

## **Strategic Recommendations from G20 Side Event: Global Financial Architecture in Transition**

Against the backdrop of a shifting global geopolitical and economic landscape, senior policymakers, financial leaders, and international experts convened for a high-level panel on the sidelines of the first G20 Finance Ministers and Central Bank Governors Meeting under South Africa's Presidency.

The event, titled 'Global Financial Architecture in Transition', provided a platform for in-depth discussions on sovereign debt sustainability, the evolution of the global financial safety net, and mobilizing climate finance for sustainable infrastructure.

Organised as an official G20 side event with the support of The Reinventing Bretton Woods Committee, Oliver Wyman and Nedbank, the series of roundtables aimed to advance actionable policy recommendations aligned with the finance track of South Africa's G20 Presidency

The resounding message coming out of the discussions was: we understand the problems, we have debated them extensively, and now is the time for action.

This memo outlines strategic recommendations that emerged from these discussions, underscoring the imperative for immediate, coordinated efforts to reshape financial systems for a more equitable and resilient future.

### **Setting the stage**

In his opening remarks, Dr Duncan Pieterse, Director General of the National Treasury of South Africa, emphasised that the event's focus should be on shifting from problem identification to solution-driven discussions that ensure that Africa's priorities remain central to global financial reform.

Daniel Mminele, