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G20 Call for Global Common Framework to Finance Sustainable Development Goals

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At the recent **G20 Finance Ministers and Central Bank Governors Meeting** in Bengaluru, India, attendees called for the creation of a common global framework to facilitate financing the United Nations' Sustainable Development Goals (SDGs). The agreement reached at the meeting, held on February 24-25, 2023, calls for the G20's **Sustainable Finance Working Group (SFWG)** to develop an analytical framework for enabling finance for SDGs "with initial focus on nature-related data and reporting and social impact investing, taking country circumstances into consideration."

Originally launched in 2016 as the Green Finance Study Group and subsequently renamed the Sustainable Finance Study Group in 2018, the re-establishment of the SFWG was endorsed by the G20 Finance Ministers and Central Bank Governors on April 7, 2021. The **SFWG Terms of Reference** states that the "SFWG will identify barriers to sustainable finance and develop voluntary and inclusive options for aligning financing and policies to the goals of the Paris Agreement and Agenda 2030. The SFWG acknowledges that countries are at various points in their growth trajectories and avoids one-size-fits-all approaches."

The ministers also reaffirmed their commitments to the United Nations Framework Convention on Climate Change and the Paris Agreement, thereby agreed to work to limit temperature increases from pre-industrial levels to 1.5 degrees Celsius, as well as to the commitment made by developed countries at COP15 in 2009 "to the goal of mobilizing USD 100 billion climate finance per year by 2020 and annually through 2025 to address the needs of developing countries."

That financing goal, however, **remains elusive**. The attendees therefore recognized that "mobilization of timely and adequate resources for climate finance is needed for meeting ambitious net zero emission targets," and the resulting importance of obtaining financing from a variety of sources: "public and private, bilateral, and multilateral, including alternative sources of

finance.” The agreement calls for, among other things, “Multilateral Development Banks (MDBs) [to] play a key role in development financing,” echoing statements made by U.S. Treasury Secretary Janet Yellen in a [February 9 speech](#), where she called on MDBs to boost their financial capacity to meet the need for financing to address sustainability challenges.

Taking The Temperature: While short on specifics, the Summary and Outcome Document produced at the conclusion of the G20 Finance Ministers and Central Bank Governors meeting highlights at least three ongoing challenges. First, the pressing need for funds to finance mitigation and adaptation initiatives. This is not surprising given the near-constant focus (which we have discussed) on financing challenges, including at last year’s [COP27 climate change conference](#) in Egypt (where an agreement was reached to establish a dedicated fund to assist developing countries in responding to loss and damage caused by climate change) and the [COP15 biodiversity conference](#) in Montreal (where the main area of contention involved how to pay costs that will be incurred to realize the Global Biodiversity Framework’s goals). Second, biodiversity increasingly is top of mind. The SFWG Terms of Reference state that “although focusing initially on climate,” the “SFWG will remain open to address other sustainability risks, such as nature, biodiversity, water and social-related ones.” We have [commented on](#) the increasing attention being paid by governments, regulators and issuers to nature-related issues and concerns, and the potentially material effects these issues could on companies’ performance. Third, data-related issues remain problematic. As we have [reported](#) and the agreement recognizes, there are ongoing challenges associated with collecting and appropriately assessing climate-related data in a consistent way across industries and jurisdictions. The Summary and Outcome Document calls for a “cross-cutting focus on identifying and overcoming data-related barriers to scaling investments for climate action and SDGs.”