

## G20 – a contribution to global sustainability policy?

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sustainable

- social
- economic
- environment

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## Introduction

In the face of the financial crisis of the 1990s in Asia, the finance ministers of the Group of Seven (G7) decided in 1999 to establish a group of the 19 most important industrialised and emerging countries as well as the EU (G20), which has since developed into the leading body for cooperation on economic and financial policy. The role of the G20 states was also a reaction to the increased intensity of international integration, the economic and political rise of the emerging countries and concomitant changes in global power relations in the course of globalisation. While it is important to treat issues of the international economic and financial architecture in a broader context than just that of the G7, the G20 – which currently represents approximately two thirds of the world population – is still not a democratically legitimated forum such as e.g. the United Nations (UN). Besides the lack of transparency, the exclusivity of the talks also remains: Most of the world's states still do not have a voice, and the poorest developing countries are not represented at all. Thus, the G20 as a leading body of global

cooperation on economic and financial policy suffers from considerable representational deficits. Moreover, the G7/G8 and the G20 has created parallel structures that contribute to a weakening of multilateralism. The efforts to strengthen a democratically legitimated global governance architecture under the aegis of the UN must therefore be redoubled.

The presidency of the G20 annually rotates to a different G20 government. This government also determines the work programme and hosts the summit of the G20 heads of state and government in its country. After the G20 summit 2015 in Turkey, China will assume the G20 presidency, before it will likely be transferred to Germany in 2017. Since the establishment of the G20, its work has been focussed on topics such as regulation of financial markets, international tax policy and financial architecture as well as measures for boosting economic growth. The G20 is now increasingly dealing with challenges that go beyond mere crisis management of the financial markets, including development policy.

In 2015, the international community agreed on the 2030 Agenda, which includes new global goals for sustain-

### Genesis, structure and membership of the G20

As a reaction to the financial crisis of the 1990s (Asian crisis), the financial ministers of the G7 decided in 1999 to establish the G20 as a forum for exchange between the financial ministers and central bank leaders of the most important industrialised and emerging countries. After the global financial and economic crisis in 2008, the G20 established itself at the highest level of government as a leading body for coordinating international economic and financial policy. Its work focused on the regulation of the international financial system, issues of international tax policy as well as measures for boosting economic growth. The G20 is now also increasingly dealing with developing solutions for other global challenges, including, since 2010, issues of development cooperation.

The G20 – like the G7 – is an informal coordinating body. As such, it is characterised by an absence of permanent structures, such as its own administrative apparatus, and by a lack of legal force of its decisions. In practice, this means

that it is not possible to sanction members for insufficient implementation of the joint decisions and that the G20 depends on cooperation with international institutions, such as the International Monetary Fund (IMF), the World Bank, the Organisation for Economic Co-operation and Development (OECD) and the UN.

19 States – namely Argentina, Australia, Brazil, China, Germany, France, the UK, India, Indonesia, Italy, Japan, Canada, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey and the USA – as well as the EU are represented in the G20. Moreover, the following international organisations regularly participate in its summits: the IMF, the World Bank, the Financial Stability Board (FSB), the OECD, the World Trade Organisation (WTO), the International Labour Organisation (ILO) and the UN. Further states and regional organisations, such as the African Union (AU), may also be invited to the summits as observers.

able development (SDG) and focuses on poverty reduction, justice, human rights, environmental protection, peace and security. This highlights that in view of rising poverty and injustices and the increasing destruction of the natural foundations of our life there can be no »business as usual« in international economic and financial policy. The members of the G20 have a particular responsibility to support the implementation of the 2030 Agenda, as they decisively contribute to the progressive environmental destruction and increasing social inequality through their carbon- and resource-intensive economies. Technical progress and economic growth have led to unprecedented wealth in the industrialised countries. However, when transferred to a global level, this model of unbridled economic growth with its unsustainable resource consumption leads to ecological catastrophes and conflicts that threaten humanity as a whole: Its downsides are anthropogenic global warming, increasing environmental destruction and depletion of resources, which fuels conflicts over distribution. War, destitution and refugee flows are the consequences, and almost always it is the poorest of the poor who pay the price of such economic growth. A transformative change towards an economy characterised by conservation of resources and greater social justice within the ecological boundaries must therefore urgently be initiated – particularly in the early industrialised countries.

The G20 has declared inclusive and robust economic growth to be an overarching guiding principle. In 2014, in the action plan of the G20 summit in Australia, it agreed on more than 800 individual measures intended to increase the common growth by 2.1 per cent beyond the previous predictions by 2018; two trillion US dollars of additional economic output and millions of new jobs are to be generated in this way.

