



G20 INDONESIA
2022

ATTACHMENT

**G20 Roadmap
for Stronger Recovery and Resilience**

in Developing Countries, including Least Developed Countries
and Small Island Developing States



INTRODUCTION

As the world is coping with multiple crises, the G20 remains and continues to reinforce its role as the premier forum for international economic cooperation that can take decisive action for global recovery, resilience and sustainable development. Developing countries, including Least Developed Countries and Small Island Developing States, are struggling to recover from the COVID-19 pandemic and adjust to the ongoing infections and impact of the virus, grappling with record inflation, rising interest rates and debt burdens, the need for reliable, affordable and sustainable energy, global supply chains disruption, geopolitical tensions, environmental degradation, climate change, biodiversity loss, exacerbating gaps in gender equality, increasing global food insecurity and the global education crisis that can dramatically affect their populations and upend efforts and investments to advance the full implementation of the 2030 Agenda for Sustainable Development.

The Development Working Group (DWG) is a coordinating body and policy resource for G20 actions towards developing countries and cross-cutting issues of sustainable development and steers the implementation of the Roadmap collective actions. The DWG can harness complementarities and enhance coordination across all G20 workstreams to strengthen policy coherence on the G20 work and maximize impact. In line with the Seoul Development Consensus (2010), narrowing the development gap and reducing poverty are integral to our broader objective of achieving strong, sustainable, inclusive and balanced growth, and ensuring a more robust, sustainable and resilient global economy respective to each countries' economic development and prosperity among and within countries.

The G20 Roadmap for Stronger Recovery and Resilience in Developing Countries, including LDCs and SIDS (the Roadmap) is a multi-year program of actions aiming at accelerating the recovery of developing economies, and in order to implement the 2030 Agenda and to achieve the Sustainable Development Goals (SDGs) which includes alleviating poverty and ending hunger, malnutrition, increasing human capital development and increasing resilience to disaster risks and future shocks. Guided by the High-Level Principles of the G20 Action Plan on the 2030 Agenda; the Principles of the G20 Support to COVID-19 Response and Recovery in Developing Countries endorsed under the 2020 Saudi Arabian Presidency, the Roadmap is designed to respect every person and to leave no one behind, including people living in vulnerable situations. The collective actions of the Roadmap promote global solidarity; support the recovery with sustainable, resilient and inclusive solutions according to national circumstances and capabilities; build on partnership, including on finance and technology on mutually-agreed terms and international cooperation with diverse-stakeholders; and are implemented on a voluntary basis.

Our support to strengthen recovery and resilience of developing countries, including LDCs and SIDS, builds on the longstanding political leadership by the G20 in cooperating with developing countries and promoting sustainable development paths. In the face of multiple global crises, we sustain our joint efforts and uphold continuity and consistency in our collective actions and emphasize that we are committed to promoting the implementation of existing initiatives, including the G20 Principles for Quality Infrastructure Investment and Matera Declaration on Food Security, Nutrition and Food System. We are committed to both addressing urgent and pressing issues to alleviate poverty and development setbacks and accelerate efforts towards achieving sustainable development in an integrated and coherent and inclusive manner. Collective actions and outcomes of the Roadmap are delivered and developed with the support of relevant international organizations, Multilateral Development Banks (MDBs), and other development partners, the private sector, and other stakeholders to ensure an effective implementation





and avoid duplication of efforts. They are reviewed periodically and are integral to the DWG accountability process.

Whilst the international community is collectively off-track to achieve the SDGs by 2030, the Roadmap aims to contribute to achieving the goals and objectives of all relevant international instruments, including the 2030 Agenda for Sustainable Development; the Addis Ababa Action Agenda; the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, Sendai Framework for Disaster Risk Reduction 2015-2030; the G20 Principles for Quality Infrastructure Investment; the Convention on Biological Diversity; UN Convention to Combat Desertification and the Doha Programme of Action for Least Developed Countries. Collective actions of the Roadmap are country driven and take into account national circumstances, economic development strategies and capabilities. Their implementation requires engagement of all stakeholders. We aim to promote partnerships with developing countries, international organizations, MDBs, non-state actors and G20 engagement groups, including through North-South, South-South and triangular cooperation, to better achieve an inclusive, resilient, and socially, economically, environmentally sustainable recovery and resilience. The Roadmap is a living document aiming at addressing pressing and emerging issues, that will be reviewed periodically and enriched by new priorities. The Roadmap also addresses themes that cut across the key focus areas, such as gender equality and empowerment of all women, girls and youth, and inclusion of children and support to people living in vulnerable situations, including persons with disabilities.

The Roadmap sets out three key focus areas, for our voluntary collective actions adopted because of their recognized positive impacts and multiplier effect to meet the specific needs and to accelerate recovery in developing countries, including LDCs and SIDS. The key focus areas showcase evidence-based policies, and consist in concrete collective actions that we put forward together and implemented on a voluntary basis to support developing countries, including LDCs and SIDS, and to take the SDGs agenda forward. Key focus areas highlight some of the most important aspects of sustainable and inclusive growth, and a sustainable recovery; enhancing productivity and competitiveness, resilience, and access to finance, and integrating global value chains of the **Micro-, Small, and Medium-sized Enterprises (Key Focus Area I)**, ensuring resilience against future shocks and challenges through **Adaptive Social Protection (Key Focus Area II)**, and fostering a more sustainable growth by promoting **Green Economy, including Blue Economy through Low GHG emissions/Low Carbon and Climate Resilient Development (Key Focus Area III)**. These key focus areas showcase the vulnerability of our existing systems, expose the impact of crises across the world, and lay out major challenges and opportunities in responding to shocks and bring forward ambitious and realistic collective concrete actions.

