

# T20 Summit 2019

May 26-27 Tokyo, Japan

# COMMUNIQUÉ







## ABOUT T20 & COMMUNIQUÉ

The Think20 (T20), the research and policy advice network of the Group of 20 (G20), convened for the T20 Summit in Tokyo on 26-27 May 2019 under the direction of the three lead organizations of [T20 Japan](#): The Asian Development Bank Institute, the Japan Institute of International Affairs and the Institute for International Monetary Affairs.

The T20 communiqué presents key policy recommendations developed by [T20 Japan task forces](#) for consideration by the [Leaders of G20 member countries during their summit in Osaka](#) on 28-29 June 2019.

The key recommendations contained in this T20 Japan Communiqué are intended to equip G20 countries to advance the T20 Japan vision – *Seeking a Sustainable, Inclusive and Resilient Society* – in-line with policy priorities under Japan’s 2019 G20 presidency.

## Seeking a Sustainable, Inclusive and Resilient Society

As a result of decades of international debates and efforts to set the new global agenda that extends beyond mere economic growth, it has become a shared goal of the global community to promote a sustainable, inclusive and resilient society. G20 countries have been taking steps closer to this new global goal with recent milestone agreements such as the 2030 Agenda for Sustainable Development (the 2030 Agenda) and the Paris Agreement. However, we are still faced with challenges on the way ahead.

### Remaining and Emerging Global Challenges

Many global problems still remain to be solved: how to deal with the possible adverse effects of globalization such as widening inequality; how to further poverty reduction; how to ensure gender equity in the economic and social sphere; and how to promote social and technological changes to tackle climate change and to strengthen resilience to natural disasters.

We are also facing a number of emerging challenges stemming from the far-reaching and rapid structural changes on a global scale. First, we need to harness the new wave of digital innovation for sustainable and inclusive growth as it entails not only opportunities but also risks. Not to mention a possible drastic restructuring of labor markets, the cross-cutting nature of technological development will have a wide-ranging impact which requires a proper governance framework. Second, the recent demographic trends of aging populations and global migration flows are also posing new challenges. The trend of aging workforces in an increasing number of countries may have negative impacts on economic growth, placing a burden on the sustainability of public finance and social security systems. While the increasing flows of labor migration could play a role to alleviate the negative impact of population aging, it would require well-designed immigration policies and international coordination. Third, we have been facing rapid changes in the dynamics of global governance with the shift in the center of economic gravity toward emerging economies. Also, we observe the erosion of trust and social cohesion in many countries and nation states become more prone to pursue self-interests, which has led to the rise in protectionism and nationalism and eventually the unprecedented crisis of multilateralism.

### Ways Forward for the Global Community

Facing these evolving global challenges, we are urgently required to develop and share a common vision which can steer the global community to a path of sustainable and inclusive growth with strengthened resilience. The following three key approaches are meant to point out how our endeavors to address the above-mentioned challenges should be directed.

#### *Investments in human and physical capital*

The future path of the global economy will be determined by our investment decisions today. In this light, the importance of human capital development cannot be emphasized enough. Development should be people-centered; it should be socially inclusive by “leaving no one behind” and it should fully comply with and properly implement the Sustainable Development Goals (SDGs) in the 2030 Agenda. Moreover, in response to the need to address aforementioned emerging structural changes on a global scale, policies on human capital development should promote universal health coverage, women’s economic empowerment and skills development in the era of the fourth industrial revolution while dealing with projected demographic changes.

Equal emphasis should be placed on the importance of physical capital and quality infrastructure investments which could boost economic activities in a region and create positive spill-over effects in neighboring communities and regions. Such infrastructure investments should contribute to strengthening resilience against climate change and natural disasters as well.

To secure the necessary resources for human and physical capital investments and to ensure their cost-effective use, it is essential to mobilize domestic and foreign resources, as well as public and private

## Vision

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resources, in an efficient and sustainable manner. For many developing countries, steps for better resource mobilization should include promoting domestic savings, developing sound and well-functioning financial markets, and encouraging foreign direct investment. This should be accompanied by global efforts to promote financial inclusion by utilizing financial technology (FinTech) for small and medium-size enterprises (SMEs) and households and to encourage sustainable business practices and shifts in resource allocation towards sustainable finance.

### *Holistic and systematic approach to cross-cutting issues*

Global challenges such as environmental issues and inequality are intertwined in nature. In seeking an effective and efficient way to tackle these cross-cutting challenges, a more comprehensive approach is called for, “breaking down the silos” and emphasizing policy coherence across departments and agencies. In support of these attempts to develop a holistic and systematic approach in policy design and implementation, we need to further promote policy coherence at both horizontal and vertical levels. That is, there need to be coordinated and integrated policy frameworks: (a) across different domains; economic, social, political, cultural, and others; and (b) across global, regional, national, sub-national and local governance scales. In building those policy frameworks, it is crucial to provide diverse stakeholders with opportunities to get involved in policy-making and thus to promote inclusive, diverse and coherent policies.

### *Effective and robust global governance architecture*

We need to further strengthen the global governance architecture so that it can provide effective global frameworks and platforms to address global challenges. The pervasive nature of collective action problems necessitates the renewed commitment by countries to coordinate for global win-win solutions based on multilateralism. As the premier forum for our international economic cooperation, the G20’s leadership to this end is crucial.

