



## **T20 Statement for the G20 Finance Ministers and Central Bank Governors, 13 October 2021**

### **2021 marks a turn in the rich history of infrastructure investments and financing issues within the G20, in a time of more complex crisis than 2008**

The G20 aims at tackling public and private infrastructure finance gaps, a recurrent and growing issue because of the COVID-19 crisis that weighs on public budgets and debt capacities of national and subnational governments, especially in emerging countries. Addressing capital markets is a global priority which includes raising climate finance and valuing digital infrastructure and related services. This comes with a push towards more harmonised ESG and QII standards, a key issue for IFIs, NDBs and institutional investors alike.

Infrastructure investments are a central part of regional COVID-19 recovery strategies. There exists the opportunity to accelerate delivery of a low-carbon economy, provided that immediate social care needs and longer-term development of social infrastructure and human capital are also addressed. This includes increased attention to system change, with infrastructure investments that support sustainable urbanisation, urban-rural linkages, circular economy and biodiversity.

Infrastructure investments are part of a changing geopolitical order. To build a new sustainable economy, the convergence between multilateral initiatives such as the new G7 Building Back a Better World (B3W) initiative or the existing Belt and Road Initiative (BRI) should be explored. The G20 is a truly multilateral convening forum, and it can leverage public and private cooperation in support of pressing multilateral environment and development agendas.

The T20 calls for establishing a permanent dialogue mechanism among the infrastructure expertise within the G20, in particular the Infrastructure Working Group (IWG), the Development Working Group (DWG) and the D20, as well as other engagement groups.

#### **(i) Mobilising Capital and Markets for Sustainable Infrastructure**

The G20 countries produce nearly 80 per cent of global CO<sub>2</sub> emissions, of which 70 per cent comes from the energy, building and transport sectors. The G20 forum has a key role to accelerate the shift to low-carbon and energy efficiency infrastructure and favour innovative “net gain” approaches against ecosystem degradation. Global annual investment into core infrastructure needs is estimated at US \$6.3–\$6.8 trillion, with energy and transport sectors accounting for \$3.9 trillion and \$2 trillion, respectively. Yet, sustainable infrastructure gaps that existed before the COVID-19 crisis have been enlarged since the pandemic outbreak, especially in emerging countries.

- Data and disclosure standardisation and the harmonisation of ESG and QII indicators are necessary to further mobilise institutional investors in support of infrastructure investments, particularly in emerging countries.

Sub-national governments, especially cities, should be included in global efforts to mobilise private investments in achieving low-carbon and climate-resilient infrastructure, while leaving no-one behind.

#### **(ii) Data and Infrastructure**



Scarce availability of standardised data and information is a barrier to attracting private investments, improving infrastructure project life-cycles and implementing large-scale ecosystem valuation solutions. The sharing and reuse of data and pioneering technologies such as cloud/edge computing, artificial intelligence, digital twins, IoT/smart sensors, 5/5.5G and distributed ledger can improve infrastructure value-chain integration. It can enhance infrastructure productivity, efficiency and affordability, from design to construction and operation, maintenance and resilience. It is also critical to widen the issuing of green bonds and support the development of carbon markets. Platform-driven integration can spur innovation through ecosystem participation and accelerate the achievement of the broader objectives of decarbonisation, resilience and human-centred infrastructure.

- Federated digital platforms represent a global opportunity to significantly improve value-chain integration and accelerate the development of digital technologies to support nature-based infrastructure.  
Capacity building and sharing good practices are a shared priority to improve the governance, design, protocols and implementation of digital platforms, and compare the performance of infrastructure projects.

### (iii) **Urbanisation, Social Infrastructure and Smart Cities**

The COVID-19 pandemic has hit cities hard and unequally. Achieving a successful global recovery depends in particular on how the youth and those working in informal sectors will effectively benefit from stimulus investments. The development of new digital infrastructure, in particular in emerging countries, can leverage great spill-over effects to achieve an affordable well-being economy. The world can no longer live without a coordinated approach to the development and transformation of the +600 cities that form the backbone of a globally interconnected planet and exponentially accelerate land and ecosystem degradation. The local and global benefits of connectivity need to be shared equitably. Hence, infrastructure investments should be planned not only globally or centrally but reflect on people's needs and physical and mental well-being in the short and long term.

- A G20 Pact on sustainable urbanization would be a timely and relevant supplement to the United Nations Secretary-General initiative on the future of cities through macro-economic policies that recouple human and economic development and regenerate the 2030 Agenda. Infrastructure investments, including affordable housing and effective access to sustainable basic services, can drive a recovery “from the bottom-up” and rebalance urban and rural development in support of low-carbon solutions and better land management.

### (iv) **Resilient Infrastructure**

Natural and man-made threats, extreme events as well as prolonged disruptive hazards, such as sea level rise, heavy and/or prolonged rainfall, wind and heat, have significant impact on infrastructure systems. The loss of connectivity and damaged data transmission can shut down even the most critical infrastructure, affecting people's lives and economic systems. Investing in the resilience of infrastructure systems in emerging and developing countries could bring a net benefit of US \$4 for each dollar invested, with potential global gains of over US\$ 4 trillion in the next 20 years. Progress has been made in the past years to establish more widely accepted resilient infrastructure principles, that also take into account countries' specific climate change, environmental degradation and disaster risks exposure, but there remain rooms for improvement through:

- Financial engineering solutions and standardised ratings to incorporate maintenance and resilience principles in infrastructure projects, in particular in coastal and riverside areas.



- The development of technical assistance to develop and ensure maintenance expertise and capacity building.

