



G20

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Solidarity

Equality

Sustainability

Sherpa Track
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1. OVERVIEW OF THE DWG

The G20 Development Working Group (DWG) falls under the Sherpa track of the G20 and is the key G20 forum for the discussion of a wide range of issues that directly affect developing countries, especially Low-Income Countries (LICs). Until recently, South Africa was the permanent core chair of the DWG. Shared development was elevated as a key concern of the G20 during the Seoul Summit with the adoption of the Seoul Development Consensus for Shared Growth in 2011. As an international cooperation forum, the G20's development discussions are still guided by the following principles: inclusive economic growth, development partnership, addressing systemic weaknesses requiring joint cooperation, private sector participation, complementarity of development efforts, and tangible outcomes.

The G20, as a premier forum for international economic cooperation, has always complemented the efforts of aid donors, the United Nations (UN) system, multilateral development banks (MDBs), and other agencies and pledged to assist developing countries to achieve global development priorities first articulated as the Millennium Development Goals (MDGs) and later Sustainable Developmental Goals (SDGs). This commitment to drive development was evident even in the G20 2010 Toronto Summit where leaders pledged to meeting the MDGs, including through the use of official development assistance. It is further reflected in the adoption of the G20 Action Plan on the 2030 Agenda for Sustainable Development in 2016, which outlines the high-level principles of the implementation and G20 collective actions for achieving sustainable development. Thenceforth, each G20 Presidency has carried out the mission to mainstream the 2030 Agenda for Sustainable Development.

Even though the G20 does not have an enforcing mechanism for decisions taken, it is influential as it works to address major issues related to the global economy, such as international financial stability, climate change mitigation, and sustainable development. The accountability matrix monitors the implementation of decisions, programmes, and interventions adopted at the summit level over the years.

South Africa's G20 Presidency should revitalise and catalyse the drive towards achieving the SDGs, particularly since the developmental gains have been eroded by the COVID-19 pandemic and recovery is slow. This should be done through

ensuring that the achievement of the SDGs remains at the centre of international financing discussions; that long outstanding commitments are met; and that new, at-scale, affordable, and accessible funding is mobilised to support sustainable development.

2. SUMMARY OF PRIORITIES AND DELIVERABLES

The South African Development Working Group (DWG) will prioritise the development agenda in the G20 agenda, focusing on global system transformation and governance for development, highlighting the universality, indivisibility, and integrated nature of the 2030 Agenda. Priority themes include:

a) The South African Presidency could contribute to the debate on global public goods and the role of the G20 in financing and promoting universal access to these goods

The interconnectedness of the world necessitates agreement on the responsibilities of different states to build global resilience and response. The COVID-19 pandemic has impacted all countries, with over four billion people remaining unprotected and 70 million people pushed back into extreme poverty. The pandemic has also led to significant backsliding in critical health areas, leading to life expectancy downturns and inflation reaching 8.7% in 2022. This has resulted in a contraction in growth and an additional annual financing requirement of up to US\$10 billion for African countries heavily reliant on commodity imports. It is crucial to define global public goods as enablers to build global resilience, reduce vulnerabilities, inequalities, and poverty, and bring about a period of global stability and meaningful existence.

b) Mobilising finance for development and mobilising means of implementation:

The World Customs Organisation's work on illicit financial flows will be used to mobilise finance for development and implement means of implementation. This will involve building on the World Customs Organisation's work on illicit financial flows, implementing the key UN Secretary-General's SDG stimulus report, and focusing on targets of SDG17. The goal is to encourage official development assistance and financial flows to States where the need is greatest, particularly least developed countries, African countries, small island developing States, and

landlocked developing countries. The need to mobilise additional financing for development is crucial as countries are behind schedule in achieving the MDGs five years before 2030.

