



A transformation that leaves no one behind.

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## **G20: RESPONSE - ABILITY 2020**

### **F20 Recommendations for the G20**

*Introductory remark: These recommendations have been compiled in the spirit of the F20 mission statement and its focus on the UN Sustainable Development Goals and the Paris Climate Agreement. They are not fully exhaustive with regard to themes and subjects discussed in the context of the G20. They should be regarded as complementary to and strengthening the recommendations made by the Think Tanks (T20), Business (B20), Civil Society (C20), Urban 20 (U20), Youth (Y20), Science (S20), Labour (L20) and Women (W20).*

The F20 Foundation Platform is a network of over 60 foundations from 21 countries focussing on the G20 countries with regard to the implementation of the UN sustainability goals and in compliance with the Paris Climate Agreement. The platform was launched in Hamburg in 2017 on the occasion of the G20 summit in Germany and has now become an influential player in the G20 process.

**In the spirit of "More Resilience – Recovering Better", the partners of the F20 platform are fully engaged in addressing the negative effects of the severe Covid-19 crisis, in addition to their ongoing work on climate crisis issues. The pandemic exposes significant shortcomings in our global systems and causes global vulnerability which won't be over until it's over - everywhere. Fighting the COVID-19 virus requires strong national measures – but even more so, it requires a globally coordinated response.**

**Just as with sustainable development and the climate crisis: A global pandemic cannot be fought by a single country or entity alone, just as no country can successfully address the climate crisis alone. Global challenges require global, comprehensive and collaborative responses. The world is, in fact, addressing many challenges at the same time: inequality, health, economic recession, food, the climate crisis or biodiversity loss. There is neither time nor are there resources to address those challenges in isolation or with fragmented approaches. What we need are integrated solutions.**

By partnering with the F20 platform, the network members are expressing their support for political decision-making aligned with the UN 2030 Agenda and its 17 Sustainable Development Goals as well as the Paris Climate Agreement. These joint agreements should be part of all future oriented programs and recovery measures in order to build up the resilience of our societies.

Decision-makers, in particular the G20 Sherpa and Finance Ministers track, under the presidency of the Kingdom of Saudi Arabia, have a unique window of opportunity to build a credible and ambitious pathway towards climate neutrality and a circular economy. They are therefore encouraged to adopt comprehensive and consistent policies and programs that will serve as a boost for innovation and modernisation of the economies, leading out of the current crises and making the world more resilient. **The G20 have to take responsibility to lead and act. And they have the ability to do so.**

F20 held numerous meetings, workshops and forums in 2020 to develop and discuss the most recent political challenges. In this process, we developed four key recommendations for the G20.

1. **Align national and joint G20 efforts** to combat the economic and social impacts of the global COVID-19 crisis with the globally agreed Sustainable Development Goals (SDG) and the Paris Climate Agreement. Recovery packages must enable the private sector to embark low-emission pathways.
2. **Create a concrete action plan** behind the concept of 'shifting the trillions' and close the Climate Finance Gap between the current trajectory and the goals of the Paris Agreement by fostering the transformation of the financial sector in order to leverage its full potential in a recovery. Clear signs would be a mandatory disclosure of climate risks by enterprises in their reporting/balance sheets, to make the energy transition and climate risks subject of policy making and to require Development Finance Institutions to provide support in a coordinated manner towards climate neutrality.
3. **Provide debt relief, including debt moratoriums, financial and capacity support to poorer countries** to enable their economic recovery and development and form a front-runner group of the G20 countries that moves forward.
4. **Make the Water-Energy-Food-Health Nexus and the Climate and Biodiversity Nexus** an integral part of the G20 agenda as it was partially indicated by this year's Presidency of the G20\*. Governments should intentionally incorporate investments related to these nexus areas in their recovery plans, including exchanging experiences and cooperating in international research, especially with regard to the COVID-19 recovery plans.