VENRO's central point of criticism for VENRO remains the persistent focus on growth in the G20 policies. This stands in clear contradiction to the goals of the 2030 Agenda and the requirements of international climate protection policy.

This position paper, VENRO wants to bring development policy positions into the political discussion and urge the German government to push for a significant reorientation towards more poverty reduction, justice and sustainable development in the framework of the G20 in view of the global challenges.

## 1. Strengthening global economic recovery and tapping potentials

### 1.1 Macropolitical cooperations

In the area of financial and monetary policy, the G20 must find solutions for the imbalances in the global economy and advance structural reforms. The country-specific differences in the balances of trade and payments (surpluses vs. deficits) and the resulting need for borrowing pose a considerable risk of destabilisation for the financial markets. The resulting austerity policies are accompanied by negative consequences for the population, as can be observed in the countries of Southern Europe. They lead to a vast increase in social inequality and massively impede the economic recovery in these countries. So far, the G20 and the IMF, as a central actor in financial policy, have failed to establish a functioning system of coordination for overcoming the pronounced imbalance between surplus and deficit countries. The question also remains how the reduction of income inequality postulated by the G20 – which would have to address the question of reducing wealth inequality – can be implemented with the current policy approach.

#### **We expect the German government to push for the following in the framework of the G20:**

- For a better balance between countries with trade surpluses and countries with trade deficits, an institutional framework must be created whose tasks also include a coordinated approach in the area of currency and exchange rate policy.
- The system of IMF special drawing rights must be developed into a cornerstone of the international currency system, so that liquidity is insured in case of budget crises and countries with deficits are not forced into one-sided austerity policies.
- Developing and emerging countries must maintain their political freedom of action for introducing capital controls and increasing coordination of currency policy.
- The measures for regulation of financial markets that were agreed on for strengthening macroeconomic stability must be implemented in full (cf. 2.1).
- Solutions must be found for the excessive debt levels of individual countries (cf. 2.2.3), as they are accompanied by considerable negative macroeconomic consequences for the countries (lack of perspective of economic recovery, currency devaluation, increased refinancing costs, etc.).

## 1.2 Investment

Private investment, in particular in basic social services and infrastructure, can make an effective contribution to economic growth and wealth and strengthen the international competitiveness of developing and emerging countries. Developing countries rely on the support of the G20 in strengthening their domestic private economy, with concomitant employment effects. However, unless conditions are sufficiently shaped to maximise the societal benefits, private investment, in particular in large infrastructure projects, poses a series of ecological and social risks. Foreign direct investment must therefore be subject to sufficient regulation in order to guarantee respect for human rights, the principles of social responsibility and high ecological standards.

### **We expect the German government to push for the following in the framework of the G20:**

- Private investment by companies and institutional investors should be oriented not primarily towards economic profit but towards the development strategies as well as the needs of the population of the emerging and developing countries. The UN Guiding Principles on Business and Human Rights must therefore form the basis for infrastructure investments of the G20 states.
- Investment in classical infrastructure projects must not compete with investment in basic social services such as housing, communities, education and health services, and rather must take into account the interests of the poorest groups in society.
- The affected population must be fully included in the entire project cycle of the planning of infrastructure projects, with their fundamental rights being safeguarded.
- The G20 states should advocate in other fora and organisations, including the development banks, for established environmental and social standards to be ambitiously expanded, and certainly not weakened.

## 1.3 Employment

The conjunction of sustainable economic and employment strategies is of central importance for economically, ecologically and socially sustainable development. Working conditions contrary to human dignity – which should also include exploitative child labour conditions – can only be combatted in the long term if a sustainable economy and increased employment are conceptualised together and coupled with both social and ecological standards. Prerequisites for this include introduction of a minimum income, creation of social security systems, support for training of young people and enforcement of gender equality in the workplace as well as protecting migrant workers.

Under the Australian presidency, the G20 decided to raise the proportion of women in the workforce as an expression of strengthening their economic participation in the interest of economic growth. However, socially just economic development requires not only their economic participation but also taking into account the women's rights and human rights dimension of employment as well as the social security of employed women. Particularly given that three quarters of the global employment deficit affect women, profound reforms of the G20 states with respect to the labour market are required. These should be directed towards establishing wage justice, strengthening the social security systems, promoting the removal of structural disadvantages on the labour market and further promoting women's entrepreneurship. In this context, both the globally predominating precarious employment conditions of women and the difficult situation of women in rural areas must be improved. Particularly in developing and emerging countries, women in rural areas must be supported by enforcement of land rights, equal access to and control over resources as well as infrastructure adapted to the needs of smallholders.

