

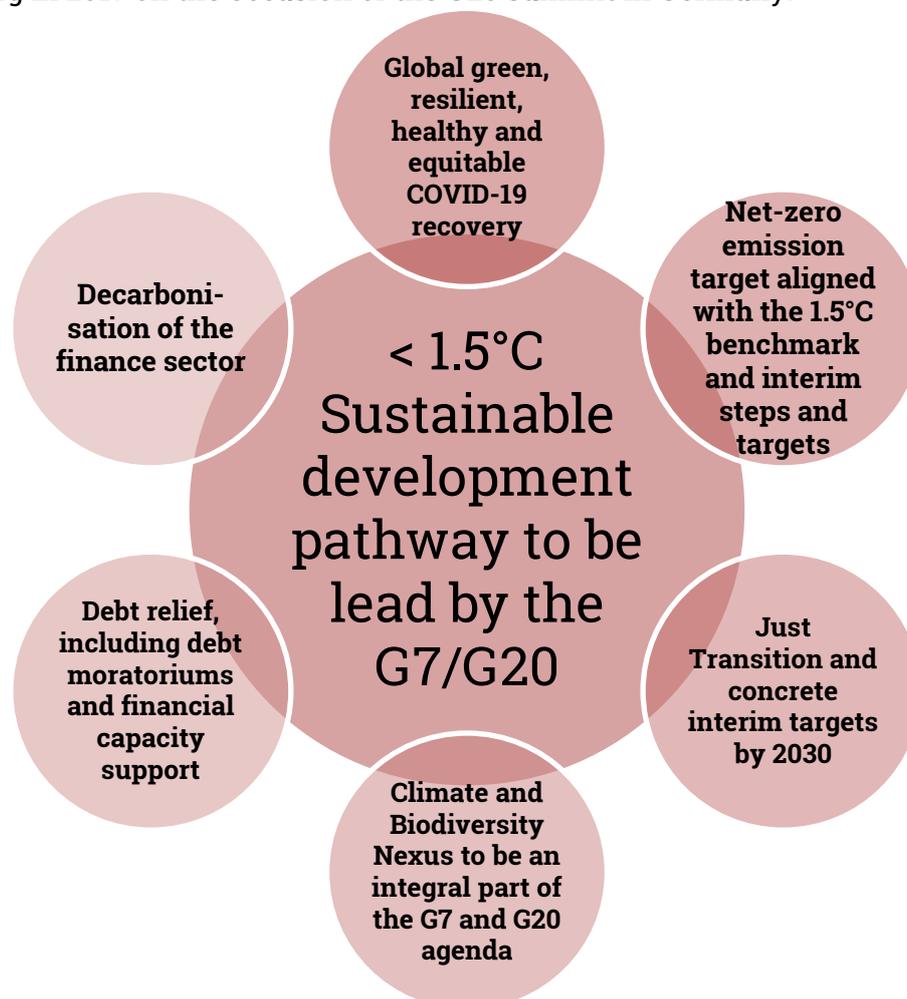


Becoming Part of the Solution

Counting on the UK G7 and Italian G20 Presidency, 2021
F20 Recommendations 2021 for the G20 and the G7 as part of the G20

Introductory remark: These F20 recommendations have been compiled before the G7 summit in the UK (Cornwall, UK, June 11-13) and are addressing the G7, a subgroup of the G20, as well as G20 itself. They are written in the spirit of the F20 mission statement and its focus on the 2030 Agenda and the 17 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 G7 and 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 70 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.





Narrative Summary:

Never before in human history was there a challenge of this reach. It effects every country in the world and threatens lives, health systems and economies. What sounds like a reasonable description of the current pandemic is also true for the global climate and biodiversity crisis. Both represent an unprecedented *global vulnerability experience*. And both urgently require global coordination, more international cooperation and local actions. The world is, in fact, addressing many challenges at the same time: inequality, health, economic recession, food security, 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.

The key to more resilience lies of course not in artificially sustaining a destructive system, but by stabilising the environment, reducing pollution levels, deploying a regenerative agriculture or transitioning to a renewable energy system. Mitigating future risks clearly suggests a development trajectory that helps to limit and decrease environmental, social and economic risks related to climate change, the extinction of species or degradation of land.

The fact that the UK and Italy are both hosting the G7 and the G20 summit this year as well as the UN climate summit (COP26) provides a huge opportunity for a well-coordinated global response to the pandemic and the climate crisis. The G20 Sherpa processes and Finance Ministers track, under the presidency of Italy, have a unique window of opportunity to build a credible and ambitious pathway towards climate neutrality and a circular economy.

Foundations and philanthropy already play and will have to play an increasingly important role in this endeavour – as part of the solution. 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 the basis of all future oriented programmes in order to build up the resilience and recovery of our societies.



The Foundations Platform F20 therefore strongly advocates for six key recommendations to the countries of the G20. The G20 countries should...

