⁰ OECD (2019), *Improving Resource Efficiency to Combat Marine Plastic Litter*, Issue brief Prepared by the OECD as input for the 2019 G20 Ministerial Meeting on Energy Transitions and Global Environment for Sustainable Growth. January 2019.

³¹ Kaza, S., L.C. Yao, P. Bhada-Tata and F. Van Woerden (2018), *What a Waste 2.0 : A Global Snapshot of Solid Waste Management to 2050*, Urban Development Series, World Bank, Washington, DC, <https://openknowledge.worldbank.org/handle/10986/30317>.

³² OECD (2018), *Improving Markets for Recycled Plastics: Trends, Prospects and Policy Responses*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264301016-en>.

³³ OECD (2016), *The Ocean Economy in 2030*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264251724-en>.

³⁴ OECD (2019), *Resource Efficiency to Combat Marine Plastics Litter: input to the 2019 G20 process*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264276208-en>

³⁵ World Database on Protected Areas, <https://www.protectedplanet.net/marine> [Accessed 18 Feb 2019].

Jurisdiction agreement. In addition, more can be done on fishing support policies to eliminate the most harmful forms of support and ensure a more sustainable ocean economy.

Climate and green finance

Under the Paris Agreement, countries collectively agreed to strengthen the global response to climate change including by holding the global average temperature increase to well below 2°C and to pursue efforts to limit it to 1.5°C above pre-industrial levels, while increasing the ability to adapt to adverse impacts of climate change. All G20 members have submitted their Nationally Determined Contributions (NDCs) and six have communicated long-term low-greenhouse-gas (GHG) emission development strategies (LTS).³⁶ Evidence shows that the benefits of ambitious climate action are staggering, and NDCs and LTS can underpin strong, sustainable, balanced and inclusive growth.³⁷ On 1 June 2017, the United States announced its intention to withdraw from the Paris Agreement; it is scheduled to do so at the earliest date permissible under the Agreement, 4 November 2020. The recent Intergovernmental Panel On Climate Change (IPCC) special report on the impacts of global warming of 1.5°C lays out in stark terms the urgency and scale of the climate challenge. According to the IPCC, limiting warming to 1.5°C will require CO₂ emissions to fall by about 45% by 2030 compared with 2010 levels, and to reach net zero around 2050. This necessitates “rapid and far-reaching transitions in energy, land, urban and infrastructure (including transport and buildings) and industrial systems”.³⁸

Together, G20 countries are responsible for around 80% of energy-related CO₂ emissions; they also hold around 80% of global renewable power capacity (IEA, 2018).³⁹ The Hangzhou Action Plan, subsequent Hamburg and Buenos Aires updates and Hamburg Climate and Energy Action Plan set out multiple climate objectives. G20 countries (minus one) agree to continue to co-operate closely to combat climate change and its impacts, and implement the Paris Agreement in a timely way. They commit to encouraging private resource mobilisation for low-emission and climate-resilient development, and to identify and help overcome institutional and market barriers to green finance and investment. Mobilising and increasing transparency of climate finance in line with Paris Agreement obligations, and promoting enhanced efforts for adaptation, resilience-building and disaster risk reduction are further stated objectives. In addition, the Japanese G20 Presidency is prioritising innovation for climate change as an area for further action.⁴⁰

On emissions, G20 country climate commitments have not yet translated into sufficient emissions reductions on the ground to reach the Paris goals. There are some signs of progress: the carbon intensity of G20 economies⁴¹ has been continuously falling, from 0.36 kilogrammes per USD (kg/USD) in 2010 to 0.31 kg/USD by 2016.⁴² However, decreases in carbon intensity are not enough to outweigh the effects of economic growth on emissions of CO₂. While energy-related CO₂ emissions – which represent the highest share of GHG emissions – stalled between 2014 and 2016 in G20 economies, before increasing again in subsequent years.⁴³ Non-CO₂ emissions will also be a challenge, including from sectors such as agriculture where mitigation can be challenging. Overall, G20 countries are not on track for net GHG emissions near zero in the second half of the century. Pricing carbon is one of the most cost-effective ways to reduce emissions, but only 19% of G20 country carbon emissions from energy use are priced consistent with even a modest benchmark value of EUR 30 per tonne of CO₂.⁴⁴

On adaptation, 16 G20 members have developed strategic responses to climate change in the form of national adaptation plans (NAPs), up from 10 G20 members at the end of 2015. An additional 2 members are currently developing NAPs –

³⁶ Worldwide, a total of 10 countries have submitted LTS.