### **We expect the German government to push for the following in the framework of the G20:**

- National minimum wages must be established, and gender-related pay gaps must be overcome.
- Measures for increasing the proportion of women in the workforce must be more intensively promoted.
- The economic significance of care work must be recognized, and the conditions under which it is carried out

must be improved. This includes promoting sharing of care work between the partners and creating an adequate, affordable social care infrastructure.

- Gender quotas for leading positions in listed companies must be introduced.
- Conventions and recommendations of the UN and the ILO that serve to protect workers in the formal and informal economy, in particular migrant workers, should be enacted into national law, whose implementation, including with respect to exploitative child labour, should be monitored.
- Social security systems must meet the requirements of security, mobility and flexibility according to the different life and educational phases of women and men.
- The important role of women's organisations in civil society should be globally recognised and promoted.

#### 1.4 Trade

The final declaration of the summit of the heads of state and government of the G7 in 2015 affirms support for further liberalisation of world trade and an increased opening of markets. These efforts are to be implemented both at the bilateral level (Transatlantic Trade and Investment Partnership between the EU and the USA – TTIP, Comprehensive Economic and Trade Agreement between the EU and Canada – CETA), at the plurilateral level (Trade in Services Agreement – TiSA) and at the multilateral level (WTO). Particular attention is focussed on the mega-regional agreement TTIP currently being negotiated, which is to contain comprehensive and far-reaching stipulations on trade and investment.

The G7 final declaration also contains decisions on strengthening responsibility in supply chains, including the commitment to achieve improved application of internationally recognised labour, social and environmental standards, principles and commitments, as contained in the conventions of the UN, the OECD, the ILO and applicable environmental agreements. This commitment should also be explicitly endorsed by other countries, including the G20 states.

**Instead of directing efforts towards more growth and a further liberalisation and deregulation of world trade, we expect the German government to push for the following in the framework of the G20:**

- The political regulatory framework of world trade must be strengthened multilaterally, so that trade serves all people and is in harmony with the environment.
- Trade policies must particularly take into account resource conservation, environmental protection, social justice and human rights.
- Bilateral, regional and multilateral agreements must be designed to be ecologically and socially sustainable and coherent with respect to development policy.
- Trade agreements must be designed to be coherent with respect to human rights. Carrying out human rights impact assessments and employing human rights clauses that contain an independent, transparent complaints procedure are elementary prerequisites.
- Binding commitments to respecting human rights and fulfilling social and ecological minimum standards along the production chains must be established – this includes in particular:
  - introducing binding human rights due diligence and ecological minimum standards along the supply chains according to the UN Guiding Principles on Business and Human Rights,
  - all G20 states signing and effectively implementing the OECD guidelines for multinational enterprises and
  - improving the implementation of the OECD guidelines by strengthening the complaints procedure, with all G20 states committing to carrying out peer reviews and ensuring the effective operation of their national contact points.

## 2. Increasing economic resilience

### 2.1 Regulating financial markets

After the financial crisis of 2008, the G20 undertook much to reduce the risks of individual financial institutes. However, the reform process is far from completed. Above all, the systemic risk for the global financial markets is still not banned, as the policy of liberalisation of financial markets keeps expanding, including in developing countries, exposing them to considerable risks. The G20 must therefore urgently fully implement the reforms of the international financial architecture agreed upon at the recent G20 summits.

#### 2.1.1 Capital requirements for banks and structural reform of banking

In recent years, the international banking system has increasingly drifted away from its original function of enabling payment transactions and providing capital for the real economy. Some of the big banks are still too big to fail – not only with respect to their size but also with respect to their activities (risky speculation) and their interconnections with other banks and funds. The G20 is therefore trying to minimise the threat to the financial system from globally important banks according to their economic power (too big to fail), to establish more sound financing models and to ensure a more orderly liquidation of affected banks where necessary. Moreover, new rules are to ensure that taxpayers are protected against the losses of collapsing banks.

#### **We expect the German government to push for the following in the framework of the G20:**

- The financial system must again be in a position to serve the real economy. In developing countries, particularly the establishment of cooperative banks and public savings banks should be supported.
- Classical banking and risky investment banking should be strictly separated.
- Equity capital requirements and requirements with respect to loss-absorbing capital should be sufficiently high and be coupled to the systemic risk posed by a bank.
- Besides the regulation of individual banks, early recognition and prevention of systemic risks and fighting financial crime should be important tasks of the oversight authority.