- **Align national and joint efforts by the G7 and the G20 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. G20 countries need to achieve a global green, inclusive, resilient, healthy and equitable recovery for all.** G20 countries should therefore place a healthy, inclusive and climate-resilient future at the heart of domestic recovery plans ensuring that the lion's share of recovery funding supports healthy, green and inclusive solutions. The G7 as a sub-group of the G20 has to lead by example and increase their ambitions beyond the commitments displayed in their current NDCs.
- **Commit to a net-zero and science-based emission target aligned with the 1.5°C benchmark and also specify interim steps and targets until 2030. This also means recognising that both, rapid fossil fuel phase out and Nature-based Solutions are critical in this endeavour, and that there is no room for unsustainable offsetting of greenhouse gas emissions.** This starts by committing to phase out all public financial support for fossil fuels, catalysing a shift from private, internal combustion vehicles to clean, collective mobility solutions, and bringing the G20 to agree to end support for existing and new coal-related infrastructure. The G20 should take the lead in a Net-Zero-Trajectory building on the principles of a Just Transition and by acknowledging the rights of indigenous people.
- **Ensure a Just Transition and concrete interim targets by 2030,** including an active participation of different stakeholders such as communities, indigenous workers, private sector, academia in designing national Just Transition plans. This requires a holistic approach in the spirit of 'leaving no one behind' that takes into account global inequalities between countries and among countries and that prioritises social welfare, right to health or interests of future generations.



- **Decarbonise the finance sector by making decarbonisation plans of financial institutions mandatory. This would put concrete actions behind the concept of 'shifting the trillions' and help to close the Climate Finance Gap between the current trajectory and the goals of the Paris Agreement.** Clear signs would also be to **mainstream carbon pricing** and a commitment to measures suggested by the G20 Task Force on Climate-related Financial Disclosures (TCFD) including **mandatory disclosure of climate risks** by enterprises in their reporting/balance sheets. Also, **Climate-related impacts on and by a company** can be both highly relevant for investors and therefore require disclosure. (double materiality). The International Climate Finance Plan as it was introduced at the Climate Leaders Summit hosted by the United States is a good start.¹ This also includes 'Ending International Official Financing for Carbon-Intensive Fossil Fuel Based Energy' which should include Natural Gas and be reaffirmed by the G7 and the G20 as a group.
- **Provide debt relief, including debt moratoriums, financial and capacity support to highly indebted countries** to enable their economic recovery and development and form a front-runner group of the G20 countries that moves forward. That includes a debt restructuring mechanism that is timely, transparent, independent and comprehensive and eliminates loan conditions related to "fiscal consolidation" or austerity. It should also include In-debt-for-climate-swaps and bilateral as well as multilateral debt relief that would enable developing countries to reduce their external debt while investing in adaptation and mitigation. Reallocation of Special Drawing Rights (SDR) of the International Monetary Fund (IMF) would also be an important lever.
- **Make the Water-Energy-Food-Health Nexus and the Climate and Biodiversity Nexus** an integral part of the G7 and G20 agenda. This also means a stronger convergence of this year's UN Biodiversity Summit (CBD) and the UN Climate Summit (COP 26) which have to lead to concrete protection and restoration efforts of most endangered natural resorts (Amazon, Congo/Uganda, Borneo). Foundations and philanthropy will do the same and are increasingly focusing on inclusive and cross sectoral programmes.



Annex

Background and further detailed specification on the above mentioned six 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...
 - 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 have submitted revamped NDCs – those who have not should submit as soon as possible.
 - 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.¹
 - Set out Long Term Strategies (LTS) before COP 26 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.
 - Align national infrastructure investment and recovery plans with 1.5 °C benchmark and SDGs.

- **Provide the industry sector with the ability to transition to climate neutrality²**
 - 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.

- **Enhance whole-of-society resilience**
 - Acknowledge the imperative to take 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

¹ https://wwwFOUNDATIONS-20.org/wp-content/uploads/2020/09/F20-Policy-Briefing_Achieving-the-Paris-Climate-Goals-in-the-COVID-19-era_WEB.pdf

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



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 mobilise USD 100 Bn in climate finance, delivering on critical shortfalls in technical, policy-level and financial support for adaptation.

➤ **Design recovery plans to deliver on 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 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.
- Promote green investments to unlock funds for investing into renewable energy, energy efficiency and the building of sustainable and resilient infrastructure.

➤ **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.
- Establish or upgrade policies resulting in an uptake of Renewable Energies and accelerate trade and investment in renewable energy and carbon-neutral technologies.
- Avoid any support for oil and gas sector (direct or indirect public subsidies and bailouts) in the context of COVID-19 – 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 the G20 commitment from the year 2009³ 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).
- Provide adequate support for transition adjustments for most affected segments of society when introducing carbon pricing policies and fossil fuel phase-out must be accompanied.

³ https://g20.org/en/g20/Documents/2009-Pittsburgh_Declaration.pdf



➤ **Request Development Finance Institutions to continue providing support in a coordinated manner and aligned with the 1.5 °C limit and the 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 however has to be aligned with the 1.5 °C limit and the SDGs.
- 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 present 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**

- 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.

➤ **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.

➤ **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, prioritising funding the improvement of Water-Energy-Food (WEF)-relevant infrastructure. This should focus on increasing efficiency of resource utilisation, fostering climate resilience of WEF-relevant infrastructure, and deploying innovative alternatives like agroforestry.

- **Establish central banks as proactive agents in a green recovery**

- Mandate the 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).

- **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.
- Attach green conditionalities to corporate bailouts in sectors with a high impact on nature.
- Apply spatial planning across land- and seascapes to harmonise nature protection with sustainable economic development.