



L20 Statement to the Third meeting of the DWG Thematic Group on Financing for Sustainable Development (FSD) – 10 June 2021

L20 Inputs to the Key Messages for the Communique of Development Ministers, June 29

The L20 supports the engagement of the DWG in supporting capacity building for **SDGs-aligned integrated national financial frameworks (INFFs)** centred on country ownership and inclusiveness. In this respect we fully support the direct reference to social partners in the wider zero draft outcome document and **we call on the DWG members to also include the reference to social partners in the key messages for the Communique (part I)**. Policies, strategies, and financing frameworks must be developed with the full participation and contribution of social partners to be sustainable. Both development partners and developing countries should support social dialogue.

The L20 applauds DWG members for **prioritising gender equality, youth empowerment, and the role of social protection** in the context of INFFs as “**key areas of investment to reduce vulnerabilities and ensure inclusive and resilient national development strategies**”. We fully welcome the reference to “**strengthening and broadening the financing mechanisms for social protection systems and related capacity building**” **both at national and global levels**. In this respect, we call on DWG members to recognise the [recent report of the UN Special Rapporteur of Extreme Poverty and Human Rights](#).

The L20 recalls that **decent and climate-friendly jobs with just transitions should be at the heart of any investments in job creation**. Social protection together with reskilling and redeployment support is key to protect workers in industrial transformation processes linked to climate and digital shifts. The **inclusion of Labour Ministries in partner countries** in INFFs development is crucial in this respect.

While we recognise the efforts to foster SDG alignment and compliance related to financial instruments such as green, social, and sustainability bonds, the L20 reiterates the concrete risk of increasing levels of indebtedness in developing countries. Therefore, the **L20 calls on DWG Members to recognise the primary role and need for increased ODA and concessional finance** to do the heavy lifting for recovery and resilience. Multilateral, regional, and national public development banks have an important role to play in offering long-term and counter-cyclical financing to developing countries, **supporting national country needs in strategic sectors and systematically integrating quality and quantity of job creation into result measurement frameworks**. The DWG should support further improvements of these practices.

At the same time, the **L20 calls on DWG members to continue looking into enhancing the development impact of sustainable finance instruments, through a social taxonomy based on corporate due diligence, transparency, and disclosure**. Structured and permanent consultation of social partners in the shaping and regulating the sustainable finance market should be prioritised.

The **L20 welcomes the approach of the DWG aimed at delivering a common vision backed by monitoring principles on the use of debt related resources for realization of the SDGs**. Once again, the contribution of social partners, would grant a greater focus on SDG 8, including productive investment to create more quality jobs. Increased debt transparency and private sector creditor engagement will be key to mobilise additional resources. This implies reinforcing developing countries’ public debt management capacities as well as the implementation of a robust sovereign debt workout mechanism.