#### 2.1.2 Regulating shadow banks and derivatives

With new instruments such as insurance against credit default, securitisation and complex derivatives, the field of international investment banking has grown to a gigantic size and become largely detached from the real economy. In credit securitisation, debts are combined and packaged in order to sell them on to investors. This shadow banking sector – unregulated financial institutes that conduct bank-like business – now amounts to around 75 trillion US dollars and is growing rapidly. However, the weaknesses of this business model that trigger crises have not been eliminated. The shadow banking sector would affect the entire global financial system in case of a bankruptcy and is thus considered a systemically hazardous financial sector.

Already in 2013 under the Russian presidency the G20 adopted a road map for regulating shadow banks, which must now be implemented.

#### **We expect the German government to push for the following in the framework of the G20:**

- The shadow banking sector must be regulated and supervised in accordance with the systemic risks it poses. The interconnection of banks and shadow banks should largely be prevented.
- Only simple models of credit securitisation with short chains of intermediaries should be promoted. Complicated financial instruments should be evaluated by rating agencies according to a strict standard, and risky financial products should be prohibited.
- Regulated banks, in particular development banks, should expand borrowing to small and medium-sized enterprises in developing countries.

#### 2.1.3 Restricting resource and food speculation

With the manifold derivatives, the influence of investment banks and investors on the price formation for individual resources and foodstuffs is also growing. But the speculation on resource and food markets has immediate consequences for the budgetary position of many developing countries that depend on exporting natural resources, and for the food security of the population.

**We expect the German government to push for the following in the framework of the G20:**

- Speculation in resource sectors must be strictly regulated. Stock markets and their national oversight authorities should restrict the quantities of resources traded.
- Investors' market access must be regulated by means of a trade register such that only traders who need derivatives for securing their trade with real resources are accredited.
- Investment banks, hedge funds and other institutional speculators should not have access to the markets relevant for food security.

## 2.2 International financial market architecture

### 2.2.1 Implementing democratic oversight

The financial crises of the past years and decades demonstrate that the economic and financial system is neither stable nor sustainable. Most developing countries are nevertheless still excluded from decision making on rules for global financial stability within the G20 and the international financial institutions. The World Bank, the IMF, the FSB and other financial institutions that set the rules of the international financial system must expand their membership in order to achieve a democratisation of the international financial architecture. However, the institutional reforms are currently progressing so slowly that the financial institutions are diverging ever further from the global economic reality and fundamental principles of democratic decision making.

**We expect the German government to push for the following in the framework of the G20:**

- The global financial institutions, in particular the World Bank and the IMF, must become more transparent and democratic in order to give more of a say to the countries most strongly affected by their political decisions.
- The sluggish voting rights reforms at the IMF and the World Bank must be expedited to provide for adequate participation of debtor countries in decision processes. The goal should be a balanced, institutionalised and full participation of the developing and emerging countries.

### 2.2.2 Stabilising the financial sector

The financial markets must be put back into the service of the real economy. The greatest challenge is to significantly reduce the increase in potentially destabilising financial products and speculative financial flows. Moreover, unchecked global financial imbalances continue to threaten the stability of the financial markets due to their procyclical character. Finally, the financial sector is far too big, particularly in the industrialised countries, which leads to instabilities in the global economy – even institutions like the OECD and the Bank for International Settlements now hold this view.

**We expect the German government to push for the following in the framework of the G20:**

- The financial sector in the industrialised countries must shrink and become more secure. New financial products must be subject to approval in a mandatory procedure in order to ensure that they are consumer-friendly and do not endanger the stability of the overall system.
- Free trade agreements with developing countries must not restrict the regulation of the financial markets and of financial flows. They must not grant foreign companies special rights against domestic companies. The current negotiations of the EU, for instance with the states in the Association of South East Asian Nations (ASEAN), must be adjusted accordingly.

### 2.2.3 Introducing a sovereign default process

In 83 emerging and developing countries, debt indicators currently exceed a critical value. Such an unsustainable public debt has negative macroeconomic consequences for the fiscal stability of public budgets. Thus, in the context of an uncertain interest rate policy, the next debt crisis is looming in full sight. For many countries there are no reliable structures or processes with which a debt crisis can be solved quickly, fairly and efficiently. In order to reduce the risk of over-indebtedness of these countries, a redesign of global debt relief procedures is urgently required, to make lending and borrowing more disciplined in the future and to counteract a new debt crisis. Developing and emerging countries have therefore been advocating for a fair and



orderly debt relief mechanism in the UN General Assembly since 2014. An increasing threat to debt relief measures is posed by investor lawsuits against states in front of arbitration boards such as the International Centre for Settlement of Investment Disputes (ICSID), as the case of Argentina has shown.