The G20 can set the global agenda and lead the coordination process for establishing an effective and robust global governance architecture. Global governance architecture should aim to promote common prosperity through a rule-based, free and open international trade and investment order, and a stable and resilient international financial system. It also needs to ensure continuous global cooperative efforts to address pressing global challenges such as the SDGs and climate change agenda. For areas such as the digital economy where policies are still underdeveloped and fragmented across countries, the G20 can play an important role in establishing global frameworks and guiding principles.

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T20 Japan, through the work of its ten policy task forces, has produced innovative and evidence-based policy recommendations to allow the above key approaches to take shape. While maintaining the continuity of the T20 process across leaderships, two new task forces have been added on SMEs and population aging issues, given the importance and relevance of policy experiences in Japan and other Asian countries on these issues to other countries.

The key T20 Japan policy recommendations that follow are selected from more than one hundred policy briefs produced by T20 Japan task forces. All T20 Japan policy briefs can be viewed at: <https://t20japan.org/publications/policy-briefs/>

# Recommendation

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## TF1 2030 Agenda for Sustainable Development

The Sustainable Development Goals (SDGs) aim to realize a world “that leaves no one behind” by 2030. G20 countries must take bold and transformative steps to accelerate the implementation of the 2030 Agenda by taking a human-centered approach that contributes to building a sustainable health system for all and promotes education in development and women’s economic empowerment. It is also critically important for G20 countries to scale up the impact of business on inclusive and sustainable development and establish a global framework for mobilizing and catalyzing capital and facilitating technological cooperation, based on the principles of access, equity and inclusion for developing countries.

### Lead Tractable Changes and Global Solidarity Towards Universal Health Coverage (UHC)

- Re-orient and harmonize development assistance to strengthen primary healthcare systems. In addition, promote reliable, efficient and self-sufficient domestic financing mechanisms based on experience and best practice-sharing.
- Establish a reliable migrant information system to ensure health and social security benefit parity between migrant and local workers.
- Establish a G20 working group on harnessing and regulating health technologies at the global level.

### Transform Education Systems to Provide All Children with Quality Education

- Strengthen G20 commitment to advancing access to locally and culturally appropriate quality Early Childhood Development (ECD)/Early Childhood Education and Care (ECEC) for all children from birth, and build international consensus on government responsibility for a “whole-systems” approach to ECD/ECEC policies.
- Develop baseline data and targeted action to help marginalized girls and boys and achieve gender equality in education and promote research and practice on non-cognitive “socioemotional skills” to transform traditional schooling systems.
- Agree on timely policy measures within G20 countries to enhance STEM education, particularly basic mathematics and science. Emphasis should be on cultivating the interest of children in STEM education.

### Drive Capital at Scale Towards Sustainable Development and Ensure Improved Allocation of Development Finance

- Share the good experiences derived from expanding sustainable finance especially those involving large institutional investors and national and international development banks in G20 member countries, and pursue actions that boost private financing for social good.
- Build the capacity of developing countries to create sector-specific platforms for generating coherent and high-quality project proposals linked to national development plans, partnership with multilateral development banks (MDBs) and United Nations agencies.
- Institute a systematic approach to aid replenishment negotiations (expected in 2019/2020) based on an agreed upon set of core principles and encourage greater use of innovative finance mechanisms.

### Redefine the Purpose of Business and Create a “Sustainable Ecosystem” for Shaping Beneficial Environments for All Stakeholders

- Urge the private sector to embed sustainability into core business strategies and operations and link corporate reporting to the Sustainable Development Goals (SDGs) based on a common framework and standards. In addition, raise incentives for joint business actions for social good by showcasing such arrangements at major international events.
- Reshape the economic system around a common purpose by promoting Environmental, Social and Governance (ESG) investment as well as sustainable procurement in the public sector.

## Recommendation

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- Promote “Quality FDI” to developing countries and support their industrial and social upgrading so that they can benefit from Global Value Chain (GVC) participation and avoid the risk of inappropriate supply chain management by FDI.

### Create Alternative Mechanisms for Science, Technology and Innovation Cooperation, Building the Technological Financial Capabilities of Developing Countries

- Establish a comprehensive technology facilitation mechanism, including technology banks, to accelerate and incentivize technology transfer to developing countries.
- Develop a global action plan to promote open access to data and science and technology information, and adopt new regulation models that govern innovation in ways that advance global public good.
- Integrate science, technology and innovation cooperation into strategies for the achievement of the SDGs and promote good practices towards this objective among G20 countries.

### Promote Women’s Economic Empowerment

- Remove systemic legal and social barriers in the labor market that disproportionately limit women’s labor force participation and countries’ potential to deal with demographic transition, especially by adopting policies that recognize, reduce, redistribute and represent unpaid care and domestic work, and by presenting mid-term reports on the 2014 Brisbane commitment on “25 by 25.”
- Improve women’s economic empowerment data availability, analysis and quality in the public and private sectors, recognizing that data inputs are essential for quality policy design, benchmarking and measuring implementation and accountability progress.
- Mainstream gender in public policymaking and require private and third sector entities to adopt and report on gender policies and outcomes.

