Second G20 Sustainable Finance Working Group Meeting Summary

24 – 26 March 2025

George, South Africa

Session 1: Strengthening the global sustainable finance architecture

South Africa's G20 Presidency started the session by thanking the United States' Treasury for their leadership as the co-chair of the Sustainable Finance Working Group (SFWG) since 2021.

This session addressed the institutional and coordination challenges that limit the effectiveness of global climate finance, with a focus on improving co-financing among vertical climate and environmental funds (VCEFs), national development banks (NDBs), multilateral development institutions (MDBs), and the private sector. The session also explored tools to mobilise private capital and expand access for emerging markets and developing economies (EMDEs).

The Presidency opened the session by reiterating the importance of scaling sustainable finance through improved policy coordination and increased mobilisation from the private sector. The SFWG Chair highlighted the importance of bankable projects, well-functioning and committed co-financing entities, and sound co-financing mechanism, which are prerequisites for mobilising finance at scale. Three presentations were delivered, covering the following topics:

1) The Development Bank of Southern Africa (DBSA) presented key outcomes from the February 2025 Finance in Common (FiCS) Summit.[1] These included the need for a coherent system to leverage the comparative advantages of MDBs and NDBs, better cooperation around projects, the use of concessional instruments to address market barriers, and leveraging regional knowledge to improve project design and delivery. The DBSA informed members that FiCS, the Climate Policy Initiative (CPI) and the African Development Bank (AfDB) are working on an input paper for the G20 SFWG. The paper will contain a set of recommendations aimed at strengthening collaboration between VCEFs and the broader ecosystem, with the objective of increasing financing for climate change mitigation and adaptation.
2) The Climate Investment Funds (CIFs) highlighted its support for country-led investment plans through blended finance. It presented examples of high co-financing leverage, new investment mechanisms, and the introduction of a capital markets tool to access debt on a large scale. The CIFs also highlighted efforts to support policy coherence and market creation through strategic concessional funding.
3) Australia's Department of Foreign Affairs and Trade (DFAT) presented its blended finance instruments in the Indo-Pacific region, including impact-first mandates, catalytic capital, and guarantees. The DFAT also presented key challenges in the Pacific, such as the lack of funding, human capacity, and data, among other issues. The DFAT

[1] FiCS 2025 Communique: https://financeincommon.org/fics-2025-final-communique

flagged efforts to simplify finance access in the Pacific and highlighted regional initiatives such as the Weather Ready and Pacific Resilience Facility.

Priority 1 received broad support from members. Many acknowledged the urgent need to improve coordination between MDBs, NDBs, and VCEFs to unlock private capital. Members emphasised the importance of concessional finance in mobilising private sector finance, pipeline development, and de-risking mechanisms, especially guarantees and risk-sharing mechanisms to support bankable projects and attract private capital, especially in high-risk sectors.

Several members highlighted the need for harmonised co-finance definitions, improved data infrastructure, capacity building, and support for local financial institutions in EMDEs. Members also stressed the importance of country platforms in aligning stakeholders and enhancing investment coherence with national priorities. Calls were also made to avoid fragmentation, improve clarity on institutional roles, and enhance the tracking of co-financing by evaluating the added value and complementarity achieved through joint action.

Members also noted the challenges in scaling finance to vulnerable and small states, and the need for fit-for-purpose tools that can be applied flexibly across regions and sectors. Some members encouraged further innovation in blended finance, improved access to guarantees, and the replication of successful models.

Many also recalled the importance of basing this exercise on the recommendations from the 2024 Independent High-Level Expert Group (IHLEG) review.

In closing, the Co-Chair reiterated the need to strengthen collaboration, enhance the mobilisation capacities of VCEFs, and promote innovation to scale pipeline readiness and institutional alignment, while the Presidency called for encouraging a focus on tools that scale private capital mobilisation without duplicating existing structures, and for continued emphasis on interoperability and support for EMDEs through inclusive approaches.

Session 2: Unlocking the financing potential of carbon markets

The session focused on challenges and options for advancing the work under the 2025 SFWG Priority 3.[2] The discussions touched on the concept of a Common Carbon Credit Data Model (CCCDM) to support transparency, comparability, and interoperability across carbon markets, as well as other options for scaling up carbon markets. In its opening remarks, the Presidency introduced the CCCDM as a foundational step to harmonise data infrastructure and strengthen trust in carbon credits. This meeting included several experts as lead discussants to share their experience and views on carbon markets.

