



Climate Action Network

G20 Briefing

Time to tackle the climate crisis and finance a just transition for all

October 2024

Climate Action Network (CAN) is a global network of more than 1,900 civil society organisations in over 130 countries driving collective and sustainable action to fight the climate crisis and to achieve social and racial justice.

Table of Contents:

Introduction	1
Ambition is linked to finance	1
Justice in energy transition	3
Way forward	4
Conclusion	4

Introduction

This policy briefing aims to clarify Climate Action Network’s expectations ahead of critical political momentum for the G20, including their Finance Ministerial, Finance and Climate Ministerial and the Leaders Summit. Over the years, the G20, as a grouping of the world’s biggest economies, has played an important role in setting political landing zones for negotiations at other intergovernmental forums. Among examples, the UAE Consensus and the Global Stocktake (GST) outcome of the UNFCCC COP28 in Dubai stands out with a clear and significant imprint of the New Delhi G20 Leaders’ Declaration. This year, once again, the G20 summit comes at a crucial juncture of the Paris era. COP29, slated to be held in Baku, Azerbaijan in November 2024, carries the distinction of being a ‘Finance COP’ and is tasked with forging an agreement on a new goal on climate finance. At the same time, countries are preparing their new Nationally Determined Contributions (NDCs) in light of the guidance provided by the GST outcome for collective climate action implementation.

This is the context for which the G20 must now seek to create political landing zones as it prepares for its Leaders’ Summit, which coincides with COP29. It is of absolute importance that the G20 sets the ground for an ambitious, fair and responsive climate finance goal and for equitable and just national climate plans aligned with limiting warming to 1.5°C and with the outcomes of the GST. This includes, among other things, supporting a profound and fair

transformation of current economic and financial systems, fast and sustained emission reductions¹, and equitable and just energy transitions.

CAN expects the G20 Leaders Summit to help realize the historic GST outcomes and the goals of the UNFCCC Paris Agreement. Concrete avenues to do so start with raising public finance at the scale of needs with high qualitative standards, setting a clear date for the elimination of fossil fuels subsidies and ensuring that future climate plans are 1.5°C aligned and rooted in climate justice.

Ambition is linked to finance

G20 members cumulatively account for over 80% of the world's GDP. The group is also responsible for a similar share of the world's emissions. Naturally, the G20 is a significant determinant in the search for trillions of dollars to fund climate action at the required scale. The New Delhi G20 Leaders' Declaration² notes that implementing pre-2030 NDCs in developing countries will cost USD 5.8-5.9 trillion. Development of clean energy technologies in line with a 2050 Net-Zero scenario is expected to cost another USD 4 trillion every year until 2030. Despite this acknowledgement, the G20 has dragged its feet in unlocking fair and equitable finance that can enable 1.5°C alignment in countries' climate plans.

Public Finance Push: We need public finance to be delivered at scale and high quality, and for the G20 to get serious about private finance's climate impacts

- **The G20 needs to recognize that public funding should be central** as well as the need to scale up new and additional grant-based, highly concessional finance, and non-debt inducing instruments. It should be framed in the context of a positive connection between having sufficient fiscal space, climate action and low emission pathways towards a just transition. In line with the principles of CBDR-RC and equity, developed countries must take the lead by providing substantial new and additional public finance, primarily in the form of grants, to developing countries.
- The G20 must also address the **quality of climate finance** through transparent, verifiable, and accountable reporting, and by ensuring it is provided and implemented in a way that is participatory and locally led, socially just, gender-responsive, and consistent with human rights standards. They must also ensure this finance is genuinely **additional** to preexisting international commitments (in particular ODA), **accessible**, especially for countries and marginalized groups facing the worst impacts and who are at the forefront of the response, and **non-debt inducing** (this finance does not put recipient countries at high risk of debt distress).
- **The G20 needs to be bolder on the role the private sector has to play and the regulations that need to be set in place to ensure a just energy transition.** We need to see an agreement on a roadmap to aligning the financial sector with 1.5°C and calls to