## Recommendation

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### TF2 International Financial Architecture for Stability and Development/Crypto-asset and FinTech

Ten years after the global financial crisis, it is increasingly possible that the global economy will come to a cyclical turning point in 2019. G20 countries must strengthen the international financial architecture to ensure stability and development with the acceleration of digital transformation. To this end, capital flows need to be closely monitored, the IMF should be adequately resourced and macroprudential/monetary policy should be globally coordinated. G20 countries should also boost financial system modernization by promoting FinTech and introducing crypto-asset regulation. G20 countries are advised to support the mainstreaming of sustainable finance by providing a conceptual vision, a roadmap, operational coordination and forward guidance for achieving this goal.

#### Strengthen the International Financial Architecture to Ensure Stability and Development

- Promote global and regional cooperation to collect the latest information on capital flows to effectively monitor capital inflow surges and sudden cessation as well as abrupt capital outflows.
- Significantly reform IMF governance, expand and improve the IMF's available tools and better position it to cooperate with other actors in the global system to maintain financial stability and achieve sustainable development.
- Commence Global Monetary Policy Coordination Meetings entrusted by the G20 with the task of assessing the global impact of different monetary and macroprudential policies.

#### Modernize Financial Systems Through FinTech Promotion and Crypto-Asset Regulation

- Promote FinTech governance and regulatory coordination among G20 countries by assessing structural differences between major markets.
- Champion coordinated government efforts to improve financial inclusion and FinTech development through bridging technology, innovation, consumer protection policies and regulations, and best practice-sharing for building vital infrastructure.
- Comply with Financial Action Task Force (FATF) guidance on crypto-assets and introduce regulation to crypto-asset exchanges, including registration systems to enforce Know Your Customer (KYC) rules. Consider Japan's pioneering comprehensive regulations for crypto-asset exchanges introduced in April 2017.

#### Transform Sustainable Finance into Mainstream Finance

- Support the mainstreaming of sustainable finance by providing a comprehensive conceptual vision, an evolving roadmap, operational coordination and forward guidance to involved actors as well as building problem-solving capacity to tackle obstacles that emerge during this transition.
- Create a G20 Sustainable Finance Working Group (SFWG) and direct it to develop an architectonic vision on how to utilize finance to enhance sustainability, outline steps for comprehensive environmental, social and governance integration across the financial system and detail a G20 action plan to advance this agenda with active government, private sector and civil society participation.

# Recommendation

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## TF3 Climate Change and Environment

The international community adopted the Paris Agreement and the 2030 Agenda for the Sustainable Development Goals in 2015. Today, the priority is how to implement these commitments without compromising people's quality of life. Since climate change is accelerating more quickly than expected, G20 countries must swiftly take more ambitious and robust action. At the same time, globalization, urbanization and economic development have resulted in the continuous expansion of resource use. To achieve the SDGs within planetary boundaries, it is essential that G20 countries transition to a circular economy in which secondary resource use increases and natural resource consumption decreases.

### Pioneer Ambitious Actions for Transition to a Decarbonized Society

- Lead the transition towards the decarbonization of consumer lifestyles through footprint assessment and strategic planning as well as enabling policies such as carefully designed carbon pricing.
- Build the capacity of developing countries to implement ambitious actions to address climate change mitigation, including preparation of critical data, and support the financing of these actions by mobilizing private capital through a low-carbon transition fund, a financial performance warranty program, best low-carbon regulations and a high-quality infrastructure program.
- Create a G20 metropolitan working group to promote the development of comprehensive territorial policies between national and subnational governments and empower local governments to finance low-emission and climate resilient transition.

### Construct a Fulfilling Decarbonized Society Through Innovation, Appropriate Technologies, and Community-Based Renewable Projects

- Reduce CO<sub>2</sub> emissions per GDP by accelerating technology transfer and introducing globally appropriate technology systems through international cooperation, efficient application of state-of-the-art systems in developing countries as a leap-frogging method and establishment of a scheme to boost decarbonization technology/system investment that considers regional energy situations, the natural environment and living standards, and future technological and social innovation using the quantitative technology evaluation method.
- Step up government and development bank-led efforts to foster research and innovative finance that promotes renewable energy, with Southeast Asia as a possible pilot case, as well as transform hard-to-abate sectors.
- Make concerted efforts to enhance capacity building in view of the entrepreneurial skills required for electricity projects with an emphasis on renewables, to promote inclusive growth of the communities, and to harmonize policies and standards for facilitating cross-border business and human resource flows.

### Mainstream Circular Economy and Society at the Global, Regional, National and Sub-National Levels

- Raise the ambition of circular economy policies incorporating Extended Producer Responsibility (EPR) not only focusing on waste management, recycling and clean-up but by facilitating new business models not depending on ever-increasing material consumption and waste generation.
- Facilitate community-based circular economy and society initiatives to rebuild social capital and help revitalize local areas. In addition, enable circular business models through policy instruments including development of indicators and targets for resource efficiency reflecting new gauges of wealth and planetary boundaries.
- Develop an international mechanism for policy coordination and harmonization critical to realizing a circular economy and society.

## Recommendation

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### TF4 Economic Effects of Infrastructure Investment and its Financing

There is an urgent need for G20 countries to develop high quality infrastructure that is cost efficient over the life cycle, and maximizes the contributions to economic growth, the Sustainable Development Goals and environmental outcomes including impact on and resilience to climate. High-quality infrastructure should encompass all benefits and costs including spillover effects and externalities, with equal consideration to economic, social and environmental dimensions. The positive “spillover effects” of infrastructure, if well-managed, can boost GDP and tax revenue at the municipal, regional and national levels and in turn be utilized to address the gap between infrastructure demand and availability of finance.

#### Maximize the Impact of Quality Infrastructure Investments Through Land Trusts and by Tapping Spill-Over Effects Boosting Long-Term Returns

- Develop an integrated approach to quality infrastructure through robust upstream policy and institutional foundations including multilevel governance; high quality standards to guide the design, build and operation of projects; project preparation platforms and facilities; and mobilization and alignment of large-scale financing. Reform the land acquisition process through measures such as land trusts to unlock investments. Connect infrastructure development, urban governance and earth system research and develop comprehensive infrastructure models to promote sustainable growth in all regions.
- Create viable revenue models by tapping spillover effects that can boost long-term returns, and which together with improved credit enhancement mechanisms, can attract private capital, pension funds and sovereign wealth funds worth trillions of dollars, reduce costs of capital and improve debt sustainability.
- Strengthen collaboration between the multilateral development banks as well as with other development partners to support the quality infrastructure agenda in emerging market and developing countries through country, regional and global platforms to provide strategic advice to governments, build local capacity in critical areas such as planning and procurement, adopt universal standards and transparency, and mobilize private capital at scale, locally and internationally.

#### Boost Quality Infrastructure Development by Integrating Impactful Environmental Solutions

- Promote upstream planning for quality infrastructure that fully incorporates social and environmental risks and costs into project pipeline development and considers the role and value of ecosystem services and nature-based solutions.
- Establish common financing principles, standards and frameworks that minimize ecological footprints through land and water conservation, biodiversity enhancement and healthy ecosystems.
- Promote research, policies and commitments that advance deforestation-free development models and restoration of landscapes.

#### Develop Strategies for Enhancing Resilient Infrastructure Development

- Incorporate spatial vulnerability and impact of climate change into infrastructure planning and design through comprehensive assessments and warning systems; improve the interaction between higher education programs, policymakers and owners and operators to strengthen disaster resilient infrastructure.
- Accelerate policies for low-carbon and climate-resilient growth, including carbon pricing and elimination of fossil fuel subsidies and disclosure of climate risk.
- Develop and share national and urban strategies for promoting resilience, including resilient transport systems based on proactive, holistic resilience engineering and management processes, and rapid disaster response and post-crisis policies.

# Recommendation

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## TF5 Cooperation with Africa

A number of African economies have made strong economic and social development progress but they continue to face significant development challenges. Poverty and hunger are still widespread. Debt burdens are once again on the rise and require policy coordination beyond traditional development partners. Certain international trade and economic policies and practices also impede African development. G20 and African countries should coordinate their development efforts and economic policies to seize new opportunities for the advancement of African economies and achieve the Sustainable Development Goals.

### Agree on a Unified Approach Towards Macroeconomic Stability by Attaining Fiscal and Debt Sustainability and Strengthening Domestic Resource Mobilization

- Enhance discussions between G20 countries on debt data reporting and publication standards for low-income countries, especially those in Africa, as well as an orderly debt resolution mechanism with a more diffuse creditor base.
- Assist in negotiations over innovative funding sources that limit the need for foreign currency and volatile borrowing and ensure that borrowed funds, especially non-concessional, are used productively to enhance repayment capacity. In this context, ensure that Multilateral Development Banks are adequately capitalized.
- Ensure that taxation of the digitalized economy works for Africa, especially regarding the profit allocation rules for multinational enterprises.

### Mobilize Diverse Development Actors and Tools in Support of Employment- Led Growth, Resilient Food Systems and Sustainable Development

- Enhance alignment of actors involved in African development such as G20 Compact with Africa country teams, local businesses and business sectors in G20 countries to foster non-resource-based economic development led by the private sector.
- Consolidate development support programs under a common framework like the Comprehensive Africa Agriculture Development Program (CAADP) to improve coordination between individual development programs.
- Establish a framework for utilizing digital technology to achieve sustainable development, including an information system for food market transparency, FinTech development to facilitate access to finance by local small businesses and revenue administration that helps to eliminate tax leakages.

### Enhance Policy Coordination Between the G20 and Africa to Promote Economic Integration, Including Removal of Policies that Impede African Development

- Realign G20 countries' agriculture trade practices, especially subsidies and non-tariff barriers that are inconsistent with WTO regulations to provide opportunities for African producers to participate in global value chains. At minimum, a "do no harm" approach should be guaranteed.
- Develop regional regulatory institutions to ensure the safety and quality of African products, especially food products, while not placing a prohibitive burden on African small and medium enterprises and smallholder farmers in complying with associated regulations.
- Strengthen efforts to combat illicit capital outflows such as tracking and repatriating illicit funds back to African countries as well as support global and inclusive discussion of new approaches to taxation of the digital economy.

## Recommendation

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### TF6 Social Cohesion, Global Governance and the Future of Politics

In recent years, political backlash against globalization has gathered strength in many parts of the world. There is a lingering crisis of multilateralism and an erosion of trust and social cohesion in many countries. TF6 examines how the roles of governments, business, and civil society could be strengthened in addressing these challenges and what could be done to build a closer connection between politics, the economy, and society.

#### Promote Corporate Governance: Instruments for Social Cohesion and Better Global Governance

- Rethink the purpose of corporate governance to include greater alignment with various global and social goals, articulating the notion that sustainable socioeconomic foundations on which firms can stand are vital for sustainable corporate businesses as well as profit maximization activities.
- Formulate and adopt global corporate governance codes across G20 countries in collaboration with the Organisation for Economic Co-operation and Development (OECD). These codes should help balance the contributions of corporations to society at large, including the achievement of the Sustainable Development Goals and an enabling business environment necessary for economic and social prosperity.