**We expect the German government to push for the following in the framework of the G20:**

- The creditor countries must constructively take part at all levels, including the UN, in creating a binding legal framework for restructuring public debt.
- All debts of a country must be included in a viable debt relief process.
- Decisions about debt cancellation of independent entities must be made on the basis of expert assessments that are independent of creditor interests.
- Investor-state lawsuits against measures in debt crises and financial crises must be excluded.

### 2.3 International taxes

Draining tax havens and fighting tax avoidance by multinational corporations is one of the declared showcase projects of the G20. With the Base Erosion and Profit Shifting (BEPS) process initiated in 2013, the G20 set itself the goal of curbing base erosion and profit shifting of multinational companies. The OECD was tasked with its implementation and in October 2015 presented a catalogue of measures to be progressively implemented by the G20 states.

Particularly developing countries could benefit from a robust set of rules, as they lose an estimated 100 billion US dollars annually to tax evasion by multinational corporations – which almost amounts to the global development funding (2014: 135 billion US dollars). However, the reform discussions of the G20 insufficiently take into account the interests of many developing countries.

Thus topics that are of central importance particularly for developing countries are not addressed in the BEPS process. These include measures for ending the international tax competition that forces countries into a »race to the bottom«, as well as measures that reduce incentive to offer companies and investors ever lower tax rates and other tax incentives. The design of bilateral tax treaties be-

tween individual countries, in which the taxation rights are determined, is also not adequately addressed in the BEPS process. These treaties often put developing countries at a disadvantage with respect to industrialised countries in that a larger share of the taxation is applied at the corporation headquarters (residents) than at the production site in the developing country (source).

The automatic information exchange agreed upon in October 2014 at the initiative of the G20, in which the tax authorities of the signatory states want to exchange taxpayer data beginning in 2017, points in the right direction. This exchange should be mutual and equal in extent – however, due to the limited capacities of the tax administrations this reciprocity is currently an insurmountable obstacle for many developing countries.

**We expect the German government to push for the following in the framework of the G20:**

- In implementing the adopted BEPS measures, an extensive political participation of the developing countries must be ensured.
- An equal say of developing countries on international tax issues must be ensured. A strengthening of the UN in the area of taxation through the creation of an intergovernmental committee should be supported, and concrete proposals should be developed in this respect.
- A development-friendly reform of bilateral tax treaties should be undertaken. Moreover, the German government should lead the way by modelling its own treaties with developing countries on the UN's model treaty.
- The data from the planned country-specific reporting of companies must promptly reach all concerned authorities and not just those of the country in which the headquarters of a transnational company are located.
- The developing countries should be allowed to take part in the automatic exchange of tax information without having to guarantee the principle of mutuality.
- Developing countries must be more consistently supported in establishing taxation systems through an increase in official development assistance (ODA) in this area, in order to lay the foundations for their participation in international cooperation in the tax sector.
- Gender justice in taxation must be ensured, i.e. states must not contribute to the reinforcement of gender roles through tax incentives.

## 2.4 Fighting corruption and money laundering

Corruption and money laundering remain obstacles to the promotion of democracy and the rule of law. A regulatory framework that builds on comprehensive transparency in the public and private sector can counteract this. Under the Australian presidency, the G20 adopted the anti-corruption action plan 2015–16. The G20 should therefore lead the way and should itself fulfil the highest standards of transparency and accountability. It should also enable citizens to become actively engaged in the fight against corruption and money laundering.

The plans for more financial transparency, which, besides the ongoing work of the working group for financial measures, are intended to improve the fight against money laundering, date back to the summit of the Group of Eight (G8) in Ireland in 2013. Further reforms in this regard are urgently needed, as money laundering causes significant damage also to developing countries, in particular through crime and corrupt politically exposed persons. Germany has a special responsibility for reforms, as money laundering occurs on a large scale here.

### **We expect the German government to push for the following in the framework of the G20:**

- Data relevant to fighting corruption must be made available completely and swiftly in machine-readable form. This includes in particular data on public contracts.
- Relevant court decisions at all levels should be published on Internet sites of the courts or of the justice ministries.
- Public procurement must allow for independent monitoring at all stages.
- Asset recovery and the return of illegally gained assets must be facilitated.
- The fight against money laundering must close existing gaps in legislation (e.g. bearer shares) and in implementation. A particular focus should be placed on the rules on politically exposed persons.
- The establishment of a register with the beneficial owners of companies, foundations and trusts, as prescribed by the EU anti-money laundering directive, must occur soon. Access should be public; at least it must be clarified that civil society has a »legitimate interest« in the information, as required by the EU directive.