¹ [G20 countries failing by big margins to cut greenhouse gas emissions to below 'catastrophic' levels;](https://www.oxfam.org/en/press-releases/g20-countries-failing-big-margins-cut-greenhouse-gas-emissions-below-catastrophic-levels)
<https://www.oxfam.org/en/press-releases/g20-countries-failing-big-margins-cut-greenhouse-gas-emissions-below-catastrophic-levels>

² <https://www.mea.gov.in/Images/CPV/G20-New-Delhi-Leaders-Declaration.pdf>

central banks and regulators must go beyond information sharing and transparency. Those actors have a critical role to play in implementing policies that mitigate climate-related financial risks *as well as* climate risks from the financial sector's continued bolstering of fossil fuels coupled with a so-far ineffective de-risking strategy, by actively setting the right conditions for mobilizing private sector finance towards green investments *and* away from carbon-intensive ones, in line with a just transition for all.

Raise trillions in public finance: We need G20 members to use all the tools and avenues they have to advance on developing additional sources of public finance

- **The G20 needs to lead on the adoption of a coordinated minimum effective taxation standard for ultra-high-net-worth individuals.** This year is the first time both G20 and G7 engaged on the issue of the effective taxation of the super-rich. To keep the momentum going, the final G20 Leaders communiqué should commit to increasing efforts aimed at progressive and fair taxation of individuals, in particular ultra-high-net-worth individuals, with a reference to the Rio Declaration on international tax cooperation³. Moving forward, it is also critical that G20 leaders stress the need to continue this conversation under the South African G20 presidency and link it with the ongoing negotiations of the Framework Convention on International Tax Cooperation.
- **The G20, and in particular its richest members, need to support and engage constructively in the negotiations of a UN framework convention on international tax cooperation⁴** and put their full support behind this first truly multilateral effort at improving international taxation which is expected to generate significant additional revenues for many countries in the Global South - crucial for their ability to finance climate and development action. Despite a global minimum taxation agreement on multinational corporations and strengthening on information sharing between banks, tax abuse and evasion still remain a significant problem⁵. Tax losses through abuse and evasion are estimated to stand at USD 480 billion annually, often compounding the costs of climate change in developing countries⁶.
- The G20 also needs to **commit to explore and implement opportunities to tax the fossil fuel industry, and other high emitting sectors**, to pay for domestic climate action and international climate finance support, as applicable.

Global architecture reform: We need a bold push for ambitious solutions that transform the financial architecture

- Finance needs are rising and current financial systems are not fit for purpose. **The G20 needs to take a proactive role in amplifying the initiatives for a profound reform of the global financial architecture**, including by reinforcing calls for lowering the cost of capital in the long term to allow life saving green investments, particularly in low and

³ [Rio Declaration on international tax cooperation](#)

⁴ [Why the world needs a UN global tax convention](#), UN News, 2024

⁵ [Global Tax Evasion Report 2024](#), EU Tax Observatory

⁶ [State of Tax Justice Report 2023](#), Tax Justice Network

middle income countries. This includes the creation of an international debt cancellation mechanism, a reform of the global taxation system, and regular SDR issuances and rechanneling of **SDRs** to Global South countries. By contrast, the incremental reforms currently under consideration at the MDBs do not come close to the scale required to adequately address international climate finance needs.

- **The G20 must commit to address the debt vulnerabilities of low and middle-income countries in an effective, comprehensive and systematic manner** - Current recommendations and initiatives (such as debt swaps or debt suspension clauses, and the Common Framework) are ineffective and/or not addressing the problem at the scale required. The G20 needs to work towards and support the introduction of an **independent UN-led debt workout mechanism to serve as a framework for the restructuring and cancellation of illegitimate and unsustainable debts**, across all creditors, to a level compatible with sustainable development needs and addressing the climate crisis. The upcoming FFD4 Conference can be a crucial moment for the G20 to champion this.

Justice as the core of the energy transition

The UAE Consensus from COP28 in Dubai last year has provided a blueprint to guide the implementation of collective climate action in line with the objectives of the Paris Agreement. While the G20 has for long sought to align climate action with economic interests and goals, it is now incumbent on the group to anchor economic decisions with the UAE Consensus and build on the blueprint for equitable and just 1.5°C aligned action. While the G20 offers an important forum to recalibrate international cooperation to reflect equitable and fair climate action, ensuring justice needs due consideration of the costs of climate action and who is bearing it, even in domestic contexts.