#### Promote International Cooperation: Strengthening Rules-Based and Multilateral Global Governance

- Create a conducive business environment for domestic and foreign firms to operate their business activities without stresses and impediments by resolving ongoing trade disputes, addressing intellectual property issues and industrial subsidies for state-owned enterprises, achieving a successful WTO reform, and sustainable ocean resource management.
- Strengthen multilateralism at multiple levels by coordinating discussions on global priorities, such as the environment and health issues within various international fora and organizations; nurturing transnational networks connecting the private sector, civil society, experts, and local governments; and developing the core capacity of countries to implement effective policies.
- Harmonize multilateral agreements with domestic conditions and across multiple actors so that the consequences are fully considered and appropriate policies are put in place to address challenges, such as immigration and social welfare, and absorb structural changes in the economy.

#### Promote Social Cohesion and Sound Politics: Adapting Technology to Contribute to the Social Good and Advancing the Inclusive Policymaking Process

- Support OECD intergovernmental guidelines for artificial intelligence to encourage the use of technology to boost social goals and promote educational technology at different stages of life, as well as create a system, such as digital tax, to distribute income generated from technology for welfare purposes.
- Improve physical, digital, and people-to-people connectivity to narrow widening urban-rural divides, especially as populations age. Encourage private actors like businesses and civil society to work closely with governments to tap urban-rural potential.
- Increase the channels for political participation that go beyond electoral turnout and include both citizens and civil society, and encourage new constructive roles for social media and evidence-based research that can bring a wider spectrum of voices into global policy discussions.

# Recommendation

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## TF7 The Future of Work and Education for the Digital Age

Major technological transformations, such as artificial intelligence, FinTech, the Internet of Things, and Industry 4.0 are putting the global economy on a new track. These innovations will bring immense economic opportunities as well as dramatic changes in industries, employment, and required skills that will create challenges for individuals, businesses, and governments. G20 countries should adopt policies that achieve well-balanced labor markets capable of matching skills supply and demand in an environment of rapidly evolving technology while reducing inequalities and promoting economic and social development. G20 countries should also develop educational systems that promote equal opportunities, lifelong learning and reskilling, and digital literacy.

### Promote Lifelong Learning and Work

- Encourage more individualized and flexible learning as well as certification processes that facilitate the skilling, reskilling, and upskilling of workers through greater participation in alternative and non-formal education programs, such as technical and vocational education and training (TVET) and other work-based learning models.
- Help vulnerable groups most likely to be affected by skills displacement, such as poor, aging, and low-skilled people, women, and small-business workers, by supporting policies and programs aimed at improving digital access and equity.
- Establish a collaborative body to develop a comprehensive digital skills strategy that advances the training, preparation for work and civic life, and well-being of all.

### Promote Digital Literacy and Other Future-Oriented Skills

- Support the development of an international digital skills strategy that includes standardized metrics and assessment tools for measuring digital literacy. Emphasize the multidimensionality of digital literacy, including technical skills, socioemotional human skills, and specific competencies in areas such as digital financial literacy, given the rise of FinTech.
- Promote the development of guidelines and best practices for transforming digital literacy into tangible outcomes in the workplace and beyond. Digital dividends to bridging the skills divide should also be defined, especially in terms of employability and social mobility.
- Support the creation of a coalition or advisory board to develop a coordinated approach to digital skills literacy. This includes the development and implementation of standardized skills and assessment tools for establishing targets, tracking progress, and updating policies and programs to bridge the digital skills divide, especially for vulnerable groups.

### Promote Social Protection for the Platform Economy

- Assess the benefits and challenges of the emergence of the platform economy and the “servification” of economic transactions and develop an international strategy including definitions, metrics, and assessment tools for measuring the platform economy and its impact on labor markets.
- Adopt guidelines and reform existing frameworks for updated and more coordinated global governance of platform economy transactions, recognizing that the emergence of global markets for virtual services can be a powerful source of economic growth and that global governance must also deal with regulatory and cost arbitrage.
- Improve revenue and social protection coverage for platform workers. This includes fostering data-sharing and regulatory collaboration with platform firms to ensure worker rights, govern user data, and facilitate healthy competition among firms; coordinating definitions of formal legal categories around platform work; and devising integrated systems to tax and target the appropriate social benefits for platform workers.

# Recommendation

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## TF8 Trade, Investment and Globalization

The world trading system consists of three main pillars: the World Trade Organization (WTO), regional and bilateral trade agreements, and domestic institutions. The WTO has recently shown signs of stress. It is withering as a negotiating forum to address ongoing and emerging trade issues, it faces serious Appellate Body challenges and a series of trade-restrictive measures and countermeasures by a number of countries that are inconsistent with WTO policy discipline. Defending the rules-based trading regime is an urgent task for G20 countries.

### Reinvigorate the WTO as a Pillar of the Rules-Based Trading Regime

- Revive the WTO as a negotiating forum by making negotiating and decision-making procedures flexible and introducing both multilateral and plurilateral or critical mass approaches.
- Encourage the WTO to establish an agenda prioritizing ongoing and emerging issues for advancing liberalization and rule-making.
- Solve Appellate Body challenges immediately by conducting necessary reforms of the dispute settlement mechanism.