³⁷ Global Commission on the Economy and Climate (2018), *Unlocking the Inclusive Growth Strategy of the 21st Century: Accelerating Climate Action in Urgent Times*, New Climate Economy, Washington, DC. OECD (2017), *Investing in Climate, Investing in Growth*, OECD Publishing, Paris.

³⁸ IPCC (2018), *Global Warming of 1.5 °C*, www.ipcc.ch/sr15/.

³⁹ www.g20.utoronto.ca/2018/g20_argentina_energy_transitions_wg_energy_transitions.pdf

⁴⁰ Abe, S. (2019), “Defeatism about Japan is now defeated”, speech to World Economic Forum, www.weforum.org/agenda/2019/01/abe-speech-transcript/.

⁴¹ Including EU-28

⁴² [Oecd.stat](http://oecd.stat). Measured in kg of CO₂ emitted per 2010 USD of production..

⁴³ Climate Transparency (2018), *Brown to Green Report*, www.climate-transparency.org/wp-content/uploads/2019/01/2018-BROWN-TO-GREEN-REPORT-FINAL.pdf

⁴⁴ EUR30/tCO₂ reflects a conservative estimate of the social cost of carbon. The High Level Commission on Carbon Pricing (2017) finds that carbon prices should amount to at least USD 40 – 80 per tonne of CO₂ by 2020 and USD 50 – 100 per tonne of CO₂ by 2030.

Argentina and Russia (OECD, forthcoming).⁴⁵ NAPs play an important role in helping countries adapt to climate change, build resilience and reduce risk, provided planning translates into successful implementation. Besides having a NAP, national systems for adaptation monitoring and evaluation are crucial for countries to better address climate risks, continuously improve the effectiveness of adaptation measures, and increase accountability. So far, only some G20 countries have developed such national systems (Vallejo, 2017).⁴⁶

G20 countries are increasingly active in green finance and investment. For example, global green bond issuance has been rapidly growing due to diversification of issuer sectors, countries and targeted projects: issuance was at USD 167.3 billion in 2018, up from USD 2.6 billion in 2012 (Climate Bonds Initiative, 2019)⁴⁷. However, it is challenging to isolate a comprehensive set of indicators for progress.

Overall, G20 countries are well positioned to lead global efforts to mitigate and reduce risks associated with climate change, including due to their far-reaching influence on the rest of the world through innovation, trade, investment and development finance. In addition, enhanced co-operation and co-ordination among G20 governments will be needed to create coherent policy frameworks, lower global financial asymmetries and de-risk investment in green innovation. The green transition depends on the development and diffusion of new technological, economic, social, behavioural and business model innovations. If G20 countries combine strong climate action with fiscal and structural reform in a coherent way, they can significantly reduce the risks of climate change while at the same time boosting GDP growth by up to 2.8% on average across the G20 in 2050. If the positive impacts of avoiding climate damage are also taken into account, the net effect on GDP rises to nearly 5% across G20 countries (OECD, 2017). Conversely, it is difficult to see how the Paris Agreement's goals can be met if G20 countries do not take the lead.

Energy

The world is off-track to reach the global energy goal (SDG 7). Out of roughly 1 billion people living without electricity, some 600 million are in Africa, stifling economic growth and sustainable development. Meanwhile, 890 million Africans cook with traditional fuels. In G20 countries, access to energy has improved significantly. Fossil fuels continue to dominate energy supply, with coal representing 44% of electricity generation across G20 countries (IEA, 2018).⁴⁸ The contribution of wind and solar power to total G20 country electricity generation remains low, at 4% for wind and 1.2% for solar respectively. Overall, G20 countries represented nearly 85% of global electricity sector investment in 2017.

The 2016 Hangzhou Action Plan and subsequent updates include a number of climate-relevant energy objectives, such as increasing substantially the global share of renewable energy by facilitating investment, providing market design options to facilitate integration and accelerate progress beyond the power sector. In addition, G20 countries have agreed to enhance co-operation for active energy efficiency policies and to encourage scale-up of related investment across sectors. In 2009, in Pittsburgh, the G20 committed to rationalise and phase out inefficient fossil fuel subsidies that encourage wasteful consumption over the medium term while providing targeted support to the poorest. In February 2013, G20 Finance Ministers committed their countries to developing a framework for voluntary peer reviews that focussed on inefficient fossil fuel subsidies leading to wasteful consumption. China and the United States were the first countries to undergo this process, providing a timetable for reform, and submitted their reports to review to a designated team of experts. Subsequent to this round, Germany and Mexico agreed to review their fossil fuel subsidies in 2016. A third round of reviews has now begun with Indonesia and Italy.

⁴⁵ OECD (forthcoming), "Implementing adaptation policies: Towards sustainable development: Issue Brief, Prepared by the OECD as input for the 2019 G20 Process", OECD Publishing, Paris.

⁴⁶ Vallejo, L. (2017), "Insights from national adaptation monitoring and evaluation systems", *OECD/IEA Climate Change Expert Group Papers*, No. 2017/03, OECD Publishing, Paris, <https://doi.org/10.1787/da48ce17-en>. See for example Australia (2015), France (2007), Germany (2008), Korea (2015), Mexico (2013), South Africa (2004), the United Kingdom (2013). Implementation is challenging, however, due to the long timeframe involved, a lack of ready methodologies and information gaps.

⁴⁷ Climate Bonds Initiative (2018), *Green Bond Market Highlights*, www.climatebonds.net/files/reports/2018_green_bond_market_highlights.pdf.

⁴⁸ IEA (2018), "Energy transitions towards cleaner, more flexible and transparent systems", www.g20.utoronto.ca/2018/g20_argentina_energy_transitions_wg_energy_transitions.pdf.

Access to energy is high on the G20's agenda, with the Antalya, Hangzhou and Buenos Aires Summits agreeing to improve universal access to affordable, reliable, clean and sustainable energy services. To enhance energy access and alleviate energy poverty, the G20 has developing regional action covering Africa, Asia and the Pacific, and Latin America and the Caribbean. To further this action, the G20 is currently exploring the establishment of a task force on energy access to strengthen the implementation of previous deliverables, leveraging the complementary strengths of G20 members and relevant international organisations.

While G20 country support for fossil fuels has been declining since its peak in 2012, it remained at USD 133 billion in 2016. Of this support, 78% went to petroleum, 15% to coal and 7% to gas.⁴⁹ Still, 2016 figures represent a 40% reduction from 2012 figures, attributable to both ongoing reforms and lower oil prices. On renewable energy, there are indications of progress, with G20 countries holding 82% of global renewable power capacity in 2015 and pioneering the global transition of power generation. Investment trends also tell a relatively positive story on the future direction of the energy sector. G20 countries invested USD 270 billion in 2017, representing 90% of global renewable electricity generation investment. However, while this represented a higher share of the global total compared with 2016, in absolute terms it was a 1% decrease. Meanwhile, G20 countries' investments in renewable electricity generation made up just over 40% of their total investments in the electricity sector in 2017, including networks. Furthermore, energy efficiency is improving across G20 economies: energy intensity in 2015 was down 21% on 2000 levels, meaning that energy efficiency is having a greater impact on CO₂ emissions growth than renewable energy deployment (IEA, 2018).⁵⁰

Reaching the SDG 7 goal of doubling the global rate of energy efficiency improvement by 2030 will require significant further expansion in the coverage of energy efficiency policies and standards to equip all countries for the energy sector transformation ahead. To make the most of the opportunities and to overcome the challenges, efforts to align budgetary and fiscal policies with climate objectives will need to be accompanied by ongoing efforts to review and phase out inefficient fossil fuel support. One useful initiative to support G20 countries in this process is the option to engage in a voluntary peer review of progress with other G20 members, encouraging countries to revisit how and why support policies were implemented, and then to focus on how they can be reformed or eliminated. China and the United States (2016), and Germany and Mexico (2017) have already undergone this process (OECD, 2018),⁵¹ as have Indonesia and Italy. Argentina and Canada are currently undertaking reviews.⁵²

⁴⁹ Saudi Arabia is not included in this figure.