## 3. Expanding sustainability

### 3.1 Development

In 2010, under the South Korean presidency, the G20 for the first time adopted a development agenda of its own, the so-called Seoul Consensus. For its implementation, the Development Working Group was established, and Multi-Year Action Plans were developed. In the second Multi-Year Action Plan on Development, adopted in 2013, nine areas of activity were determined, with a particular focus on infrastructure and food security.

Without doubt, these two areas are of central importance for sustainable development and overcoming poverty. However, the G20's measures have a one-sided focus on the private sector as the central actor; the role of the state is marginalised. Moreover, the concept of development manifested in the action plan assumes that growth automatically leads to positive development results. By contrast, there is sufficient evidence that, due to the increasing concentration of wealth and income worldwide, long-term sustainable development and a strengthening of social justice will not be possible without a just (re)distribution.

An example of the misguided G20 approach is afforded by the food sector: Poverty remains the main cause of hunger and of the lack of realisation of the human right to nutrition for all. Nonetheless, the G20 does not take a human rights approach and does not place the focus on the people suffering from poverty and hunger. Rather, parallel to the overarching growth orientation of the G20, also in the agricultural sector the focus is on raising productivity by means of the private sector. While the significant role of smallholder producers is acknowledged in principle, it is not reflected in the political recommendations. The considerable environmental problems caused by agriculture – soil degradation, water scarcity, loss of biodiversity and climate change – are largely ignored. Reforms are merely directed at the necessity of improving soil fertility and water retention capacity and restoring degraded soil. The main thrust, however, is an enhanced »business as usual«, which aims to achieve sustainable food systems mainly through further increases in productivity. A world without hunger by 2030 will not be achieved in this way.

**We expect the German government to push for the following in the framework of the G20:**

- The G20 must acknowledge the prominent role of the UN Committee on World Food Security (CFS) and support it. It must commit to bring its own policies and programmes in line with decisions of the CFS (within the Global Strategic Framework).
- G20 action plans must pursue a human rights approach and place the focus on the people most strongly affected by hunger. The G20 members should commit to implementing the voluntary guidelines on land use rights within their own borders and ensuring that foreign investments of their companies comply with them.
- In view of the manifold environmental problems, G20 action plans must determine steps in the direction of an ecological reorientation of agriculture. These should contain in particular measures for improving soil fertility and water-retention capacity, promoting biodiversity (including varietal diversity) and adapting to climate change.
- The G20 must take the manifold disadvantages for women and girls concerning access to health, education, land, water and other natural resources into account and adopt supporting measures for women and girls.
- The »do no harm« principle must be enshrined as a central principle. This means that dumping is ended, minimum food prices are set, food speculation is curbed, the neoliberal trade policies are revised and climate change is halted.

### 3.2 Sustainable energy supply

The governments of the G20 states came out in favour of ending subsidies for fossil fuels in 2008. However, they are still spending around 88 billion US dollars annually for exploration alone. This does not include many other subsidies, for instance for keeping market prices down and for externalising environmental damage. The effects are triply negative: (1) The subsidies increase the incentives for using fossil fuels, with catastrophic consequences for the climate. (2) Investment in renewable energies is thus rendered less profitable, which delays their expansion, and (3) this subsidy policy undermines the efforts towards an ambitious and binding climate treaty.

Additionally, the G20 states are called upon to implement measures for increasing energy efficiency. The action plan for voluntary collaboration on energy efficiency of 2014 contains references to renewable energies only in connection with the expansion of nuclear energy. However, promoting nuclear energy as a climate protection policy is not acceptable, as it is neither sustainable nor cost-efficient, not to mention the unsolved problem of nuclear waste and the immense security risks. Instead, the accelerated expansion of regenerative energies and access to energy for all in developing countries must take a central place in the G20 decisions.

**We expect the German government to push for the following in the framework of the G20:**

- The decision of the G7 states to decarbonise the world economy in the course of this century must be backed. In order to limit the global rise in temperature to under two degrees as far as possible, the complete decarbonisation of the economy should be achieved by the middle of the century, in accordance with the recommendation of the Intergovernmental Panel on Climate Change. The decarbonisation must be underpinned by concrete national policies. These should include:
  - the development of national strategies for complete decarbonisation by 2050,
  - decisions on the respective national initiation of the phase-out of coal,
  - coherent political measures for an accelerated conversion of the energy system towards 100 per cent renewable energies and
  - the expansion of energy efficiency measures.