KEY FOCUS AREA I Micro-, Small, and Medium-sized Enterprises (MSMEs)

Micro-, Small, and Medium-sized Enterprises (MSMEs), both formal and informal, make up over 90% of all firms around the globe. They are the backbone of most economies, particularly in developing countries, including LDCs and SIDS, and play the main role in achieving the SDGs. The international community has recognized the central contribution of MSMEs for their wide-reaching impacts on economic growth, job creation, local productive capacities development, persons with disabilities, gender equality and the empowerment of women and girls, food and nutrition security and water availability, promotion and enhancement of health and education, inclusive and sustainable industrialization, and potentially advancing just and inclusive transitions towards green and more sustainable economies. MSMEs also play a key role in reducing poverty and inequality, including driving progress on women, persons with disabilities, and young entrepreneurs' economic empowerment. Yet, besides their huge contributions,





MSMEs, particularly informal MSMEs, have been disproportionately impacted by multiple crises over the years including the COVID-19 pandemic, the impact of climate change, and the energy and food crises which have resulted in financial instability, increased costs of living, liquidity constraints, employment losses, including in the agriculture sector and business closures. The situation is dire for all MSMEs, notably those led by women and youth.

Therefore, based on their vital contributions, the role of MSMEs has long been a major discussion topic in many global forums, including the G20. Since its inception, the G20 has had a long history of discussing and supporting MSMEs, both under the Finance and Sherpa Track and as well as G20 engagement groups. Through this Roadmap, the G20 DWG proposes a set of voluntary collective synergistic and gender-responsive actions to further enhance the productivity, competitiveness, resilience, and access to finance and global value chain of MSMEs in developing countries, including LDCs and SIDS, as a key pathway to sustaining progress towards the SDGs. G20 DWG will refer to the G20 Policy Guidelines on Boosting MSMEs International Competitiveness and will seek to both complement and ensure complementarities with other workstreams related to MSMEs, including the Environment Deputies Meeting-Climate Sustainability Working Group, Sustainable Finance Working Group, the Employment Working Group, Trade and Investment Working Group, Digital Economy Working Group, Global Partnership for Financial Inclusion, and through G20 engagement groups.

OPPORTUNITIES

Strengthening the MSMEs that have strong development impacts will accelerate the efforts in achieving the SDGs. While governments across the world have deployed a range of measures to help MSMEs cope with the adverse consequences of the COVID-19 crisis, it is paramount for policy action to shift gears away from short-term support towards more comprehensive and structural interventions to enhance MSMEs' competitiveness, productivity, reduces moral hazards, and achieve long-term recovery and resilience to shocks and crises.

The G20 DWG recommends and aims to promote and support a forward-looking integrated policy agenda for MSMEs in developing countries, including LDCs and SIDS. The G20 can also leverage its extensive experience in setting up innovative public-private partnership frameworks to support MSMEs to enhance their competitiveness and resilience in developing countries, including LDCs and SIDS. Such an agenda calls for further collective efforts by the G20 and partners, including relevant international organizations, multilateral development banks (MDBs), and the private sector to altogether support productivity and competitiveness of the MSMEs such as by improving access to finance that is affordable, catalyze private investment, promote better and more resilient integration of MSMEs into global and regional value chains and sustainable supply chains, encourage innovation, digital skills and professional training, enhanced capacities for disaster risk reduction and management including integration into local emergency management systems and the adoption of sustainable business practices and green technologies, including by digital transformation and connectivity, as well as through the development or strengthening of policy frameworks and enabling sector frameworks, with specific attention given to MSMEs led by women, youth, and persons with disabilities, that encourage gradual transitions to formality.

The above agenda also acknowledges various types of MSMEs, and the need for evidence-based policy interventions and solutions that are adapted to the specific needs, constraints and potential. It specifically acknowledges the need to address the most vulnerable segments of the MSME sector, particularly enterprises in the informal sector owned by women and youth. It supports the development of good governance including transparent and equitable access and benefits, regulatory environments, policies,





and quality standards of products and services for all types of MSMEs so that no one is left behind. It especially acknowledges the need to empower women and young entrepreneurs.

CHALLENGES

While MSMEs' contribution to the national economic output is critical, the challenges surrounding MSMEs remain daunting, especially in times of crises. MSMEs, notably the micro and small enterprises and their workers are the most vulnerable when facing any shocks and risks, including disaster risks, environmental degradations, climate-related events, and global value chain disruptions, with severe consequences for food and energy security. Adversely impacted by the COVID-19 pandemic, MSMEs' resilience to shocks and their ability to recover is closely linked to their productivity and competitiveness. The pandemic has exacerbated MSMEs conditions by several factors, including limited participation of MSMEs in national, regional, and global value chains; low skills and productivity growth; limited capacities to adopt new business models; lack of sustainable connectivity and respective quality infrastructure; lack of financial inclusion; low digital adoption and digital skills; lack of opportunities to reskilling and upskilling, especially in the changing world of work, and management for enhanced decision-making and business practices, in particular for women, youth, and persons with disabilities that led to the business closure; high cost of preventive risk management and business continuity planning account for such exposure to risks and shocks.

Further, the informality and lack of incentives to formalize are also prominent features of MSMEs ecosystems in developing countries, including LDCs and SIDS makes them more susceptible to economic shocks, liquidity shortages, and global value chain disruptions and contractions in aggregate demand. Because of their informal status, and the limited availability of statistics, many might not have access to bank accounts and other services such as social benefits and social protection. Informal enterprises are less likely to benefit from stimulus packages aiming at supporting (primarily formal) MSMEs and mitigating the socio-economic impact measures. Many of the informal MSMEs are led by women and youth making it imperative to be proactive in including them in post-COVID recovery efforts. The overall lack of comprehensive data on MSMEs in developing countries compounds this challenge, making it more difficult for governments and financial institutions to deliver targeted support and services tailored to their needs.

COLLECTIVE ACTIONS

Action 1: Promoting the adoption of comprehensive national frameworks and strengthening existing regulatory frameworks to improve coordination between all stakeholders in designing MSMEs sustainable development policies

Alongside the creation of enabling business environments, transparency, and easy rules-based regulatory frameworks that are indispensable for MSMEs' growth and sustainable development, coordinated action is also needed to develop policies. These policies may address harnessing MSME data collection for innovation; financial inclusion, including digital financial literacy; promoting innovative partnerships and multi-stakeholder cooperation; including exploring the possible use of emerging digital technologies; business and market development; project preparation; adopting technology and encouraging innovation and professional training; risk prevention and reduction management, including risks-related to climate change; skills development; sustainable business practices; as well as in the empowerment of people living in vulnerable situations MSMEs sector, especially persons with disabilities, women and youth entrepreneurs, and the informal enterprises. We also note that there are ongoing discussions in several international fora about digital public goods and their contribution towards sustainable development. We





look forward to discussing the issue in various G20 working groups, including the Development Working Group in the future.