*\*The Kingdom of Saudi Arabia, as G20 presidency and summit host, has laid out three principal goals during its presidency, one of which is "Safeguarding the Planet" by fostering collective efforts to protect our global commons. This includes advancing synergies between adaptation and mitigation efforts to tackle the climate crisis, protecting the environment by taking concrete actions, promoting cleaner and more sustainable energy systems and affordable energy access, promoting water sustainability and reducing food loss and waste" (KSA 2019).*

*Italy will host the G20 in 2021 and is likely to continue to focus on the climate crisis, biodiversity, and green economic recovery, building on outcomes of the G20 2020 summit, CBD COP15 and UNFCCC COP26*

**Background and further detailed specification on the above mentioned four recommendations to the governments of the G20 member countries:**

➤ **G20 Recovery Supporting Ambitious Outcomes on the Delivery of the Paris Agreement and the SDGs. The G20 should**

- Provide appropriate framework conditions and instruments to strengthen the ability of the private sector to build back better and to embrace the opportunities of the transition towards climate neutrality.
- Provide global direction of recovery packages in line with 1.5°C compatible emission pathways and the SDGs. Most recent advanced climate modeling shows that it is possible to stay below 1.5°C with widely available, rapidly scalable solutions.<sup>1</sup>
- lead by implementing ongoing NDCs and submitting new NDCs in line with the 1.5°C benchmark and SDGs, implying >50% reduction in G20 emissions by 2030 and pathway to net-zero emissions at the latest by 2050. Some countries should announce revamped NDCs at an early stage to raise ambitions more broadly.
- set out Long Term Strategies (LTS) by the end of 2020 to reach desired targets by 2050. They should deliberate and agree on target dates for key transformations needed to support LTS, such as fossil fuel free power generation, phasing-out internal combustion engines and developing net zero emission pathways for hard-to-abate sectors.
- G20 Ministers of Finance and Central Bank Governors should align national infrastructure investment and recovery plans with 1.5 °C benchmark and SDGs.

➤ **Enhance whole-of-society resilience by building back better**

- Acknowledge the imperative to build back better, taking into account the interlinkages between public health, the climate crisis and biodiversity loss.
- Acknowledge the role of science
- Provide the global direction of recovery plans to ensure that the full implementation of the Paris Agreement and the SDGs are key pillars of the response to the current and future crises, including investment in adaptation against worsening climate impacts. So far, progress in implementing the SDGs, which are fundamental in building resilience (health, equity, climate, biodiversity), is too slow or even moving in the wrong direction.
- Reaffirm support for the commitment to mobilize USD 100 Bn in climate finance in 2020, delivering on critical shortfalls in technical, policy-level and financial support for adaptation. For the post-2020 years new climate finance targets should be set, doing justice to the accelerated climate crises and biodiversity loss and the need for increased ambition.

➤ **Design recovery plans to deliver on quality infrastructure geared to meet the SDGs and remain under the 1.5°C benchmark**

- Align recovery plans with an integrated agenda to deliver on sustainable quality infrastructure geared to meet the SDGs and the 1.5 °C benchmark, with a focus on climate impacts, resilience, and the preservation of natural capital.

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<sup>1</sup> [https://wwwFOUNDATIONS-20.org/wp-content/uploads/2020/09/F20-Policy-Briefing\\_Achieving-the-Paris-Climate-Goals-in-the-COVID-19-era\\_WEB.pdf](https://wwwFOUNDATIONS-20.org/wp-content/uploads/2020/09/F20-Policy-Briefing_Achieving-the-Paris-Climate-Goals-in-the-COVID-19-era_WEB.pdf)

- Promote green investments to unlock funds for investing into renewable energy, energy efficiency and the building of sustainable and resilient infrastructure.
- **Provide the industry sector with the ability to transition to climate neutrality<sup>2</sup>**
- Provide the right mix of instruments for a timely transition to a climate-neutral industrial sector. While facing particularly large challenges in light of the economic impacts of the Corona pandemic, business is one of the key stakeholders involved in reaching climate targets.
- Strengthen the ability of the industry sector to embrace those challenges by providing the right set of instruments such as the creation of investment programmes for low carbon breakthrough technologies (LCBT), the expansion targets for the production capacity of hydrogen, lead markets for industrial products from low-carbon manufacturing and the expansion of generating capacities and infrastructures for a sufficient supply of renewable energy at competitive prices.
- **Phase out coal, set timelines for phasing out all fossil fuels and clear the way for renewable energy and a hydrogen infrastructure**
- Phase out coal and set timelines to generally phase out all fossil fuels, not only within their own countries, but also with regard to their overseas trade, investment and financial flows.
- Agree not to support any coal investments in other countries and that all energy investments are in line with a 1.5°C benchmark.
- Design recovery measures that include investment in Renewable Energy and robust diversification plans as a means to build resilience, safeguard health, and protect workers and communities from future crises.
- Establish or upgrade policies resulting in an uptake of Renewable Energies and accelerate trade and investment in renewable energy and carbon-neutral technologies.
- Support for oil and gas sector (direct or indirect public subsidies and bailouts) in the context of COVID-19 should not be granted – except in the context of a reasonable transformation trajectory. Any remaining support to fossil fuels should be tied to robust conditions requiring transformation plans in line with the 1.5°C benchmark and fast deployment of just transition plans for workers and communities, and target the most vulnerable groups during the energy transition.
- **Mainstream carbon pricing and phase out fossil fuel subsidies**
- Play a leading role in establishing credible carbon policies and prices within their own jurisdictions, reflecting national conditions, including distributional and transitional impacts
- Reaffirm and act on their commitment from the year 2009<sup>3</sup> to phasing out fossil fuel subsidies at a time of historically low oil prices, including setting target dates for a complete phase-out (G7:2025).