### Respond to the Digital Revolution with Policies Supporting Data Free Flow

- Establish the “free flow of data” as a logical benchmark and reorganize supporting policies to address the related economic and social concerns.
- Harness the benefits of digital innovation, particularly communication technology, to promote sustainable and inclusive growth.

### Advance the Ongoing Trade Agenda for Sustainable and Inclusive Growth

- Pay greater attention to trade in services given the rise of the services economy and the digital revolution.
- Expand and restructure Global Value Chains by addressing human capital development, increasing infrastructure demand, business matching, regulatory and institutional barriers, and protectionist sentiment.
- Apply G20 Guiding Principles on investment facilitation to build an international framework of non-controversial technical measures to enhance the quantity and quality of investment.

## Recommendation

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### TF9 SME Policy faced with Development of Financial Technology

Small and medium-sized enterprises (SMEs) account for a large proportion of employment and are crucial for innovation and economic development. Therefore, SMEs are an engine for sustainable and inclusive growth. However, many SMEs face challenges due to limited resources, high risks, and information asymmetry. SMEs have difficulties with start-up, innovation, internationalization, human resource development, business transfer, and financing. Hence, many SMEs are at a relative disadvantage compared to large firms and fall short of their economic potential. G20 countries can help SMEs cope with these challenges by developing financial technology and improving entrepreneurial ecosystems.

### Move Towards an Entrepreneurial Economy by Promoting Start-Ups, Business Transfers, and Human Resource Development

- Establish effective ecosystems in which potential entrepreneurs of any gender, race, or age, can access the resources crucial to the success of new businesses. Enable individuals with a wide range of backgrounds to acquire the knowledge and skills to identify and pursue entrepreneurial opportunities.
- Develop human resources for public and private agencies who can evaluate the growth and innovation potential of SMEs and provide effective support for high-tech start-ups, including tax break-related financial incentives.
- Reduce exit and entry barriers to achieve a significant level of entrepreneurial recycling. Loosen labor regulations to make it easier for new and growing ventures to attract workers.

### Improve SME Access to Resources Using Digital Technologies

- Educate entrepreneurs through brochures, seminars, and innovative digital tools, such as webinars and social media, as well as through direct consultations.
- Construct comprehensive databases to link SMEs with other firms, specialists, universities, and public research institutes. Develop a dedicated online platform for merger and acquisition matching and business transfer to help SMEs seek partners and finance from venture capital firms and other alternative resources, like crowd funding.
- Improve traditional lending using new technology and big data by developing process automation, encouraging the innovative use of technology and data-sharing, and enhancing credit guarantee programs.

### Promote SME Innovation and Internationalization

- Rebuild incentive schemes based on empirical evidence and increase attention to “demand-side” support (public procurement of innovative products) and “soft” support, such as networking and consulting. Promote public–private partnerships for research and development investment in SMEs and more efficient protection and utilization of intellectual property rights, including enhanced access to intellectual property databases.
- Improve understanding of the conditions under which global start-ups are likely to prosper as well as start-up internationalization through appropriate support programs. Promote policies that streamline border procedures, simplify trade documents, and automate border passage.
- Implement support policy for “backing challengers” rather than “backing losers” or “picking winners.”

## Recommendation

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### TF10 Aging Population and its Economic Impact + Immigration

G20 countries are increasingly exposed to the knock-on effects of population aging, such as an older and shrinking labor force and more retirees. In countries with aged or fast-aging populations, these trends threaten the sustainability of fiscal institutions, including conventional tax design and pay-as-you-go pensions, and the efficacy of conventional macroeconomic policies and, thus, require timely structural reforms. In countries with young populations, population aging compounds disruptions linked to technological diffusion, rising inequality, high economic informality, and rapid regional migration and makes forward-looking policy development extremely difficult. As such, these countries must actively pursue measures that establish a financing base for improved social protection and enhance macroeconomic integrity.

#### Implement Structural Reform Policies that Promote Economic Growth, Macroeconomic Integrity, and a Resilient Labor Market

- Promote investment in human and physical capital to improve the productivity and adaptability of society and facilitate foreign direct investment that benefits both developed and developing economies.
- Reform tax systems to accommodate demographic transition, both in terms of revenue requirements and the choice of tax base. Upon implementation, tax incentives should internalize potential negative externalities, such as greater income inequality.
- Improve productivity in the workplace via performance-based remuneration and the elimination of gender and seniority-based pay differentials. At the same time, introduce a comprehensive skills development and inclusive international migration framework in line with the Sustainable Development Goals.

#### Re-Orient Social Protection Systems Towards Poverty Alleviation, Wealth Accumulation, Adequate Social Security for All, and Fiscal Sustainability

- Re-orient social security systems towards greater means-tested, non-contributory pensions and align incentives with increasingly mature labor force participation, including indexing access age to life expectancy. Continue to support contributory pensions for those who can afford to save for retirement.
- Boost the development of simple and easy-to-understand financial products, such as lifetime annuities, through supportive regulatory structures that ensure the proper design and fairness of such products and encourage greater financial knowledge and literacy through education programs and school curricula.
- Advance universal access to healthcare and long-term care for the elderly, especially those without adequate family support.