These requires enhanced coordination mechanisms between all government bodies in charge of MSME development and private stakeholders and civil society in MSME ecosystems to reach a common understanding of MSME needs and strengthen linkages between sectoral interventions to avoid duplication of efforts and to address MSME needs in an effective and consistent manner, with a view to advance sustainable development in all of its three pillars.

The G20, with the support of relevant international and regional organizations and stakeholders, will promote the strengthening and use more extensively existing platforms or initiatives for knowledge sharing, exchange of good practices, and peer learning initiatives amongst countries with well-developed MSME strategic frameworks or development coordination systems through international cooperation, including North-South, South-South and Triangular Cooperation.

Action 2: Encouraging countries to invest in reliable and comprehensive data on MSMEs and evaluating outcomes of MSMEs policies and programs

We acknowledge the need for reliable, comprehensive, disaggregated national and sub-national data on MSMEs. This includes disaggregated data targets and reporting that can help policymakers develop evidence-based and gender-responsive policy interventions that are tailored to the differentiated needs of all types of MSMEs, including formal and informal MSMEs, without overburdening them with reporting requirements. Looking forward, the comprehensive data can be used as a tool to monitor and evaluate the outcomes of MSMEs policies and programs implementation. The G20 acknowledges the important aspects of transparency, reliability, and comparability in data collection on a voluntary basis.

The G20 could work with relevant national authorities and relevant organizations in establishing comprehensive and integrated frameworks and methodologies to monitor and evaluate the impact of MSMEs policies and programs on all types of MSMEs by further knowledge-sharing and cross-country peer learning on national good practices. The G20, with the support of relevant international and regional organizations, aims to help address persisting and emerging gaps in collecting MSMEs data that is transparent, reliable, and comparable on a voluntary basis and support the establishment and development of comprehensive and digital data architecture in consultation with national authorities and representative MSMEs organizations in developing countries. These actions aim to reduce information and access asymmetries, strengthen capacities for disaggregated data collection by location, sector, value chains, size, age, gender, formal/informal status, etc., and establish effective and multi-stakeholder institutional frameworks for sharing such data in accordance with the relevant applicable legal frameworks in national circumstances.

Action 3: Supporting MSMEs' digital transformation to strengthen their capacities in applying sustainable business practices

Increasing productivity and improving sustainability across the whole spectrum of MSMEs requires a comprehensive ecosystem approach and coordinated interventions at the national, sector, and enterprise levels. There is evidence of the potential of digital transformation to increase MSMEs' productivity, competitiveness, and resilience, accelerate the transition of many MSMEs to formality and further contribute to sustainable and inclusive economies. Improving the digital capabilities of MSMEs in developing countries requires holistic efforts to create enabling and sustainable business environments and address the digital divide, including the gender digital divide. Digital transformation can also help facilitate the integration of SDG-aligned and sustainable practices in MSMEs' business models to improve





their positive outcomes, diversify their business opportunities, and strengthen their access to capital through innovative financial mechanisms and instruments, including sustainable finance.

The G20 in collaboration with relevant international organizations, local authorities, and stakeholders could invest in existing or develop capacity development initiatives to support MSMEs' digital transformation, and programs aiming at enhancing the awareness of MSMEs and building their capacities to identify, manage and report on their sustainability-related risks, impacts, and contributions to the SDGs. Such digital transformation powered by enhanced connectivity would help MSMEs integrate with global value chains and the global marketplace.

Action 4: Promoting policy research dialogue and North-South, South-South and Triangular Cooperation on MSMEs transitions from informal to formal economy.

The call for greater formality is central to SDG-8. The COVID-19 crisis triggered a new sense of urgency to the formalization agenda, driven by the need to reduce the vulnerabilities of informal workers and businesses, notably for women, youth, and persons with disabilities owned informal MSMEs, to increase tax revenues amidst the growing debt burdens, as well as the recognition that greater formality can help foster decent work and more sustainable recovery pathways. Protecting and empowering informal MSMEs is paramount to ensure an inclusive and sustainable recovery, and a gradual transition to formality is required to better understand the constraints facing different groups of informal enterprises (be it in terms of growth status, sectors, gender, age, etc.) as well as the broader ecosystem in which they operate, including governance and market conditions, business culture as well as relationships with the formal sector. Generally, much remains to be learned about MSMEs' incentives and disincentives to formalize and the effectiveness of different formalization strategies in different country contexts.

The G20, in partnership with developing countries, international organizations, MDBs, and relevant stakeholders aims to promote policy research and dialogue platforms through North-South, South-South, and Triangular Cooperation initiatives for peer-learning, knowledge sharing, exchange of national best practices, and capacity-building programs on challenges relating to MSMEs informality and formalization pathways, including on the role of digitalization, and with specific challenges faced by women, youth, and persons with disabilities led and owned enterprises. Existing initiatives and platforms of the UN system and other organizations working on informality issues could be leveraged for this purpose.

Action 5: Promoting solutions for MSMEs financial inclusion and de-risking finance

In line with the G20 Financial Inclusion Action Plan, the G20 aims to ensure full and equal access to financial services and products for MSMEs both in urban and rural areas, especially for MSMEs led by women and youth. We are committed to improving MSMEs access to capital, financial and investment capacity, and improving financial and digital literacy by reducing their over-reliance on the traditional lending channels and diversifying their access to finance mechanisms and different systems of payment and transactions in the global value chains.

We welcome and support existing international and regional organizations MDBs, such as support to the local banking system, including microfinance institutions, as well as their mechanisms for recovery and the 2030 Agenda. We are also committed to strengthening our partnership with Africa on this front, building on the G20 Compact with Africa. Furthermore, we support the promotion of women-led enterprises through the Women Entrepreneur Finance Initiative (We-Fi), launched by the G20 in 2017, which is essential for sustainable strong recovery and resilience.