Inclusivity and fairness: The G20 must lead on just, orderly and equitable transition away from Fossil fuels

- **The G20 needs to take the lead on devising an equitable phase out of fossil fuels and redirect public finance to climate action and sustainable development.** In that context leaders must lead the efforts to encourage the Global North to stop investing in fossil fuels including their fossil fuels investment in the Global South
 - **The G20 should pledge a phase out of all fossil fuels**, with an equitable and fair timetable in which developed countries, major emitters, and producers, lead the acceleration of action and energy transition in this critical decade. Governments must also prioritise and incentivise proven and equitable approaches to energy transition, and seek to minimise the flow of finance toward technologies that are unproven or serve to prolong fossil fuel production and use.
 - **Higher-income countries within the G20** can slow climate impacts and raise their contributions closer to their fair share by **ending fossil fuel subsidies, restricting public and private investments in fossil fuels, and taxing fossil fuel profits.**

- **G20 leaders must commit to an equitable phase-out of all fossil fuels and set a target year for ending all fossil fuel subsidies by 2030.** Without a clear deadline, G20 nations have continued to feed the crisis with continued financial support. G20 members provided a record 1.3 trillion dollars in public money to support fossil fuels in 2022⁷, even as oil and gas companies posted record profits.
- The G20
- Governments must ensure **access to information and the right of participation** of affected communities in decisions affecting their rights. Civil society participation is key to strengthening the quality of decisions made.

The G20 must work on real 1.5 °C alignment, through its leadership role and international cooperation

- **The G20 must show leadership on NDC's 3.0 and in line with a just energy transition.** The first Global Stocktake (GST) clearly states that parties must urgently achieve deep, rapid and sustained emissions reductions within this decade, in line with IPCC findings.
 - Therefore the new Nationally Determined Contributions (NDCs) must demonstrate a progression and include significantly enhanced 2030 and 2035 **economy-wide absolute targets in line with a 1.5°C scenario**, with developed countries taking the lead, and aiming for much higher targets in accordance with their fair shares.
 - NDCs should center **climate justice through equity** as well as planning and needs for **adaptation, L&D and Just Transition**. G20 members should develop NDCs in an inclusive and participatory process and present them by early 2025.
 - The G20 should **support country-wide strategic vision and priorities that align climate and sustainable development goals, together** with the right finance to foster those transformations. These Just Transition plans need to be anchored on the principles of justice covering economic, social and environmental dimensions.

Way forward

The G20 has the ability to foster political landing zones for complicated subjects that intersect with the global economy. This year, the G20 must display this ability in supporting the establishment of a fair and **ambitious goal on climate finance at COP29**, including through constructive engagement on equitable transformation of the global financial architecture.

In the longer term, the G20 has the unique capability of facilitating the political and economic alignment required for the implementation of GST outcomes and enabling just transitions. The G20 must foster **climate responsive economic planning that is ambitious, inclusive and equitable**. Allowing for differential capacities and national circumstances within the G20,

⁷[Fossil Fuel Subsidies Surged to Record \\$7 Trillion](#), IMF Blog 2023

economic and energy planning in the group must enable rapid transition and diversification of economies without placing disproportionate burdens on vulnerable communities and workers, address issues related to energy poverty and access, and support the creation of decent and green jobs which improve livelihoods.

With this in view, the G20 should institutionalize the work of the **Task Force for the Global Mobilization against Climate Change**, with follow-up processes in the G20 nations, and in countries that bring together political and financial strategies from both tracks.

Conclusion

Important goals have been agreed, including at COP28 through the first Global Stocktake of the Paris Agreement, and critical negotiations are underway to push for structural transformation of the global financial architecture. It is time for the G20 to pave the way for a just and equitable transition for all, in light of their capacity to do so and their fair share to deliver on those objectives, as the world's most powerful economies and the biggest global emitters.