⁵⁰ IEA (2018), "Energy transitions towards cleaner, more flexible and transparent systems", www.g20.utoronto.ca/2018/g20_argentina_energy_transitions_wg_energy_transitions.pdf.

⁵¹ OECD (2018), *OECD Companion to the Inventory of Support Measures for Fossil Fuels 2018*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264286061-en>.

⁵² www.iisd.org/gsi/news-events/argentina-and-canada-commit-peer-reviews-their-fossil-fuel-subsidies-under-g20-process

CROSS-CUTTING ISSUES AND PARTNERSHIPS

Gender equality

The implementation of the 2030 Agenda for Sustainable Development offers an opportunity not just to achieve SDG 5 but also to contribute to progress on a wide range of goals, as well to achieve basic human rights. The burden of unpaid care and domestic work disproportionately falls on women and girls in every region of the world (OECD, 2019), meaning they work longer hours and have fewer opportunities for education, employment and activities such as political participation. In their paid employment, they earn less than men. Apart from overall progress on labour force participation, the gender pay gap in G20 members has changed little since 2010, averaging around 17%, while addressing the global inequalities around unpaid work remains a persistent problem. In developing countries, women are often engaged in economic sectors that are largely concentrated in informality and unsupported by public policies or invisible to investors. For women in corporate leadership, the “glass ceiling” persists. Furthermore, recent OECD analysis shows that the gap between women and men appears to be widening in the digital revolution in terms of access, education and job opportunities. Globally, 250 million fewer women are online than men and only one out of four graduates in STEM subjects (science, technology, engineering and mathematics) across the G20 are women. At the global level, millions of women and men are denied their basic rights due to a lack of, or inadequate access to, physical and social infrastructure, such as urban infrastructure, water, sanitation and energy. Good access to quality and sustainable infrastructure, as well as placing women in the planning, approval, construction and maintenance stages of infrastructure projects and applying a gender dimension in climate adaptation, plays a central role in promoting gender equality, cutting across a range of SDG goals and targets.

In 2016, through its Action Plan on the 2030 Agenda, G20 members agreed to increase their collective efforts towards effective implementation of the 2030 Agenda’s gender goals across a range of different policy areas with a focus on addressing key systemic challenges. This strong focus on gender equality and women’s empowerment can be traced back to the G20’s 2014 commitment at the Leaders’ level to reduce the gender gap in the labour force participation by 25% by 2025, signalling a new direction for the G20 on gender equality and women’s empowerment. As a result of this commitment, across G20 members there will be 130 million more women participating in labour force in 2025 than under the baseline scenario if the 25 by 25 gender target is met (equivalent to a 5.7% increase in the total G20 labour force on average). The strength of this target lies in the good economic and business case for gender-sensitive outcomes, on top of the overarching human rights imperative, which aligns well to the G20’s economic mandate. Indeed, discrimination in laws, attitudes and practices as measured by the Social Institutions and Gender Index (SIGI, www.genderindex.org) are estimated to cost the global economy close to USD 6 trillion.⁵³ However, as the OECD’s work in monitoring of countries’ progress in meeting the 25 by 25 gender target shows, while some G20 members have made good progress, others are lagging behind and some may even be going backwards.

For 2019, under Japan’s Presidency, key objectives to progress gender equality and women’s empowerment include: closing the gender gaps in labour force participation; enhancing support for girls’ and women’s education; and engaging further with women business leaders and entrepreneurs. Overall, women’s empowerment will be key to deliver on the G20’s work to create an inclusive and sustainable society and especially to tackle inequality. However, concrete progress on this issue will require new efforts to break down the gender stereotypes rooted in discriminatory social norms. For example, one underlying cause of these stereotypes is the unequal share of paid and unpaid work, with women undertaking more than three-quarters of all unpaid work in some G20 members. To address these challenges, some governments have focused on the finance side by implementing gender budgeting, setting out the main fiscal policy instruments, both expenditure and tax, that have a significant impact on gender equality. Meanwhile, other countries are making progress in implementing paid maternal and paternal leave. In 2019, the G20 will review progress on the gender target and how inequalities in the gender division of unpaid work can be reduced, as this remains a key obstacle to paid work for women. Furthermore, in its efforts to tackle the gender digital divide, in 2019 the G20 is undertaking work to address the gender gap in STEM education and skills, building on the G20 #eSkills4Girls initiative, launched in 2017 to tackle the gender digital divide particularly in low-income and developing countries, including by exchanging good practices to increase women’s participation in software and technology development and entrepreneurial financing.