Financing options, both public and private, and its mechanisms tailored to the diverse sector and scale of MSMEs will contribute to financial inclusion and de-risk lending, especially when coupled with technical assistance. Guarantee schemes, impact investing microfinance, Islamic finance where appropriate, and sustainability-related financial instruments, alternative risk models, and other promising blended finance initiatives provide evidence that public or donor funding can unlock much larger amounts of private finance towards alleviating MSME financial constraints. Additionally, digital financial services have the potential for expanding access to finance for MSMEs. They can lessen possible financial fragility and stimulate job creation, investment, innovation, and inclusive economic growth globally.

KEY FOCUS AREA II: ADAPTIVE SOCIAL PROTECTION

Social protection systems that support the resilience of individuals and households at risk of life cycle and covariate shocks are still rare across developing countries including LDCs and SIDS, with the poorest societies falling further behind. The lack of comprehensive, adequate, gender-responsive, and substantial social protection benefits and coverage have become evident at the outset of the COVID-19 pandemic and become even more salient in the race against climate-related, including slow-onset, extreme weather events, biodiversity loss and environmental and natural hazard risks, which tend to disproportionately affect developing countries including LDCs and SIDS, and people living in vulnerable situations. The pandemic has also demonstrated the key role of social protection in mitigating economic impacts from shocks.

In a context where social protection systems remain largely fragmented, exclusionary, unsustainable and not suited for the risks of the future in those countries, Adaptive Social Protection (ASP) approaches emphasize building community resilience toward such shocks, especially those living in identified high-risk areas. The ASP builds upon the integration of social protection (including shock-responsive social protection), disaster risk reduction (DRR), and climate change adaptation (CCA), and builds upon existing capacities. ASP leverages social protection instruments in preparing against, coping with, and adapting to different shocks such as disaster risks and the adverse effects of climate change. The implementation of ASP is consistent with and integral to the pursuit of extending substantial benefits and coverage of social protection for all in need as SDG 1.3 target as well as the Global Partnership for Universal Social Protection 2030 (USP 2030). It also contributes to the implementation of the UN Secretary General initiative for a Global Accelerator on Jobs and Social Protection for Just Transitions which aims to create 400 million decent jobs including in the green, digital, and care economies and to extend social protection coverage to the 4 billion people currently excluded.

The longstanding G20 commitments to strengthening social protection systems and building households' resilience draw on the Seoul Development Consensus for Shared Growth (2010), the G20 Leaders' declaration during the Saudi Arabia presidency (2020) that calls for Adaptive Social Protection for all, including those in the informal economy and multiple DWG initiatives to support social protection programs in developing countries and create knowledge-sharing platforms such as the social protection knowledge-sharing gateway and the Social Protection Inter-Agency Cooperation Board (SPIAC-B). In addition, the agenda on ASP implementation emphasizes the ongoing international agenda that extends social protection to beneficiaries under the risks of covariate shocks and strengthens communities' resilience through social protection programs.





OPPORTUNITIES

Social protection systems and programs have been used to address the impact of shocks during emergencies. The modification of social protection systems, where they are in place, to respond to shocks during local, national and global crises shows the potential for social protection systems to accommodate the implementation of ASP. A greater adaptive potential can be achieved by combining social protection instruments with disaster risk reduction and climate change adaptation instruments, including nature-based solutions and ecosystem-based approaches. The operation of social protection, climate change adaptation and disaster risk reduction share similar values to increase community resilience toward shocks through development programs. Additionally, ASP is a potential hub for policy dialogues with the engagement of social partners from government, business, labor organizations, relevant NGOs and civil society organizations, international organizations, and other stakeholders focused on the development of social protection and humanitarian aid, where appropriate and accordance with national laws and regulations to enable the humanitarian relief system to better address community vulnerabilities before, during, and after crises. ASP could benefit from asset-based approach¹ to provide resilience and support economic growth.

Defining ASP programs could also address the need to close protection gaps and work towards universal social protection in all dimensions: full population coverage, including women and girls, children and persons with disabilities; adequacy of benefits and services; comprehensiveness of risks covered adequate and sustainable financing; transparency and accountability in the governance; reliability and timeliness in delivery; ensuring the adoption of a gender-responsive approach; ensuring disability aspects are included to promote rights, avoid stigma and ensure that no one is left behind throughout the life cycle.

Strengthening delivery capacities, such as well-functioning inclusive social-economic registries, payment technologies, early warning systems, risk assessment tools and effective institutional arrangement are necessary for building ASP. A successful ASP also requires the addition of new and bold strategies focused on supporting households' resilience that does not necessarily imply substantial additional financing but mainly requires program design, sector coordination and synergy, as evidence shows. In addition, child-sensitive and gender-responsive targeting and programming, and inclusive programming for persons with disabilities, older persons and people living in vulnerable situations are at the heart of ASP program design and offer opportunities to address inequality. More potential financing options for ASP have also emerged, such as sovereign risk pools, market-based risk transfer instruments, and global climate funds.

CHALLENGES

Developing countries' social protection systems and policies share the common challenges of mobilizing resources; reaching those living in poverty and near poverty; providing access to informal economy workers, and promoting the transition from informal to formal economy guaranteeing adequate levels of benefits to support subsistence levels; and providing adaptive, sustainable and universal social protection based on a combination of social insurance and assistance. Such challenges are even more severe in LDCs.

The COVID-19 pandemic has highlighted both the vulnerability of those who were left out and those who did not benefit from any social protection system and the limits of the capacity to deliver —as a large share of the people living in informality was out of the scope of existing social protection systems and

¹ Asset-based approach for social protection is an approach that emphasizes reliance on privately invested savings where households are encouraged to save, invest and privately insure to safeguard against crisis.





programs. Coping with multiple crises, including climate change, biodiversity loss, food insecurity and resource insecurity, and external shocks and risks, many developing countries, including LDCs and SIDS, remain highly vulnerable and subject to development setbacks without social protection schemes that are able to strengthen their resilience and accelerate their recovery and longer-term adaptation.