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<sup>2</sup> <https://www.stiftung2grad.de/en/industry-climate-stimulus-programme>

<sup>3</sup> [https://g20.org/en/g20/Documents/2009-Pittsburgh\\_Declaration.pdf](https://g20.org/en/g20/Documents/2009-Pittsburgh_Declaration.pdf)

- Introduce of carbon pricing policies and fossil fuel phase-out must be accompanied by adequate support for transition adjustments for most affected segments of society. (please check sentence seeing that it starts “G20 should”
  - Support for oil and gas sector (direct or indirect public subsidies and bailouts) in context of COVID-19 should not be granted. Any support should be tied to robust conditions requiring transformation plans and fast deployment of just transition plans.
- **Request Development Finance Institutions to continue providing support in a coordinated manner and align it with 1.5 °C benchmark and SDGs.**
  - Request Development Finance Institutions (DFIs) to continue providing much needed support in a coordinated manner in response to COVID-19 crises. Any budget support has to be aligned with 1.5 °C benchmark and SDGs, in particular not catering to fossil fuel industries, but scaling up policy and institutional support to unlock investments and boost sustainability.
  - Respond to sudden stops of external private capital flows for financing micro, small, and medium enterprises (MSMEs), small farmers, infrastructure, trade, and larger firms with high development impact and boost finance in countries hardest hit, in particular low-income countries.
  - Ask DFIs to come up with an initiative to “buy down” the capital costs for investments in renewables energies, storage systems, hydrogen etc. in developing or emerging countries. This could decisively shift many investments in the energy, mobility and industrial sectors. The DFIs should coalesce with institutional investors in developing innovative financing instruments to support these initiatives.
  - Motivate DFIs to augment instruments and capacities for risk mitigation to increase resilience against future crises including by working better as a system.
- **Debt relief for the poorest countries**
  - Use their collective influence to push private actors and official bilateral creditors to provide debt relief in the sense of debt for nature and debt for climate to poorer countries. If this is not possible within the whole group of G20 member countries, a front-runner group of the G20 should move ahead.
  - Allow a two-year time scale for debt moratorium; encourage World Bank and IMF to use standstill on payments to study debt sustainability and come up with a framework where it can be restructured.
  - Support wider application of innovative financing instruments like state-contingent loans.
  - Make pledges to IMF’s revamped Catastrophe Containment and Relief Trust.
- **Transition out of Fossil Fuels: Exploring real opportunities of a *Carbon Circular Economy***
  - According to the priorities of the G20 in 2020 the Carbon Circular Economy bears many opportunities for environmental and economic development. Countries whose economy heavily depends on fossil fuel combustion should further elaborate these alternative opportunities and align implementation trajectories with the objectives of the Paris Climate Agreement and the SDGs.