⁵³ OECD (2019), *SIGI 2019 Global Report: Transforming Challenges into Opportunities*, Social Institutions and Gender Index, OECD Publishing, Paris, <https://doi.org/10.1787/bc56d212-en>.

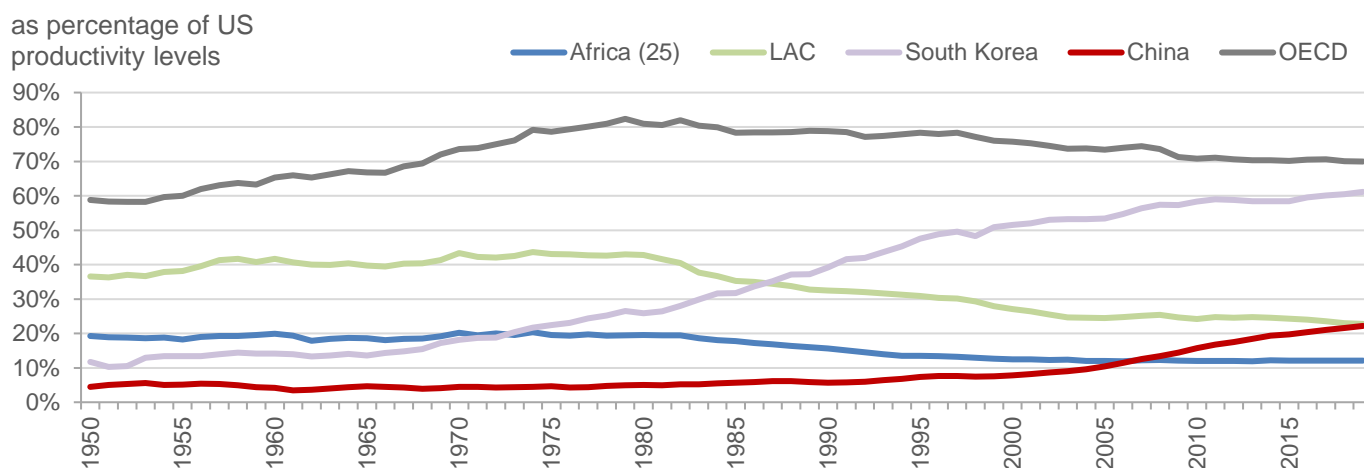
Overcoming these barriers to women’s educational and employment opportunities in the digital transformation is expected to lead to better-paid and more flexible jobs. Yet these opportunities will bring positive outcomes only if employment and social protection systems are in place to prevent exploitation. In this regard, the G20 is also identifying good practices in combining job flexibility with adequate protection and training opportunities, pushing forward the agenda to improve due diligence in the supply chains of multinational companies as an essential contribution in promoting women’s empowerment. In GVCs, the importance of including women entrepreneurs and producers is increasingly recognised; SMEs account for almost 80% of jobs around the world, 10 million of which are owned by women.

Further analysis on macroeconomic, trade and investment policies from a gender perspective could help to develop integrated policy solutions, and to direct greater investments to women-led business and to services and activities that would free up women’s time and favour their economic empowerment and greater participation in the labour force. Additionally, reducing gender inequalities in unpaid care work and breaking down gender bias, gender-discriminating norms and institutions and other invisible barriers to women’s access to finance, land and formal sector employment are priorities to be addressed, including through legislative and regulatory measures, capacity building and other dedicated measures.

Innovation

Innovation is a key driver of sustainable development: it drives productivity, which in turn is central in fostering growth; it affects the availability of more affordable products and services; but it can also impact inequality via its influences on the demand for labour and on competition and concentration in the economy. In many developing countries, productivity levels have remained low and stagnant for decades – in some regions even declining, reflecting a difficulty in moving from a growth model driven by the expansion of physical factors of production to one driven by innovation. Even after controlling for factors such as the business environment, most African firms are less productive than those elsewhere: despite strong capital accumulation, Africa experienced virtually no growth in TFP over 2009-16 (AU/OECD, 2018). Latin American countries, also, have not been able to make any progress in overcoming their productivity gap (Figure, OECD/CAF/UN ECLAC, 2019). Globally, the failure of innovation to spread across the economy and being adopted is an important reason for sluggish productivity growth.

Figure 1: Labour productivity in Africa, Latin America and Caribbean (LAC), South Korea, China and OECD countries



Source: The Conference Board (2019) Total Economy Database, 1950-2019 (April 2019 update)

The G20 recognises the centrality of innovation for sustainable development in its own right (SDG9) and also as a lever for achieving other SDGs across the spectrum of inclusive growth and social and environmental challenges. The Hangzhou Action Plan sets out directions for the G20 on innovation, including: (a) Enhancing synergy and co-operation in national innovation systems and building dynamic innovation ecosystems; (b) Intensifying co-operation in creating a global environment that facilitates lawful access to science and technology, promoting voluntary knowledge sharing, and exchange of good practice; (c) Supporting the UN Technology Facilitation Mechanism for enhanced co-operation on technology; (d) Emphasising open trade and investment regimes to facilitate innovation, including through IPR protection and enforcement; and (e) Facilitating innovation, new industrial revolution and the digital economy with special attention to low income and

developing countries, to ensure that no one is left behind. In 2018, the G20 also paid particular attention to bridging the digital gender divide, and developed a repository of digital policies and strategies deployed by its members.

The way in which G20 members approach innovation – both individually and collectively – has important implications for global outcomes. G20 members are the main producers of technology and drivers of digitalisation and the largest investors in R&D, education and training. Together, they account for almost 95% of all investment in R&D. Almost 90% of all scientific publications on artificial intelligence (AI) are from G20 members. Moreover, the opportunities and challenges posed by digital transformation and next production revolution technologies increases the importance of policies that can help countries harness these new technologies while managing the risks. The G20 is increasing its efforts in all these areas, including through its commitment under Japan's G20 presidency to a human-centered approach to AI, guided by the G20 AI Principles, drawn from the OECD Recommendation on AI.

Despite the agreed importance of innovation, there appears to be room for further action and commitment by the G20. Further progress could be made on several actions already discussed by G20 members. Notably, the G20 can play an important leadership role on harnessing science, technology and innovation (STI) for the SDGs by: promoting interdisciplinary research; supporting partnerships between public research, business and other stakeholders relating to specific challenges; and seizing the opportunities of digital technologies to address the SDGs. This has included engaging in international STI co-operation on global challenges and encouraging countries to develop national STI for SDG roadmaps in line with the guiding principles developed under Japan's presidency.

Anti-corruption

The G20 anti-corruption and integrity agenda plays an important role in promoting sustainable development. Corruption negatively affects economic performance, the quality of governance and social progress at large and erodes people's trust in public institutions and their tax morale, detracting from the universal commitment to implement the 2030 Agenda. Furthermore, illicit financial flows steer needed funds away from legitimate investments that governments in both developed and developing countries must make in order to meet the goals of the 2030 Agenda. At the sectoral level, corruption has a direct impact on the cost of a project, both for the private and public sectors⁵⁴, including in the infrastructure sector.⁵⁵

G20 Leaders have made collective commitments, including through the successive G20 Anti-Corruption Action Plans, to combat corruption and promote integrity that have contributed to the implementation of the 2030 Agenda. These efforts, co-ordinated by the G20 Anti-Corruption Working Group and leading to the adoption of a number of soft instruments⁵⁶, are broadly focused on: i) ensuring G20 members' implementation of the United Nations Convention against Corruption (UNCAC) and exploring possible adherence to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention); ii) strengthening public and private sector governance, including through enhanced transparency; and iii) promoting stronger practical international co-operation for the purpose of effective anti-corruption enforcement, including through denying safe haven to corrupt officials and their proceeds of corruption, as well as working closely on the issue of persons' sought for corruption and asset recovery.