A successful ASP depends on reinforced individuals and households' resilience, including female-headed households —while avoiding the dilemma between investing in such resilience and other competing priorities— and on addressing the simultaneous challenges of expanding programs' coverage and adequacy of social protection to vulnerable households, limited fiscal capacity, and fostering transition of workers and enterprises from the informal economy to the formal economy, through domestic resource mobilization and international support, building delivery systems, and achieving sector coordination and effective governance for implementation. Many countries already face limited fiscal capacity as well as elevated levels of debt for extending social protection coverage and benefits, and it could hamper their capacities to allocate financial resources for ASP.

Additionally, the successful implementation of ASP depends on integrating approaches and resources from different sectors: disaster risk reduction, climate change adaptation and social protection across social assistance, social insurance and active labor market interventions. This requires institutional coordination and capacity building at national and sub-national levels to achieve collaboration and navigate through the different information systems and processes.

COLLECTIVE ACTIONS

Action 1: Appraising existing social protection system capabilities to support people's resilience to shocks

ASP builds on the need to strengthen existing social protection systems. The addition of new strategies focused on supporting individuals and households' resilience including women, girls, children, the elderly and persons with disabilities, that can take the form of changes to programs' design and sector coordination and more effective governance, which must be based on evidence, and does not necessarily imply high fiscal costs. Developing countries, including LDCs and SIDS first need to appraise the capability of their social protection systems and reevaluate their existing programs to take into account shocks, including climate change pressures associated with mitigation, adaptation, preparedness, response, and recovery. Such actions should occur in accordance with national circumstances, and the promotion of gender equality. These should be complemented by ensuring the development of strong and accessible climate resilient and adaptive health, water, sanitation and hygiene (WASH) and food systems, where synergies can be exploited to maximize impact.

We support the development of a policy research agenda conducted by relevant international organizations and stakeholders, aiming at expanding the availability of key indicators of informality and gathering contextual evidence and analysis of ASP and building off existing efforts to map households' vulnerability and resilience across developing countries. This policy research agenda provides the appraisal of the extent to which social protection systems and policy-relevant analysis on households' resilience which aims at measuring the contribution of existing and expanded programs of social protection to such resilience while offering evidence on driving factors and risks that jeopardize households' livelihoods and make them vulnerable and more prone to impoverishment. The agenda will develop natural-hazard and climate vulnerability measures with the potential to better inform the design of ASP in terms of its components and coverage.





Action 2: Investing in the establishment and expansion of social-economic registries, and associated risks data

The impact of the COVID-19 crisis illustrates the relevance of unified national ID systems and social-economic registries for benefits and service delivery —ideally with possibilities of cross-checking records while maintaining a high degree of personal data protection. Well-functioning registries combined with effective and secure payment mechanisms allow governments or aid providers to significantly scale-up cash transfers and expedite payments in a matter of weeks. Investments in data innovation and information systems with the integration of risk information tools can contribute to strengthening the resilience of the most vulnerable. Therefore, these could include simultaneously collecting climate and natural hazard data, promoting the use of social registry data for assessing vulnerability and integrating them into an integrated risk information system for risk identification, beneficiary determination, and program/benefit design.

We support efforts to improve risk-informed data and information systems to identify beneficiaries through knowledge-sharing arrangements that enable cross-country peer-learning on good practices of developing unified social-economic registries and disaster and climate risk information systems.

Action 3: Improving institutional arrangement and capacity to design and deliver ASP programs.

ASP should enhance coordination, effective governance, and synergies across all stakeholders to design effective and well-covering programs to enhance resilience and the ability to respond to shocks. The establishment of ASP requires shared understanding and mechanisms among disaster risk management, climate change adaptation, and development and humanitarian actors to tweak the design and delivery of social protection to better prepare for, cope with, and adapt to shocks. Assessment of capacities, existing arrangements and processes, and scope for the extension of coverage to new beneficiaries and improved benefit expansions for resilience building in existing social protection systems is a prerequisite to facilitate the design of preparedness, response and adaptation strategies for individuals, households and communities. Vertical and horizontal coordination across ministries and with non-governmental partners enable an effective deployment of ASP tools and programs before, during, and after emergencies.

We recognize that building institutional capacities and supporting specific local infrastructure will be key for countries to implement their own adaptive social protection schemes. We aim, in partnership with relevant stakeholders (1) to promote policy dialogue on this matter with the purpose of building and enhancing the use of digital technologies for deploying ASP benefits; (2) to improve governance, simplify and smoothen administrative processes in social protection systems, and improve governance; and (3) to design risk-informed programs, particularly with climate change adaptation and disaster risk reduction approaches that are also to address gender inequality, disability and age-based inequality, and people living in vulnerable situations; and (4) to align development priorities for increasing community resilience from different relevant sectors that can be realized through social protection instruments.

Action 4: Promoting the roles of disaster and climate change risk transfer instruments for financing social protection

Shocks are largely not unpredictable crises, and their magnitude can often be anticipated. Building on strategic foresight and planning, governments can design risk financing strategies in response to immediate and longer-term responses to disasters and climate-related risks. The recommended approach is to consider risk-layering instruments such as disaster risk financing and climate risk financing, including





micro-insurance, especially for slow-onset climate events (e.g., drought and sea-level rise), and through multilateral climate funds, asset-based insurance, and sovereign risk-pooling. Each instrument must be fit-for-purpose and tailored to the context, the potential magnitude and frequency of shocks, and disaster- and climate risks.

We support developing countries, in partnership with international organizations, MDBs and relevant stakeholders, in developing their risk financing strategies by exploiting the accumulated experiences in both budgetary and market-based instruments. North-South, South-South and Triangular cooperation initiatives will help share knowledge, foresight, and innovations in risk financing strategies that are context-specific and sustainable for developing countries, including LDCs and SIDS.