### 3.3 Climate financing

Sufficient climate financing is a basic prerequisite for implementing the envisioned Paris Agreement. Without financing of mitigation and adaptation measures and assumption of risk by the rich countries, the required trust in the further negotiation process will be missing. Besides reducing their own greenhouse gas emissions, the G20 must in particular actively support the poorer countries in carrying out adaptation measures against the effects of climate change. The G20 partially fulfils the commitment already entailed in the

UN Framework Convention on Climate Change through bilateral aid but must also make payments to multilateral funds, that are chronically underfinanced.

**We expect the German government to push for the following in the framework of the G20:**

- All G20 states should commit to increasing the public financing for climate measures, in particular for supporting the most vulnerable developing countries in adapting to climate impacts. The industrialised countries within the G20 should agree on a schedule for reaching the 100 billion US dollars that were promised in 2009 at the climate summit in Copenhagen. Other G20 states should send signals of support, as China recently did, for instance through voluntary contributions to the climate funds. Private funds should be viewed only as supplementing and not as substituting public funds.
- The G20 should promote approaches that generate additional funds for climate measures in developing countries from international air and sea transport on a »polluter pays« basis and thereby support international climate funds.
- The other climate funds must also not be neglected. Besides the Green Climate Fund, continual payments must be made into the Adaptation Fund and the Least Developed Countries Fund (LDCF) in order to support the poorest countries in their adaptation measures.
- In the industrialised countries, the funds for climate financing must be provided in addition to the required ODA increase towards 0.7 per cent of gross national income (GNI).

## Outlook

Reforming financial markets and the international trade system remain central challenges for the G20 states. But the reform dynamics of the G20 after the financial crisis of 2009 seem to have come to a halt. Hardly any further measures for crisis prevention are being taken. The proposals and the hesitant implementation on the part of the G20 states do not suffice for preventing future crises, nor for promoting sustainable development. A central deficit of the G20 reform agenda is its orientation towards economic growth, which is primarily aligned with commercial profit maximisation and excludes aspects of ecological and social justice. If the G20 states want to contribute to the implementation of the 2030 Agenda and of the SDGs, they must respect the planetary boundaries. This implies the need to reorient international economic and trade policies towards sustainable development. A transformative change towards an economy characterised by conservation of resources and greater social justice within the ecological boundaries must therefore urgently be initiated.