#### Develop Data Systems, Policy Tools, and Analysis Pertaining to the Impacts of Demographic Change in G20 Countries and Emerging Economies Outside the G20

- Improve the collection and analysis of data on population and economic linkages that reflect key features of generational economy by age, gender, and income group and develop tools to help policymakers deal with the effects of population aging, especially in emerging economies.
- Support the development and adoption of Evidence-Based Medicine (EBM) to better match medical best practices with the evolving needs of aging populations through the launch of a new Global Fund for Healthcare in Aging Populations (GF-HAP).
- Establish an assessment framework for effective and efficient social security systems, particularly for developing economies.

## List of Policy Briefs

### TF1 2030 Agenda for Sustainable Development

1. Deliberate Next Steps toward a New Globalism for Universal Health Coverage (UHC)
2. Transforming Education towards Equitable Quality Education to Achieve the SDGs
3. Early Childhood Development Education and Care: The Future Is What We Build Today
4. Developing National Agendas in Order to Achieve Gender Equality in Education (SDG 4)
5. Measuring Transformational Pedagogies Across G20 Countries to Achieve Breakthrough Learning: The Case for Collaboration
6. Teacher Professional Skills: Key Strategies to Advance in Better Learning Opportunities
7. Sustainable Financing for Development
8. Scaling Up Business Impact on the SDGs
9. Leveraging Science, Technology and Innovation for Implementing the 2030 Agenda
10. A Gendered Perspective on Changing Demographics: Implications for Labour, Financial and Digital Equity
11. Women's Economic Empowerment: Strengthening Public and Private Sector Impact through Accountability and Measurement (SDG 5)

### TF2 International Financial Architecture for Stability and Development/Crypto-assets and FinTech

1. Capital Flows and International Financial Architecture
2. Turning Sustainable Finance into Mainstream Finance
3. Regulation of Crypto-asset Exchanges and the Necessity of International Cooperation
4. Strengthening the International Monetary Fund for Stability and Sustainable Development
5. Monetary policy and Financial System Resilience
6. The Macprudential Policy Framework Needs to Be Global
7. Designing a Governance Framework for the Global Financial Systems – Regulations and Promotion
8. Fintech and Distributed Ledger Technology: Issues and Challenges Beyond Crypto Assets
9. Forming a Cohesive Fintech Agenda for the G20
10. Review of Fintech Strategies for Financial Inclusion in Sub-Saharan Africa
11. Forming a G20 Fintech Association Forum to Broker International Partnerships Promoting Financial Inclusion in Developing and Emerging Economies
12. Central Banks and the G20 Agenda. Ensuring Policy Coherence
13. Mind the gap: Making Basel Standards Work for Developing Countries
14. Mainstreaming Natural Capital Valuation
15. Expanding Data Collection to Streamline MSME (Micro, Small and Medium Enterprise) Lending

### TF3 Climate Change and Environment

1. Strengthened Actions towards Decarbonised and Climate Resilient Society
2. Six Proposals for Future Policies towards Circular Economy and Society
3. Biodiversity – A Key Source of Technological Innovation
4. Potential of Various Renewable Energy and Its Introduction Policy in Southeast Asia
5. Promotion of Constructing Zero Carbon Society: Effectiveness of Quantitative Evaluation of Technology and System for Sustainable Economic Development
6. Energy Transition in Emerging and Developing Countries: Promoting the New Paradigm
7. Policies and Practices to Enable Business Models for Resource Efficiency and a Circular Economy
8. Addressing Critical Issues for Building Climate Resilient Infrastructure
9. Investing in Climate Change Mitigation: A G20 Action Plan for Upscaling Private Sector Contributions
10. Delivering National Climate Action Through Decarbonized Cities

## TF4 Economic Effects of Infrastructure Investment and its Financing

1. The Infrastructure Nexus: From the Future of Infrastructures to the Infrastructures of the Future
2. Infrastructure Investment Needs and Sources of Financing
3. Pursuing Quality of Infrastructure for Sustainable Growth
4. Building resilient infrastructure systems
5. Quality Infrastructure Investment and the way to increase the rate of return from infrastructure investments
6. Sustainable Infrastructure to Secure the Natural Capital of the Amazon
7. Disaster Mitigation Social Resilience: From Human Being to Infrastructure
8. Economic Effects of Infrastructure Investment from the land-based financing system
9. Global Targets on Drinking Water
10. Policy and Institutional Framework for Delivering on Sustainable Infrastructure

## TF5 Cooperation with Africa

1. Fiscal and Debt Sustainability in Africa
2. G20 Compact with Africa
3. Industrial Development and ICT in Africa: Opportunities, Challenges and Way Forward
4. Linking Smallholder Production with Value-Added Food Markets
5. Sustainable Prevention of Food Crises in Sub-Saharan Africa
6. Tax Challenges of Digitalization in Africa

## TF6 Social Cohesion, Global Governance and the Future of Politics

1. Promoting Unity of Corporate Governance with Global Governance and Social Governance: Demanding Commitment from Corporate Businesses on Sustaining Stable Social Foundation
2. Toward Global Paradigm Change: Beyond the Crisis of the Liberal World Order
3. Bringing the Public's Voice into Debates about the Future of Politics and Global Governance
4. Maintaining Social Cohesion through Democratic Liberalism
5. Improving Future Ocean Governance – Governance of Global Goods in an Age of Global Shifts
6. Regional Trade Blocs as Supporting Structures in Global Governance
7. Technology Can Help to Right Technology's Social Wrongs: Elements for a New Social Compact for Digitalisation
8. The Urban-Rural Divide and Regionally Inclusive Growth in the Digital Age
9. Decoupling and Social Arrest: The Way Forward
10. Civil Society and the G20: Towards a Review of Regulatory Models and Approaches
11. Multilateralism with Multiple Layers and Strengthening the Base of National Capacity
12. Rules-based Global Governance at Risk: Challenges of US Unilateralism and US-China Superpower Competition
13. The G20 in Face of Politicization: Avoiding or Embracing Contestation?
14. The Digital Freedom Pass: Emancipation from digital slavery
15. Improving Immigrants' Integration in Host Countries