⁵⁴ OECD (2015), *Consequences of Corruption at the Sector Level and Implications for Economic Growth and Development*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264230781-en>.

⁵⁵ [OECD Foreign Bribery Report](#), page 22. "34% of the 427 enforcement actions sanctioning foreign bribery concluded between 1999 and 2015 were in the infrastructure sector." The figure of 35% is calculated as the sum of the percentages for construction, information and communication, electricity and gas, and water supply.

⁵⁶ Principles adopted by G20: 2017 High-Level Principles on Organizing Against Corruption; 2017 High-Level Principles on the Liability of Legal Persons; 2017 High-Level Principles on Countering Corruption in Customs and Compendium on Customs Integrity: Taking Stock of Good Practices; 2017 High-Level Principles on Combatting Corruption related to Illegal Trade in Wildlife and Wildlife Products; 2017 Compendium of Good Practices on the Publication and Reuse of Open Data for Anti-corruption across G20 Countries: Towards data-driven public sector integrity and civic auditing; 2018 G20 High-Level Principles for Prevention and Management of Conflicts of Interest in the Public Sector; 2015 G20 Principles for Promoting Integrity in Public Procurement; 2015 G20 Open Data Principles; 2015 G20 High-Level Principles on Integrity and Transparency in the Private Sector; 2018 G20 High-Level Principles on Anti-Corruption and Integrity for SOEs; 2014 G20 High-Level Principles on Beneficial Ownership Transparency; 2016 G20 High-Level Principles on Co-operation on Persons Sought for Corruption and Asset Recovery; 2017 G20 Guide on Requesting International Co-operation in Civil and Administrative Proceedings relating to Corruption

Overall progress has been uneven over the past five years. Regarding enforcement, all G20 members have now ratified UNCAC. Under the Implementation Review Mechanism, over 300 recommendations have been issued to the 16 States that have completed their first cycle review, with eight countries having received recommendations regarding the comprehensive criminalisation of active or passive foreign bribery. While all G20 countries can use the UNCAC as a legal basis for mutual legal assistance, extradition or law enforcement co-operation, few countries regularly do so in practice. G20 countries have continued to highlight that the provision of technical assistance remains critical to allow States to effectively implement UNCAC, including the recommendations of the review mechanism. Fifteen G20 countries have adhered to the OECD Anti-Bribery Convention and 16 have criminalised foreign bribery. Enforcement of the Convention in G20 members that are Parties is improving: 507 individuals and 163 entities have received criminal sanctions for foreign bribery in these countries since in 1999; 411 proceedings and at least 142 criminal proceedings (against 133 individuals and 9 entities) are ongoing for foreign bribery in eight Parties that are G20 members. However, as of end-2017, three Parties have yet to conclude a single foreign bribery enforcement action.

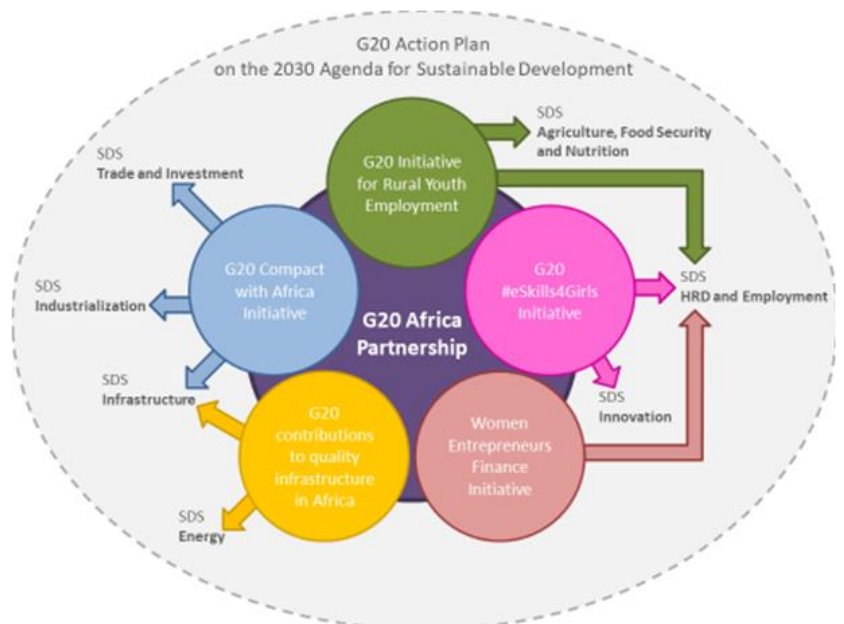
Multi-stakeholder Dialogues and Co-operation