**KEY FOCUS AREA III:
GREEN ECONOMY, INCLUDING BLUE ECONOMY
THROUGH LOW GHG EMISSIONS/LOW CARBON AND CLIMATE-RESILIENT
DEVELOPMENT**

Environmental degradation, the adverse impacts of climate change, especially extreme weather events, biodiversity loss and pollution are expected to add more pressures on the global economy which has deteriorated since 2020 because of the COVID-19 pandemic. Unsustainable production and consumption worldwide gradually incapacitate the earth's ability to provide essential ecosystem services for all living organisms, putting food security and nutrition, as well as water availability at serious risk in the foreseeable future. The Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) further shows that many adverse impacts of climate change will significantly hit people living in vulnerable situations. Furthermore, people in developing countries, including LDCs and SIDS are particularly at risk as their welfare is highly dependent on terrestrial and marine natural resources. This calls for meaningful and effective actions by all countries, with international cooperation, including on access to transparent climate finance and technical support as critical enablers, to pursue a sustainable recovery from the COVID-19 pandemic that stimulates economic growth while addressing climate change and holding the increase in the global average temperature increase in line with the Paris Agreement temperature goals.

We reaffirm our commitment, in the pursuit of the objective of the UNFCCC, to tackle climate change by strengthening the full and effective implementation of the Paris Agreement, on the basis of the best available scientific knowledge, reflecting equity and the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances. We remain committed to the Paris Agreement goal to hold the global average temperature increase well below 2°C and to pursue efforts to limit it to 1.5°C above pre-industrial levels, also as a means to enable the achievement of the 2030 Agenda.

We recognize that the impacts of climate change at 1.5°C are much lower than at 2°C. Keeping 1.5°C within reach will require meaningful and effective actions and commitment by all countries, taking into account different approaches, through the development of clear national pathways that align long-term ambition with short- and medium-term goals, and with international cooperation and support, including finance and technology, sustainable and responsible consumption and production as critical enablers, in the context of sustainable development. These efforts should also address biodiversity loss and environmental degradation, including land degradation and ocean deterioration and pollution, in accordance with national circumstances, needs, and priorities.





A green economy and blue economy through low greenhouse gas (GHG) emissions/low carbon and climate-resilient development pursues human well-being and social justice by synergizing economic growth and improving environmental quality, in line with the 2030 Agenda for Sustainable Development, the UNFCCC, and the Paris Agreement and the Sendai Framework. It balances growth with environmental benefits through a more sustainable and efficient use of terrestrial and marine resources. A recovery that invests sustainably in the green and blue economy can contribute to achieve the SDGs, stimulate decent and green jobs creation, and enhance society's resilience to climate shocks. The realization of this recovery and shift towards sustainable production and consumption, including by increasing resource efficiency towards circular economy approaches, among other approaches², requires sustained investment and greater international cooperation. While all countries continue to take a more decisive effort on making a more sustainable economy, support enhances the effort of many developing countries, especially the most vulnerable, to implement such trajectories and realize just, sustainable and inclusive transitions, including energy and green transitions that advance the achievement of the SDGs.

This Roadmap aims to better connect the DWG agenda to other sustainability and climate agendas across the G20. This Roadmap also aims to complement broader efforts by the G20 working groups and their outcomes related to sustainability, including the Sustainable Finance Working Group, the Environment Deputies Meeting and Climate Sustainability Working Group, and the Energy Transitions Working Group.

OPPORTUNITIES

Transitioning to a green and blue economy offer significant opportunities, including a multiplier effect on human health, food security and nutrition, safe and clean water availability, the creation of new quality jobs opportunities, behavioral change, and development of skills and innovation, in sectors such as renewable energy, sustainable agriculture, forestry, sustainable mobility, sustainable tourism, inclusive and sustainable industrialization, sustainable fisheries and aquaculture as well as sustainable land and ocean management practices. A gradual adoption of sustainable consumption and production patterns including through circular economy approaches would also lead to technological innovation and long-term economic growth. Other important multiplier effects include biodiversity conservation, climate adaptation and mitigation, food security, safe and clean water availability and gender equality. Furthermore, the increasing trend of global green and sustainable finance, including innovative financing and investment also opens the window of opportunity for developing countries, including LDCs and SIDS to benefit from. Nonetheless, it is important to scale up sustainable finance to address the needs and priorities particularly in developing countries.

Many developing countries face rapid demographic growth and urbanization, thereby needing additional sources of energy with cities, quality infrastructure and industries that are yet to be built, have an opportunity to leapfrog systems design by also building on the experiences of their intermediary cities and rural areas that are engaging in climate actions. With the necessary resources and capacities, they can pursue inclusive and sustainable industrialization, including through just and inclusive energy transitions partnership, develop low GHG emissions/low carbon value chains and low waste value chains, scale-up and deploy low GHG emissions/low carbon technology, enhance smart and sustainable mobility, scale-up climate-resilient infrastructure, provide equitable access to goods and services, including affordable, reliable and sustainable energy; water, sanitation, and hygiene (WASH) services; and sustainable and management of ecosystems. This will allow governments to provide more affordable

² These include the approaches stated in the 2020 G20 Riyadh Leaders' Declaration.





services and sustainable and quality infrastructure, reducing costs for consumers, and addressing societal inequalities.

Well-designed just and inclusive transitions plans, based on integrated planning, coherent policy-making can help identify the cost-efficient pathways to delivering affordable, reliable and sustainable energy access, green, inclusive and sustainable industrialization, as well as sustainable infrastructure options. Transitions plans that take into account the transnational aspects of transitions measures can help to reduce the negative impact of such measures on development agenda. Getting broad buy-in from local actors for the low GHG emissions/low carbon transitions will also be key to achieve the changes needed and smooth the transitions. To that effect, adequate skills development and social protection measures for potential job losses and economic revitalization strategies for affected regions are necessary.

The G20, the broader international community, including developing countries should collaborate and seize these opportunities to address pre-existing vulnerabilities, including the disproportionate vulnerability and exposure to biodiversity loss and natural hazard, leading to greater climate-related and environmental risks, strengthen their competitiveness, and embark on a stronger, more resilient path that advances all three dimensions of sustainable development in a balanced and integrated manner.

CHALLENGES

In the aftermath of the COVID crisis and in the context of the global energy security, food security and nutrition crisis, developing countries, including LDCs and SIDS, have limited fiscal space to support the gradual transitions towards a green and blue economy in the context of sustainable development. They are also facing increased cost of capital, exacerbated by climate vulnerability as well as growing costs from deteriorated terrestrial and marine ecosystems, further reducing the resources available for much needed low GHG emissions/low carbon investments in green and blue economy schemes. While investments in climate action increase, there is a need to further mobilize public and private capital, including by crowding in more private investments which includes climate adaptation and mitigation as well as biodiversity conservation in developing countries, as the sustainable finance markets only represent a small fraction of financial markets and have been largely concentrated in advanced economies and a limited number of developing countries.