## TF7 The Future of Work and Education for the Digital Age

1. Fostering Human Dimension of the Digital Education
2. Industrialization and Growth in Digital Age: Disruptions and Opportunities for Employment Led Growth in Asia and Africa
3. The Need to Promote Digital Financial Literacy for the Digital Age
4. Lifelong Learning and Education Policies to Capture Digital Gains
5. Transformation of Economic and Social Institutions for a New Era of Self-employment in High-income Countries
6. Rethinking Pathways to Employment: Technical and Vocational Training for The Digital Age
7. Delivering Workforce Productivity Growth
8. Bridging the Gap Between Digital Skills and Employability for Vulnerable Populations

9. Leaving No One Behind: Measuring the Multidimensionality of Digital Literacy in the Age of AI and other Transformative Technologies
10. The reskilling effort to bring the fourth industrial revolution to Latin America
11. How to Promote Worker Wellbeing in the Platform Economy in the Global South
12. New Opportunities in the Platform Economy: On-ramps to Formalization in the Global South

### TF8 Trade, Investment and Globalization

1. The Crisis in World Trade
2. Reinvigorating the WTO as a Negotiating Forum
3. Reforming the WTO AB: Short-term and Mid-term Options for DSU Reform, and Alternative Approaches in a Worst Case Scenario
4. The Digital Economy for Economic Development: Free Flow of Data and Supporting Policies
5. Services Trade for Sustainable, Balanced, and Inclusive Growth
6. Expanding and Restructuring Global Value Chains for Sustainable and Inclusive Growth
7. Towards G20 Guiding Principles on Investment Facilitation for Sustainable Development

### TF9 SME Policy faced with Development of Financial Technology

1. Digital Innovation Can Improve Financial Access for SMEs
2. Promoting SME R&D and Innovation
3. Fostering Greater SME Participation in a Globally Integrated Economy
4. Promoting Support for Start-ups
5. Promoting Investment in Human Capital and Labor Mobility: Making the Entrepreneurial Economy Work
6. Business Transfer as an Engine for SME Growth

### TF10 Aging Population and its Economic Impact + Immigration

1. Macroeconomic Impacts and Macroeconomic Policies in Aging Societies
2. Fostering Prosperity – Investment and Demographic Transition
3. Taxation in Aging Society – Increasing the Effectiveness and Fairness of Pension Systems
4. Role of Innovative Policies in Incentivizing Women’s Labor Force Participation – A Response to Trends in Aging Population
5. Work Capacity and Socially Sustainable Public Pension System in Aging Societies
6. Supporting Sustainable and Effective Social Security System Development in Aging Developing Countries
7. Use Evidence-based Medicine to Raise the Productivity of Healthcare in Aging Populations
8. Role of G20 in Designing Immigration Policies to Support Population Aging
9. Investment in Social Capital as a Solution for Population Aging
10. Financial Literacy, Incentives, and Innovation to Deal with Population Aging
11. Aging Population and Its Impact on Fiscal Sustainability
12. Aging, Fiscal Sustainability and Adequacy of Social Security Systems

### Lead Organizations



The Asian Development Bank Institute (ADBI) is the think tank of the Asian Development Bank. Established in Tokyo in 1997, ADBI provides cutting-edge research and capacity building and training that empowers policy makers and stakeholders to more effectively reduce poverty and tackle medium to long-term development challenges in the Asia and Pacific region. ADBI is led by Dean Naoyuki Yoshino and experts from diverse Asian Development Bank member countries focused on issues ranging from infrastructure and digital development to the promotion of health, education and green growth. ADBI was named the world's second-best government-affiliated think tank for a fifth consecutive year and moved into the world's top 25 global think tank ranking in the 2018 Global Go to Think Tank Index Report.



The Japan Institute of International Affairs (JIIA), founded in 1959, is a private, nonpartisan policy think-tank focused on foreign affairs and security issues. In addition to a wide range of research projects, the institute promotes dialogues and joint studies with other institutions and experts at home and abroad, examines Japanese foreign policy and makes proposals to the government, and disseminates information on international relations to the public. The institute, together with a large network of affiliated scholars, aims to serve as an indispensable resource on international affairs in a complex world.



The Institute for International Monetary Affairs (IIMA) was originally established in 1995 with a basic capital contribution from the Bank of Tokyo (currently MUFG Bank). The purposes of setting up the IIMA were to pass on to future generations the valuable expertise that had been inherited over more than a century and to utilize such expertise in the public interest through high-quality research in the international monetary field and through international exchange of opinions. The IIMA aims to conduct research and studies on issues relating to the international economic, financial and currency matters, and through its activities as a specialized institute, to contribute to the stability and development of the economy, society, and international financial markets as well as to deepen the mutual understanding between Japan and the rest of the world.