Achieving the SDGs and sustainable development for all requires the involvement of all actors. The G20 is committed to strengthening partnership and co-operation with low income and developing countries and relevant stakeholders including international organizations, civil society, private sector, and G20 engagement groups, to enhance the global partnership for sustainable development.

With the international community at large, the G20 supports UN-led processes and recognises that the UN High Level Political Forum (HLPF) has the leading role in follow-up and review processes at the global level. Close to all G20 countries either have already presented their Voluntary National Reviews at the HLPF or intend to do so by 2020. With the Voluntary Peer Learning Mechanism (VPLM), involving G20 members and guests, the G20 complements these processes with a mechanism to continuously improve approaches to sustainable development by sharing experiences and lessons learned on different national strategies to implement the 2030 Agenda. Through small peer learning groups, VPLM participating countries aim to strengthen their mutual understanding on how to improve their whole-of-government and whole-of-society approaches to implementing the 2030 Agenda, sharing their insights in joint policy briefs. In the future, there is also potential for the VPLM to engage non-G20 countries in peer learning exercises, in line with the forum’s comparative advantage in bringing together countries at different levels of development, to discuss concrete challenges and solutions with the support of international organisations such as OECD, UNDP and others.

With low income and developing countries, the G20 aims at enhancing co-operation through the regular participation of guest countries and regional organizations in its work, but also through the promotion of Triangular Co-operation as an effective, inclusive and horizontal way to share knowledge, lessons learned, and advance development. These innovative forms of co-operation contribute to building and strengthening knowledge networks and to developing outcome-oriented actions that link sustainable development goals with existing capacities and experiences.

Given the daunting sustainable development challenges but also opportunities on the African continent, the G20 significantly expanded its engagement with African countries through the G20 Africa Partnership. It was launched in 2017 to foster sustainable development in line with the African Union’s (AU) Agenda 2063 and the 2030 Agenda. The Partnership aims to foster sustainable and inclusive economic growth and contribute to creating employment particularly for women and youth, thus addressing poverty and the root causes of migration. Its five constituent initiatives (G20 Compact with Africa, G20



support for quality energy infrastructure, G20 Initiative for Rural Youth Employment, G20 #eSkills4Girls Initiative and Women Entrepreneurs Finance Initiative) and increased outreach efforts in their context, have generated substantial political momentum and raised awareness for the challenges and opportunities in Africa.

Concerning non-state actors, the G20 involves a broad spectrum of societal groups through the G20 Engagement Groups, which have specific knowledge on prerequisites, strategies and lessons learned to support the successful implementation of the 2030 Agenda. This involvement has been strengthened through a structured, continuous and timely dialogue and knowledge exchange between G20 Engagement Groups and the G20 Development Working Group. This multi-stakeholder dialogue is mutually beneficial as it helps strengthen a 'whole-of-society' engagement towards the SDGs.

In 2019, the SDG Summit under the auspices of the 74th UN General Assembly at the head of state and government level will provide a further opportunity for the G20 to present its collective and concrete actions and raise awareness on the importance inclusive multilateralism for the global transformation towards sustainable development for all. With the support of UNDP and OECD, both knowledge partners on the 2030 Agenda, the G20 will also hold its annual workshop in New York ahead of the 2020 G20 Saudi Presidency. This workshop provides a valuable opportunity for all stakeholders, including G20 Engagement Groups, non-G20 countries and thematic experts, to identify emerging global development issues and elaborate on forward-looking approaches to advance towards sustainable development for all in a participatory manner and facilitate smooth transitions between G20 presidencies.