Many developing countries also face a significant technology gap, which could slow the transitions, including hard-to-abate sectors and climate adaptation, and even lock them into high-emission development pathways. Important economic sectors, such as sustainable agriculture, forestry, fisheries, aquaculture and tourism that are the backbone of many developing countries' economies are particularly exposed to climate change and environmental-degradation risks and lack of environmental and social sustainability practices. These impacts are translating into growing costs for developing countries' economies.

Addressing capacity gaps, including skill gaps, and raising awareness are also necessary to fully realize the opportunities of the just and inclusive transitions towards a green and blue economy. This includes building a shared understanding within society of the goals to be achieved, the steps to be undertaken and the resources to be deployed to realizing such a large-scale transformation. Strengthening leadership at various levels, institutional capacity, and human resources development can incentivize a more financially-viable pipeline of projects related to green and blue economy. In fact, low GHG emissions/low carbon and climate resilient development as the backbone of the green and blue economy in the context of sustainable development should be designed to reflect the specific socio-economic conditions that





different countries face, and be aligned with the Sustainable Development Goals, including by promoting poverty reduction, energy access, biodiversity conservation and sustainable use, pollution reduction, food security and nutrition, and gender equality.

COLLECTIVE ACTIONS

Action 1: Support developing countries, including LDCs and SIDS in mainstreaming low GHG emissions/low carbon and climate-resilient development strategies into their national development planning

Mainstreaming low GHG emissions/low carbon and climate-resilient development, or mainstreaming climate and biodiversity actions with development objectives, including planning for just energy transitions, is a process of structural transformation that requires the elaboration of a long-term vision and planning to enable an efficient and cost-effective shift to a green and blue economy in alignment with the UNFCCC and the Paris Agreement and the 2030 Agenda for Sustainable Development. Effective vision design and planning are context-specific, but in general benefit from broad consultation with and participation of concerned actors, multi-stakeholder dialogue and the implementation of a coherent strategy. The latter combines consistent policy direction and careful sequencing of complementary and mutually reinforcing measures. The respective long-term plan should also be flexible enough to support other emerging initiatives, including circular economy approaches, disaster risk-reduction, the use of nature-based solutions and ecosystem-based approaches and promoting the conservation and more sustainable use of biodiversity, while at the same time ensuring the steady progress in addressing poverty and hunger, and energy security.

Long-term integrated development planning, incorporating interconnected policies on climate, energy, food systems, water, environmental, macro-economic, fiscal, labor, skills, industrial, infrastructure, transport, and financial policies, as well as explore synergies with G20 Resource Efficiency Dialogue (RED) Roadmap, will be key to align short and mid-term policy choices with long-term objectives, increase policy coherence, and support implementation. Setting a long-term direction, underpinned by wide stakeholder buy-in, will also require articulating the multiple benefits of low GHG emissions/low carbon and climate-resilient development models. We support, in collaboration with international organizations and interested countries, ongoing and future efforts to strengthen developing countries, especially LDCs and SIDS capacities to mainstream low GHG emissions/low carbon development strategies into national development planning. Mainstreaming and alignment will entail coordinated and harmonized actions being taken horizontally across multiple departments and vertically across levels of governance (national, regional, local, with meaningful stakeholder engagement), all pulling in the same direction, as opposed to an array of isolated policy measures, often implemented in an inconsistent manner and leading to suboptimal or even contradictory outcomes. Regional or local governments, in accordance with national context, need to also play a more significant role in the planning process as they are well placed to engage with local groups, including communities, civil society, and private sector.

Action 2: Promoting just and inclusive transitions towards a low GHG emissions/low carbon and climate-resilient development path in line with the 2030 Agenda, the UNFCCC and the Paris Agreement

As developing countries, including LDCs and SIDS, continue to scale-up efforts towards transitioning to low GHG emissions/low carbon and climate resilient development pathways to achieve sustainable development, there is a need to ensure that the transitions will positively contribute to climate action, market stability, affordable and universal access to electricity, energy security, poverty reduction, food





security and nutrition, promote decent work opportunities, close the gaps of global inequality, biodiversity conservation, and leaves no one behind. For developing countries, including LDCs and SIDS, transitioning towards low GHG emissions/low carbon development and climate-resilient pathways is an opportunity to reset economies on a more inclusive, resilient and sustainable path, by sequencing and prioritizing measures that maximize social, environmental, and economic opportunities, minimize and carefully manage any challenges, while at the same time contribute to sustainable development. The implications of climate policies across countries will also need to be better understood and taken into consideration. There is a need for all countries to implement well-designed climate and biodiversity policies that accommodates local, social, and economic circumstances including energy transitions to increase the mutual benefits of climate action, decrease the adverse impacts of climate change, and address transitions risks and help all stakeholders address energy poverty, and improve energy affordability and sustainability, reduce inequalities and effectively eliminate poverty, and build community resilience through enhanced social protection and physical infrastructure, taking into account national priorities.

Supported by strong global partnership, the effort in transitioning toward low GHG emissions/low carbon and climate-resilient development pathways should demonstrate countries' respective and ambitious contributions to the global structural changes required to preserve life on our planet in line with economic development plans. By considering intergenerational environmental justice in the context of domestic transition efforts, just and inclusive transitions also provide the opportunity to reconcile human welfare with ecosystems, recognizing that the two are inextricably linked, especially in developing countries, as the welfare of the poor especially depend on their access to, and the quantity and quality of terrestrial and marine ecosystems – and other forms of biodiversity. Deploying nature-based solutions and ecosystem-based approaches is one of the potential tools to support efforts towards sustainable development.

Taking note of various concepts of just and inclusive transitions³, we welcome, in collaboration with regional and international organizations and developing countries, the promotion of just and inclusive transitions towards low GHG emissions/low carbon and climate-resilient development paths, such as by identifying policy areas and supports needed to achieve just and inclusive transitions in developing countries, including LDCs, SIDS, as well as countries and regions whose economic sectors are driven by fossil fuel.

