

## Mainstreaming Sustainability and Global Cooperation will Need Reforms on the Global Financial System

**JAKARTA, 21 FEBRUARY 2022.** G20 has always been a forum that recognizes the importance of collective action and inclusive collaboration among major developed and emerging economies worldwide. Inclusive collaboration is now needed more than ever as the world is recovering from the pandemic and facing the imminent threat of climate change. The T20 Indonesia, through the **T20 Inception Conference, held on 9-10 February 2022**, aimed to provide discussions that will help several key agendas, including mainstreaming sustainability and global cooperation and recovery agenda. The conference, **titled "Realizing Inclusive Recovery from the COVID-19 Pandemic"**, will provide this specific discussion on the session titled **"Mainstreaming Sustainability and Global Cooperation in Recovery Agenda"** by inviting **Mari Elka Pangestu (Managing Director of Development Policy and Partnerships, World Bank)** and **Jeffrey Sachs (Director, Center for Sustainable Development, Columbia University)** to share their remarks. The session was chaired by **Paolo Magri (Chair, T20 Italy)**.

Magri opened the session by sharing the key question that the session wanted to answer: how international cooperation could support a sustainable and inclusive recovery. "The recovery is already with us, as reflected in 5.5 percent global GDP growth in 2021, the highest in 50 years. (This is) an impressive rebound from the carving-induced recession but, as we all know, a shaky and unequal one." said Magri. He further echoes the warning that the United Nations have shared that the recovery effort might lose its steam as poorer countries bear higher costs and widen inequalities. "Two major risks arose. First, SDGs may be harder to be met, and secondly, a new financial crisis may severely hit poor countries and their ability to adapt to climate change," warned Magri.

### Global Financial System Needs to Be Inclusive and Not Backward-Looking

The session continued with an opening remark by Jeffrey Sachs. He opened the session by explaining how to enhance sustainable investment and global development cooperation in times of the COVID-19 pandemic recovery. "We need to increase the financial flows to the half of the world that is not accessing the financial system. So we need to be realistic about what has been happening even before COVID. We were far off-track of financing the energy transformation, climate adaptation, and sustainable development goals." said Sachs. He argued that the current financial system has been unable to optimize sufficient sources for inclusive development efforts fully. "It requires a re-conceptualization that looks forward in understanding what is financial, creditworthy, and growth-oriented. Currently, the credit system is backward-looking. If you are poor, you are punished." argued Sachs.

In his remark, he also outlined that the efforts made by the US, China, and the EU through their global infrastructure funding initiatives should not be a form of expressing competition between each other but a form of collaboration in enabling sufficient funds for renewable



## Official Press Release

Release Date: 22 February 2022

E | communications@t20indonesia.org (Syifa)

energy. Furthermore, he also emphasized the importance of multilateral development banks (MDBs) and other development banks and institutions in supporting the energy transition effort. Lastly, he urged the G20 forum to help unlock market financing by reconceptualizing debt sustainability.

### **Crowding in Necessary Investment in Sustainable Growth and Development would Require a Vast, Differentiated, and Integrated Investment Approach**

Mari Pangestu continued the session by sharing how to turn the major socio-economic challenges currently facing the world into an opportunity for more sustainable and inclusive growth and development and how MDBs play a role in such an effort. In responding to this issue, Pangestu stated, "We have these twin agendas, not just recovering the development gains but also we have the climate crisis at the same time. We need to not just do a business as usual in a way that we design the policies for recovery growth and development, we need to understand the interlinkages between people, planet, and the economy". Pangestu continued by outlining several key steps that need urgent action. "(Most importantly), we need to deal with the health issue, which is to promote fast and fair vaccine rollout, especially in the developing countries. MDBs, through the multilateral task force between the World Bank, WTO, WHO, and the IMF, to make sure that the rollout of these vaccines can happen. But countries have to be ready to receive the vaccines, so there's a whole program that needs to be done on both supply and demand side." explained Pangestu.

She continued by answering how to drive a strong investment push to all necessary efforts to achieve sustainable development. She explained that the required cost to achieve green, resilient, and inclusive growth and development is huge as these will require physical capital, human capital, and natural capital investment. "All of these (needs) requires vast investment, whether it's in investing in human capital or a climate and development integrated approach. My final message is that investments need to be integrated between domestic and international elements. Domestically, countries have to develop a policy framework and institutional strengthening that will be necessary to target the poor and climate matters. The issue is to get the prices right. Second, the role of development and concessional finance, they need to be expanded to support investment and mitigate associated risks." added Pangestu. She closed her remark by encouraging G20 and T20 participants to consider the blended financing scheme and look at this scheme holistically with the objective of differentiated investment and sourcing needs, both to be executed in an integrated platform of green resilient and inclusive growth and development.

*For full coverage of the event, please watch our recorded live stream on Youtube:*  
<https://www.youtube.com/watch?v=lvXWZS1hek0>