The UN Conference on Trade and Development (UNCTAD) estimates that between US\$3.3 and US\$4.5 trillion are required annually for SDGs to be achieved. To meet the SDGs in five years from 2025, African and other developing countries require access to new, additional, at-scale, predictable, and appropriate means of implementation support for sustainable development that do not exacerbate the debt challenge. The next steps will involve developing a systematic, well-tested Global Public Goods (GPG) theory and policy practice, working collaboratively with partner countries, and building on the World Bank's diversified tools of country assistance. A major initiative will be launched to construct a new architecture of international cooperation based on two main pillars: international cooperation in support of GPG provision and development assistance.

c) Building resilience, reducing inequality, and eliminating poverty by introducing social protection floors

The target for SDG 1 is to “End poverty in all its forms everywhere”. Target 1.3 of SDG 1 requires countries to “implement social protection systems and measures for all, including social protection floors, and by 2030 achieve substantial coverage of the poor and vulnerable.” The Indonesian G20 Presidency introduced the concept of adaptive social protection in 2022, which could be developed further using the International Labour Organisation’s (ILO) Social Protection Floors Recommendation 2012 and the Social Security Minimum Standards Convention 1952.

3. PRIORITIES AND DELIVERABLES

In line with the overarching theme of *Solidarity, Equality, Sustainability*, the proposed three priorities for the South African G20 Presidency for the DWG include the following:

3.1 Priority 1: High-level principles on Global Public Goods and Global Public Investment

Public goods are characterised by their non-excludability, meaning they are available to all without the possibility of exclusion, or exclusion is impractical due to high costs. Essentially, individuals cannot be charged for their use. Additionally, public goods are non-rivalrous, meaning consumption by one individual does not diminish the benefits available to others. This leads to what is known as the "free rider problem," where individuals can benefit from the good without contributing to its provision. Public goods often entail both negative and positive externalities. The benefits to each individual are typically small, especially when the use of the good affects others positively (positive externalities) or negatively (negative externalities). For instance, global health initiatives, such as vaccinations, not only benefit the individual receiving the vaccine but also prevent the spread of disease to others, thereby creating positive spillover effects. The challenge of free ridership and underprovision of public goods necessitates intervention by states or global institutions.

Coordination is essential to ensure equitable contributions and the elimination of free-riding behaviours. Governments, with their regulatory and taxing powers, play a crucial role in mobilising resources and providing public goods. Strong and inclusive governance is key to addressing the needs of present and future generations. Global public goods (GPG) pose additional challenges due to the complexities of international cooperation and differing national priorities. The lack of a robust framework for GPG provision exacerbates under provision and increases the risk of global crises. A recent comprehensive analysis of the architecture for global public goods finds the regime wanting in three key respects:

- A jurisdictional gap between the levels at which policy making should occur (the global or regional level) and the level where it largely does occur (national level)—problems are not being addressed at the level at which they should be.
- A participation gap that leaves decision-making largely at intergovernmental levels and within key governments, with limited room for the private sector and even less for civil society.
- An incentive gap arising from the limited and weak nature of instruments to ensure that the agreements reached are actually implemented.

This is based on the principles of universality, inclusiveness, equity, and publicness and has three precepts:

- all contribute according to their means.
- all benefit according to their needs.
- all decide equitably.

The Global Public Investment (GPI) aims to:

- Establish an inclusive institutional framework where all the countries can actively influence the global agenda-setting process and resource allocation decisions.
- Leverage more and better resources designed to produce global public value in a predictable and sustainable way through universal contributions based on differentiated responsibilities.
- Contribute to the construction of infrastructure and supply of services necessary for addressing global challenges and structural inequalities.
- Promote equity through a set of allocation procedures based on the needs of development partners rather than the interests of financial providers.

The interconnectedness of the world forces a redefinition of GPI to build global resilience and response.

Deliverable

Research and launch a major initiative aimed at the construction of a new architecture of international cooperation that firmly rests on two main pillars, namely: international cooperation in support of GPG provision and development assistance.

3.2 Priority 2: Mobilising finance for development and mobilising means of implementation

A costing exercise conducted by the World Bank in 2020 estimated that low- and middle-income countries face investment needs of US\$1.5 trillion to US\$2.7 trillion per year (4.5%–8.2% of their combined gross domestic product) between 2015 and 2030 to meet just infrastructure-related SDGs, depending on policy choices (*Rozenberg and Fay 2019*). Five years before 2030, and a couple of years after the slide back on developmental targets induced by the COVID-19 pandemic, the estimate will have increased. This is what necessitates the Fourth Financing for Development Meeting in 2025, during the South African Presidency. The G20 is well placed to contribute to financing for development initiatives since it is a collaboration of the largest and most influential economies in the world and has previously embarked on various interventions that contributed to resource mobilisation.