1) The Chinese National Centre for Climate Change Strategy and International Cooperation shared an update on reforms to the China Certified Emission Reduction (CCER) Programme, including updates to methodologies, digital verification processes, and plans to expand linkages with the national emissions trading scheme.

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[2] 2025 Presidency and Co-chairs Note on Agenda Priorities: https://g20sfwg.org/wp-content/uploads/2025/02/2025-G20-SFWG-Note-on-Agenda-Priorities-rev.pdf

2) The presentation by France's Ministry of Finance highlighted that cap-and-trade schemes are crucial for a cost-effective transition and can be complemented by a project-based carbon market. France welcomed the development of a CCCDM and stressed three priorities for its success: (i) the voluntary adoption for project-based credits, (ii) alignment with Article 6.4 of Paris Agreement and (iii) broad stakeholder engagement to ensure accessibility and balanced representation.
3) The Climate Data Steering Committee, the lead knowledge partner for Priority 3, detailed a set of guiding principles for designing the CCCDM and presented its technical foundation. It was emphasized that the CCCDM will be a voluntary, open-access tool aimed at standardising key project-level data, enabling consistent credit tracking, and facilitating cross-platform interoperability. Examples of stakeholder groups to be consulted and details on the consultation approach were also provided.

Many members welcomed the development of a CCCDM and acknowledged its potential to address persistent fragmentation across carbon credit platforms. Several members emphasised the importance of aligning this work with United Nations Framework Convention on Climate Change (UNFCCC) frameworks and ongoing international processes, particularly Article 6.4, to ensure consistency and avoid duplications. There were repeated calls for the model to remain flexible, voluntary, and inclusive of different registry and platform types.

Several members expressed concerns about the proposed development timeline and recommended sharing drafts early to allow for comprehensive technical review and stakeholder input. Some members also raised questions regarding ownership and management of the CCCDM. The importance of multi-stakeholder consultation, especially with smaller market participants and EMDEs, was stressed. Some members emphasised the need to ensure that the CCCDM does not create new access barriers or reinforce existing asymmetries in data quality or capacity.

Some members stressed technical challenges, including MRV [3] compatibility, identifier harmonisation, and the need to ensure the model can evolve with new asset classes. Others highlighted the linkages between carbon credit markets and broader sustainable finance infrastructure, including taxonomies; environmental, social and governance (ESG) frameworks; and disclosure standards. The prioritisation of emission reductions through domestic carbon pricing instead of offsetting through carbon markets was encouraged by some members. Members also shared other options for developing carbon markets, including the need to enhance interconnections across different carbon markets.

In closing, the SFWG Chair acknowledged member support for the development of a common data model and requests from several members to align it with Article 6 of the Paris Agreement. The Presidency highlighted the importance of ensuring the model supports inclusive market access and contributes to the integrity and efficiency of carbon markets. It was also hoped that the CCCDM could be shared with SFWG members prior to the next SFWG meeting.

[3] Measurement, reporting, and verification.

Session 3: Scaling up financing for adaptation and just transitions (Priority 2)

The session focused on closing the adaptation finance gap, particularly through insurance and risk-sharing solutions. In its opening remarks, the Presidency reaffirmed that adaptation and mitigation are complementary and not competing objectives. It also mentioned that scaling adaptation efforts requires long-term, predictable instruments that build resilience across vulnerable communities.

The session was informed by three presentations.

1) The AfDB highlighted that Africa faces the highest exposure to climate risks but remains severely underserved in terms of insurance penetration and concessional finance. It presented market-based and regional insurance facilities, such as the African Risk Capacity (ARC) and Africa Climate Risk Framework for Adaptation (ACRIFA), and emphasised the need for digital infrastructure and improved data ecosystems to enable scalability.
2) The European Central Bank (ECB) outlined the economic costs of insurance gaps and briefly presented a multi-layered model that had been developed together with the European Insurance and Occupational Pensions Authority (EIOPA), which combines private insurance, public reinsurance, and supranational support mechanisms.
3) The Monetary Authority of Singapore (MAS) shared regional approaches to sovereign insurance and catastrophe bonds, emphasising trust in insurance systems and early engagement of insurers in infrastructure design.