- In the context of COVID-19 recovery plans, G20 members should not provide any financial support to the conventional fossil fuel sector. Instead, recovery budgets should be attached to strong environmental and climate targets and implementation pathways.
- **Advancing the hydrogen economy**
  - Incorporate support for the hydrogen economy into COVID-19 recovery plans, delimiting any public funding to the research and infrastructure development of green and turquoise hydrogen.
  - Develop national hydrogen strategies in coordination with other G20 governments, regional and international organizations. They should take into account the role of interconnected hydrogen infrastructure.
  - Cooperate in the development of a common international standard.
  - Commission a study on the efficacy of hydrogen vis-à-vis electrification options within different sectors. The analysis of sectorial hydrogen policies should incorporate the climate crisis, biodiversity, and human rights perspectives to inform the G20 discourse.
- **Making the Water-Energy-Food Nexus an integral part of planning**
  - Intensify and cooperate in international research and exchange, further exploring the interdependent relationship of water, energy and food supplies, as well as opportunities on the efficient use of water and energy resources.
  - G20 governments' COVID-19 recovery plans should take into account the WEF-Nexus, prioritizing funding the improvement of Water-Energy-Food (WEF)-relevant infrastructure. This should focus on increasing efficiency of resource utilization, fostering climate resilience of WEF-relevant infrastructure, and deploying innovative alternatives like agroforestry.
  - Shall give special support consisting of technical expertise and financial measures to fragile states with an increasingly insufficient supply of water, energy and food resources.
- **Establish central banks as proactive agents in a green recovery**
  - Should mandate their central banks to transition to responsible quantitative easing by putting an end to purchasing assets of fossil fuel companies. Central banks' eligible assets should be limited to corporations with 2050 net-zero targets and clear milestones to phase-out fossil investments.
  - Those G20 states who have not done so yet should join the Coalition of Finance Ministers for Climate Action and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS).
- **Foster TCFD implementation and climate risk management and implement stress-testing**
  - Mandate their central banks and financial regulators to make climate-risk disclosure mandatory, applying the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
  - Exchange experiences in implementing mandatory reporting to foster implementation, i.a. through existing networks like NGFS.

- Support mainstreaming, and where possible mandate, science-based climate-financial risk assessment in public and private prudential and risk assessment frameworks; contributing to reducing the systemic risk that the climate crisis poses to the global financial system and investments.
  - Mandate its central banks and financial regulators to introduce climate stress tests and commit to exchange on the individual experiences to enhance the stress tests over time.
- **Focus on improving and restoring ecosystem integrity and stability and ensure climate resilient development pathways unfold their full capacity on positive social and economic outcomes for nature, climate and communities.**
- Reaffirm the principle that the conservation of the most carbon dense and biodiversity-rich natural ecosystems is a key priority for achieving both climate and biodiversity goals, as well as for reducing risks of future zoonotic pandemics.
  - Send a strong political message on the need for cooperation across the UNFCCC and the CBD to promote and adopt the concept of Nature Based Solutions (NBS) as an integrated solution for both climate and biodiversity loss.
  - Commit to a green and just economic recovery from the COVID-19 pandemic and avoid relaxation of environmental regulations in the name of COVID-19 stimulus and recovery.
  - Attach green conditionalities to corporate bailouts in sectors with a high impact on nature
  - Apply spatial planning across land- and seascapes to harmonize nature protection with sustainable economic development.

## **Background**

This year's G20 presidency has identified key environmental changes transforming the world. Even prior to the Presidency, The Kingdom of Saudi Arabia indicated the goal that the G20 ought to "strive for sustainable economic policies to safeguard planet earth." The economy is explicitly linked to the planet's natural environment, as the new central challenge, in ways that put the environment first. The Riyadh Summit would be the first G20 summit designed to put the economy at the service of the environment, even more than Germany's G20 in 2017 in Hamburg and Japan's in 2019 in Osaka.

In outlining "Our Collective Approach for 2020," the Saudi presidency declared it would "deliver concrete actions by prioritizing critical issues for people and planet earth," thus according equivalence to human and other living things and to the natural world as an integrated whole. It further promised to "adopt results-oriented, forward-looking and sustainable perspectives, prepare for long-term policies and avoid excessive short termism."

The chapter "Safeguarding the Planet" starts with climate change, added "advancing synergies between adaptation and mitigation", and embraced the environment in general and also energy, water and food.

The second priority, "Combatting Land Degradation and Habitat Loss" puts forests first, noting that "deforestation and other land use are also responsible for 24 percent of GHG emissions." The G20 could thus lead the world through this one measure to solve 25% of its immediate climate crisis and contribute to biodiversity conservation too.

The third priority, "Preserving the Oceans," noted how the climate crisis is endangering coral reefs, on which up to half the world's marine life depend. It promised to build on the advances of Japan's 2019 G20 presidency, which in turn had expanded on the work of the Group of Seven (G7) led by France in 2019 and Canada in 2018.

[www.foundations-20.org](http://www.foundations-20.org)  
[info@foundations.org](mailto:info@foundations.org)