This will include building on work done by the World Customs Organisation's on illicit financial flows, actioning key proposals of the Secretary-General SDG stimulus report and elaborating on targets of SDG 17. It will also include encouraging official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, by their national plans and programmes, and by 2030, reducing to less than 3% the transaction costs of migrant remittances and eliminating remittance corridors with costs higher than 5%. The advantage of taking this route is that there is already an in-principle agreement by the G20 members on these interventions.

The need to mobilise financing for development is informed by the fact that five years before 2030, countries are behind schedule in terms of achieving MDGs, and it is estimated by UNCTAD that between US\$3.3 and US\$4.5 trillion are required annually if SDGs are to be achieved. Since it will be five years before 2030, African and developing countries require, above all else, access to new, additional, at-scale, predictable, and appropriate means of implementation support for sustainable development that do not exacerbate the debt challenge, as well as solutions to the existing debt challenge.

For the South African Presidency, framing consideration can be given to the fact that South Africa's G20 Presidency will be coming on the heels of many important international convenings, including the SDG Summit in 2023, the Summit of the Future in 2024, and the UN Social Summit and the Fourth Financing for Development meeting in 2025. These milestones create an opportunity for South Africa to link its priorities to these global events, making a strong case that for us the UN processes remain at the apex of global governance and that the G20 is not intended to replace the UN but rather to augment it. (The Brazilians have also articulated a similar perspective.) The UN Secretary-General has also argued that it is important to leverage the G20 to make progress on these processes.

Deliverable

The G20 is to take forward the initiative to strengthen regulatory frameworks at all levels in accordance with international standards and to further increase transparency and accountability of financial institutions and the corporate sector, as well as public administrations.

3.3 Priority 3: Building resilience by introducing social protection floors

Poverty, hunger, lack of decent work, and inequalities are global developmental deficiencies highlighted in SDGs 1, 2, 8, and 10, respectively. Six years before the 2030 deadline, progress toward the SDGs is lacking. The global human development index has regressed, and if current trends persist, an estimated 575 million people will still be living in extreme poverty by 2030. Only about one-third of countries are projected to meet the target of halving national poverty levels. A preliminary assessment of approximately 140 targets reveals that only about 12% are on track, with nearly half significantly off track and around 30% showing no movement or regression compared to the 2015 baseline.

While long-term structural solutions are sought, short- to medium-term policies are required to make an immediate impact and prevent these deficiencies from deepening. Therefore, there is a pressing need to prioritise SDG 10, which is to “implement social protection systems and measures for all, including social protection floors, and by 2030 achieve substantial coverage of the poor and vulnerable.” The Indonesian Presidency introduced the concept of adaptive social protection. This could be built further using work done by the ILO: Social Protection Floors Recommendation 2012 (no. 202) and the Social Security Minimum Standards Convention 1952 (no. 102). This will additionally give South Africa the opportunity to showcase the ability of social protection measures to reduce poverty and inequality and leave no one behind.

Deliverable: Derived from the International Labour Organisation Recommendation 202, a voluntary framework for a social protection floor can be adopted at leaders’ level.

This framework encourages all members to, in accordance with national circumstances, establish as quickly as possible and maintain their social protection floors comprising basic social security guarantees and to popularise the framework such that it is implemented globally. The guarantees of a social protection floor should ensure, at a minimum, that over the life cycle, all in need have access to essential health care and to basic income security, which together secure effective access to goods and services defined as necessary at the national level and should include:

- access to a nationally defined set of goods and services constituting essential health care, including maternity care, which meets the criteria of availability, accessibility, acceptability and quality;
- basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care, and any other necessary goods and services;
- basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity, and disability; and
- basic income security, at least at a nationally defined minimum level, for older persons.

The establishment of a Task Force to develop a Global Alliance Against Hunger and Poverty, announced by President Luiz Inácio Lula da Silva in November 2023, bears resonance with the 2021 UN Recommendation for a Global Fund for Social Protection arising from the report of the Special Rapporteur on extreme poverty and human rights.