Task Force 8 of T20 Urged G20 Leaders to Establish the Framework of Sustainable Infrastructure Investment and Financing to Recover from Pandemic

During the T20 Summit on September 4-6th 2022, in Hilton Nusa Dua, Bali, Task Force 8 of T20, in collaboration with Task Force 3, Task Force 7, and Task Force 9, in partnership with Intergovernmental Fintech Working Group-B20, and Infrastructure Working Group-G20 organized a side-event with the title “Promoting Sustainable Investment and Financing (SIF) as A New Approach for Infrastructure Development.”

The background of this session focuses on how Sustainable Investment and Financing (SIF) is a crucial enabler of economic recovery and inclusive growth. For example, a green and resilient infrastructure push accompanied by other policy measures to reduce greenhouse gas emissions could boost average GDP by 0.7% between 2021 and 2035 (IMF, 2021). In the long term, sustainable investment needs to keep growing to reduce and mitigate environmental and economic damage caused by climate change, such as lower productivity due to higher temperatures and more frequent natural disasters. While some countries have chosen a sustainable path in recovering from the pandemic, a broader assessment of fiscal spending reveals that paving a greener path to recovery is not yet the top priority for most countries.

This issue is discussed in the session moderated by Dr. Fauziah Zen, TF8 Co-Chair, Senior Economist ERIA. It featured one keynote speaker and three speakers: H.E. Dr. Bambang Susantono (Head of the Indonesia New Capital City of Nusantara Authority), Stefanus Hadividjaja (Chief Investment Officer of Indonesia Investment Authority), Sinthya Roesly (PLN, Indonesia Electricity Company), and Nicolas Buchoud, TF8 Co-Chair, President of the Grand Paris Alliance for Metropolitan Development.

H.E. Dr. Bambang opened the session by introducing the five megatrends: epidenomics, climate change, digitalization, and widening equality. Considering these trends, he explained how equality and sustainable infrastructure financing are essential for the current recovery. The possible funding schemes are a public-private partnership, company participation, international financing, and others, including blended financing, crowdfunding, carbon trading, and philanthropy.

Stefanus mentioned that B20 proposed the structuring of green finance in infrastructure. Nicolas explained the role of a think tank in creating the framework of sustainable financing and measuring the impacts on society, such as poverty, etc.; Sinthya mentioned that all stakeholders need to understand how to execute the ideas. She inferred that this is a golden time for everyone to embrace that climate change is not something to put people behind. We need to work together to address the issue.

In light of supporting the sustainable infrastructure finance concept to recover from a pandemic, Task Force 8 has urged G20 leaders to:

(i) Investing in soft and hard infrastructure to enhance global health system management and protocols,
Recognizing the added value of a multilevel approach to ESG, in particular to mainstream sustainable infrastructure investments, across multiple financial models, and

Initiating smart and digital collaboration projects among various stakeholders in G20 members

Task Force 8 of T20 is in the right place and at the right time to assist the G20 leaders before the G20 Summit in November. The think tank’s capacity optimal utilization will formulate actionable ideas regarding sustainable infrastructure finance. The exchange of ideas and scaling-up of good practices are highly required to design an accountable solution for infrastructure planning, operations, and maintenance. The role of Task Force 8 will not end in this T20-G20 Indonesia Presidency but will be continued to the next T20-G20 India Presidency.