## VENRO Members

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- Andheri-Hilfe Bonn
- Arbeiter-Samariter-Bund Deutschland
- Arbeitsgemeinschaft der Eine-Welt-Landesnetzwerke in Deutschland (agl)
- Arbeitsgemeinschaft der Evangelischen Jugend in Deutschland (aej)
- Arbeitsgemeinschaft Entwicklungsethnologie
- Arbeitsgemeinschaft für Entwicklungshilfe (AGEH)
- arche noVa
- Ärzte der Welt
- ASW – Aktionsgemeinschaft Solidarische Welt
- AT-Verband
- AWO International
- Behinderung und Entwicklungszusammenarbeit (bezev)
- BONO-Direkthilfe
- BORDA e.V.
- Brot für die Welt – Evangelischer Entwicklungsdienst
- Bund der Deutschen Katholischen Jugend (BDKJ)
- Bundesvereinigung Lebenshilfe
- CARE Deutschland-Luxemburg
- Caritas International
- Casa Alianza – Kinderhilfe Guatemala
- CHANGE e.V.\*
- ChildFund Deutschland
- Christliche Initiative Romero
- Christoffel-Blindenmission Deutschland
- Dachverband Entwicklungspolitik Baden-Württemberg (DEAB)
- Das Hunger Projekt
- Deutsche Entwicklungshilfe für soziales Wohnungs- und Siedlungswesen (DESWOS)
- Deutsche Kommission Justitia et Pax
- Deutsche Lepra- und Tuberkulosehilfe (DAHW)
- Deutsche Stiftung Weltbevölkerung (DSW)
- Deutscher Paritätischer Wohlfahrtsverband
- Deutsches Komitee Katastrophenvorsorge
- DGB-Bildungswerk BUND – Nord-Süd-Netz
- Difäm – Deutsches Institut für Ärztliche Mission
- Don Bosco Mondo
- DVV International – Institut für Internationale Zusammenarbeit des deutschen Volkshochschul-Verbandes
- Eine Welt Netz NRW
- Eine Welt Netzwerk Hamburg
- EIRENE – Internationaler Christlicher Friedensdienst
- EMA – Euro-Mediterranean Association for Cooperation and Development
- EPiZ – Entwicklungspädagogisches Informationszentrum\*
- Evangelische Akademien in Deutschland (EAD)
- Fairventures Worldwide
- FIAN Deutschland
- FUTURO SÍ
- Gemeinschaft Sant’ Egidio
- German Doctors
- German Toilet Organisation
- Germanwatch
- Habitat for Humanity Deutschland
- Handicap International
- Help – Hilfe zur Selbsthilfe
- HelpAge Deutschland
- Hilfswerk der Deutschen Lions
- Hoffnungszeichen / Sign of Hope
- humedica
- Indienhilfe
- INKOTA-netzwerk
- Internationaler Bund (IB)
- Internationaler Hilfsfonds
- Internationaler Ländlicher Entwicklungsdienst (ILD)
- Internationaler Verband Westfälischer Kinderdörfer
- Islamic Relief Deutschland
- Jambo Bukoba\*
- Johanniter-Auslandshilfe
- KAIROS Europa
- Karl Kübel Stiftung für Kind und Familie
- KATE – Kontaktstelle für Umwelt und Entwicklung
- Kindernothilfe
- Kinderrechte Afrika
- Lateinamerika-Zentrum
- Lichtbrücke
- Malteser International
- Marie-Schlei-Verein
- matterna – Stiftung Frau und Gesundheit
- medica mondiale
- medico international
- MISERIOR
- Missionsärztliches Institut Würzburg\*
- NETZ Bangladesch
- Ökumenische Initiative Eine Welt
- OIKOS EINE WELT
- Opportunity International Deutschland
- Ora International Deutschland
- OroVerde – Die Tropenwaldstiftung
- Oxfam Deutschland
- Plan International Deutschland
- Rhein-Donau-Stiftung
- SALEM International
- Samhathi – Hilfe für Indien
- Save the Children Deutschland
- Senegalhilfe-Verein
- Senior Experten Service (SES)
- Society for International Development Chapter Bonn (SID)
- SODI – Solidaritätsdienst-international
- Sozial- und Entwicklungshilfe des Kolpingwerkes (SEK)
- Stiftung Entwicklung und Frieden (SEF)
- Stiftung Nord-Süd-Brücken
- SÜDWIND – Institut für Ökonomie und Ökumene
- Susila Dharma – Soziale Dienste
- Terra Tech Förderprojekte
- TERRE DES FEMMES
- terre des hommes Deutschland
- Tierärzte ohne Grenzen
- TransFair
- Verband Entwicklungspolitik Niedersachsen (VEN)
- Verbund Entwicklungspolitischer Nichtregierungsorganisationen Brandenburgs (VENROB)
- W. P. Schmitz-Stiftung
- WEED – Weltwirtschaft, Ökologie & Entwicklung
- Weltfriedensdienst
- Weltgebetstag der Frauen – Deutsches Komitee
- Welthaus Bielefeld
- Welthungerhilfe
- Weltladen-Dachverband
- Weltnotwerk der KAB Deutschlands
- Werkhof Darmstadt
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- World Vision Deutschland
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\* Guest member

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**Your voice against poverty – development needs participation**

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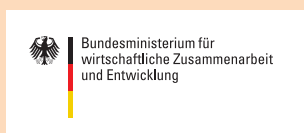
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**VENRO** is the umbrella organisation of development and humanitarian non-governmental organisations (NGOs) in Germany. The association was founded in 1995 and consists of more than 120 organisations. Their backgrounds lie in independent and church-related development co-operation, humanitarian aid as well as development education, public relations and advocacy.

VENRO's central goal is to construct a just globalisation, with a special emphasis on eradicating global poverty. The organisation is committed to implementing human rights and conserving natural resources.

#### **VENRO**

- represents the interests of development and humanitarian aid NGOs vis-à-vis the government
- strengthens the role of NGOs and civil society in development co-operation and humanitarian aid
- engages in advocacy for the interests of developing countries and poorer segments of society
- sharpens public awareness of development co-operation and humanitarian issues

[www.venro.org](http://www.venro.org)

#### **›Your voice against poverty – development needs participation‹**

The VENRO project ›Your voice against poverty‹ encourages debate about sustainable development. The aim of the project is to develop a sustainable understanding of development together with other social actors and anchor this understanding within politics and society. The project organises nationwide campaigns that are particularly intended to motivate young people to actively support the implementation of development goals. Further important aspects of the VENRO project include providing information and promoting dialogue.

›Your voice against poverty‹ is the German platform of the international alliance ›Global Call to Action Against Poverty‹ (GCAP). This alliance consists of charities and other non-profit organisations, but also celebrities and millions of people in more than 100 countries who are campaigning for an end to poverty.

[www.deine-stimme-gegen-armut.de](http://www.deine-stimme-gegen-armut.de)