Action 3: Enhance developing countries' capacities for promoting green economy and blue economy

A green and blue economy can be a relevant instrument for a more resilient recovery from COVID-19 and sustainable development. To fully seize the opportunities offered by green and blue economic models and approaches, taking into account the different realities and capacities and levels of development, developing countries, including LDCs and SIDS will need to build institutional and individual capacities, as well as implement integrated planning and sustainable development roadmaps. The needs and opportunities of capacity building for developing countries are even more relevant in pursuing blue economy could be further explored, especially in improving sustainability aspects of existing maritime economy sectors, such as fisheries, aquaculture, transportation, and tourism, as well as on fostering new,

³ References of the concepts of just and inclusive transitions may include, but not limited to: [i] ILO Guidelines for Just Transition towards Environmentally Sustainable Economy for All (2015), [ii] Solidarity and Just Transition Silesia Declaration (2018), [iii] MDB Just Transition High Level Principles for All.





sustainable ocean economy opportunities that can lead to greater diversification and resilience, such as offshore energy utilization.

Developing countries will need support to design low GHG emissions/low carbon and climate-resilient development strategies that reflect their specific socio-economic conditions, national strategies and capacities, and be aligned with poverty reduction, energy access, food security and nutrition, and more broadly with sustainable development objectives. In addition, to be competitive, developing countries, including LDCs and SIDS could leverage energy sources and benefit from access, transfer and deployment on mutually agreed terms and in line with WTO rules to cost-effective low GHG emissions/low carbon technologies at scale to promote the uptake of renewables and the implementation of energy efficiency measures and take actions to mitigate and adapt to the impacts of climate change, taking into account national circumstances, needs, and priorities. Lastly, strengthening leadership, institutional capacity, and human resources development will be required to undertake project preparation and planning in order to develop a financially viable pipeline of green and blue projects to attract sufficient financing to unlock opportunities. This should include strengthening the leadership and meaningful participation of all groups of society, including women and girls, youth, and persons with disabilities. Furthermore, this should also include the transformation of education systems to support the green and digital transitions.

We support, in collaboration with international organizations, developing countries, and other stakeholders such as the Multilateral Development Banks (MDBs), to scale up dedicated policy support on the design of low GHG emissions/low carbon and climate resilient development strategies and the collective identification of a financially viable pipeline of projects related to green and blue economy in developing countries, including LDCs and SIDS, through existing initiatives that promotes peer-learning, as well as dialogues on how development co-operation can better assist developing countries in seizing new investment opportunities from the green economy and blue economy and scale up resources. Such efforts will aim at facilitating channels and resources. Countries may also set up a collaboration hub to ensure policy coherence, inclusivity and ownership among stakeholders in mainstreaming low GHG emissions/low carbon and climate-resilient development.

Action 4: Identify workable approaches on financing the transitions towards the green economy and blue economy, as well as de-risking and attracting green investments, especially on low GHG emissions/low carbon technologies

Sustainable recovery, including through green and blue economy transitions, requires significant resource mobilization for economic diversification, quality infrastructure, and low GHG emissions/low carbon technologies. This is especially true in emerging and developing economies, where there is a need to “leap frog” actions and solutions in line with sustainable development ambitions and unique national circumstances for the coming decade and beyond. Collective action by governments, complemented by MDBs and the private sector can ensure the suitable flows of public and private capital for the transitions by identifying and pursuing workable approaches that achieve the necessary finance and investment in the green and blue economy. When designed effectively, these approaches can also help to increase economic activity, boost job creation, advance gender equality and increase social welfare while supporting biodiversity conservation and climate actions, for example through nature-based solutions and ecosystem-based approaches. A growing number of financial instruments already play an instrumental role in accelerating investments towards the green economy and blue economy in the context of sustainable development. Many countries are also developing guidance, sustainable financing frameworks, and principles to ensure investments are aligned with sustainable development objectives. These measures, paired with additional tools and actions that unlock finance and de-risk investments,





including the development of green and blue industry and technology clusters, can help mobilize the scale of resources needed to achieve the green and blue economy.

International co-operation can unlock the required finance at suitable scales and redouble investor opportunities in these solutions by sharing knowledge and research collaboration, policy, technology and other resources on mutually agreed terms and in line with WTO rules, including through North-South and South-South and Triangular Cooperation (SSTC). This includes integrating North-South and SSTC into country programs, support and initiatives in order to ensure experiences, innovation and proven sustainable financing approaches are scaled-up across countries to enhance investment in low GHG emissions/low carbon technologies. North-South and SSTC can also include regional dialogues and cross-border partnerships to tackle barriers to low GHG emissions/low carbon technology finance and investment, and help build enabling environments for the deployment of low GHG emissions/low carbon technologies, such as needs for the underlying data, information, standards and protocols that improve familiarity in those projects amongst financial actors and that increase investor confidence. In this context, the International Financial Institutions (IFIs), including Multilateral Development Banks (MDBs) play a crucial role in fostering SSTC and developing innovative financing options that could help developing countries, including LDCs and SIDS, address barriers to accessing capital markets and leverage private finance.

We support, in partnership with international organizations, the identification of good practices in public-private cooperation and coordination for mobilizing financial and non-financial means for all sources, as well as for aligning financial flows with development, climate and environmental objectives, including through: i) coordination between governments and corporations operating in their jurisdictions in developing sectoral pathways consistent with climate targets; ii) innovative financial mechanisms, including blue bonds and mechanisms for early retirement or repurposing of high-emitting assets, and associated de-risking; iii) coordinated action by public financial institutions to provide de-risking and strengthen domestic policy frameworks; and iv) incentive measures to promote transitions investments. We also support ongoing international cooperation and partnerships on the development, scale-up, and the deployment of low GHG emissions/low carbon technologies, including through North-South and SSTC, to promote institutional support to developing countries to get policy, regulation, and foster technology transfer on mutually agreed terms and in line with WTO rules that are context-specific and sustainable for developing countries, including LDCs and SIDS.