Priority 2 received broad support. Members expressed their jurisdictional experiences and concerns over growing insurance protection gaps, and supported efforts to strengthen multi-stakeholder collaboration, in particular between governments, supervisors and the insurance sector, to develop blended financing models, such as public-private partnerships and regional risk pools. Many highlighted affordability as a key barrier and called for regulatory tools that both protect consumers and preserve insurer solvency.

Several members emphasised the need to improve availability and standardisation of climate and weather data. Gaps in data access and quality were seen as a major constraint on product design, risk pricing, and reinsurance pooling. The value of digitising meteorological infrastructure and enhancing interoperability across data sources was widely acknowledged.

Many interventions focused on embedding insurance within wider adaptation finance strategies, including through national transition plans, climate taxonomies, and sectoral resilience programmes. The potential to leverage insurance to de-risk investments in infrastructure, agriculture, and water systems was raised repeatedly. Members highlighted the role adaptation plays in building resilience against physical risks stemming from climate change, and how insurance reduces the impact of disasters on gross domestic product, but also acknowledged the potential for unintended consequences such as moral hazard.

The session also discussed integrating insurance strategies into financial regulation and supervisory frameworks to minimise risks and enhance the availability and accessibility of insurance products, including by improving financial literacy and risk awareness. Members discussed the role of development banks and international donors in subsidising premiums, sharing loss risks, and investing in early warning systems.

In closing, the Co-Chair noted that while insurance is not a complete solution in itself, it remains a crucial component of an integrated adaptation strategy. The Presidency underscored the importance of inclusive design, capacity support, and sustained collaboration across sectors and institutions.

Session: Progress updates on the G20 Sustainable Finance Roadmap

The session discussed updates on implementation progress under three focus areas of the G20 Sustainable Finance Roadmap: (i) aligning investments to sustainability goals, (ii) improving information consistency, comparability and decision-usefulness, and (iii) assessing and managing climate and sustainability risks.

A fireside chat with the Central Bank of Azerbaijan and the Sustainable Banking and Finance Network (SBFN) discussed progress in the co-design of a Roadmap for Advancing Interoperability and Comparability of Sustainable Finance Taxonomies, which supports the operationalisation of the G20 Principles for Alignment Approaches. The discussion outlined efforts to enhance taxonomy interoperability through three core elements: (i) core activities definition, (ii) technical alignment approaches, and (iii) a common approach for transition activities.

The Taskforce on Nature-related Financial Disclosures (TNFD) provided an update on the uptake of its framework, the development of metrics and tools, and the growing recognition of nature-related risks. The TNFD reported rapid market adoption of its framework, with over 500 organisations committed to its recommendations. It announced plans for a global public nature data facility to improve access to high-quality, decision-useful data and lower barriers for market participants.

Members welcomed the initiative to strengthen taxonomies' interoperability and acknowledged its potential to reduce market fragmentation and support cross-border finance. Members welcomed the TNFD's work on nature-related data and reporting, and emphasised the need to support small and medium-sized enterprises (SMEs) and reduce reporting burden.

Support for the implementation of the G20 Sustainable Finance Roadmap was reaffirmed during the session. A member noted that implementation should include both individual country efforts and collaborative, multi-stakeholder initiatives, such as the Roadmap for Advancing Interoperability and Comparability of Sustainable Finance Taxonomies. A member welcomed the pilot group on self-evaluation of the effectiveness of sustainable finance policies.

Closing remarks and next steps

Participants were reminded of the 11 July cut-off date for voluntary roadmap progress submissions and the SFWG's upcoming joint meeting with the Framework Working Group (FWG).

In closing, the SFWG Co-Chair and Presidency welcomed the emergence of partnerships that demonstrated practical alignment with the G20 Sustainable Finance Roadmap and called for continued collaboration to avoid regulatory fragmentation. The Presidency noted the changing global context, pointing to structural shifts driven by physical and transition risks, the rise of artificial intelligence (AI), decreasing official development assistance (ODA), and evolving trade patterns. They underscored that such shifts heighten the relevance of the SFWG's mandate, and emphasised the need to situate the SFWG's work within the broader G20 and global policy landscape as well as the importance of sustained coordination with other working groups. The relevance and impact of the group's work depends on recognising these wider economic and social transformations.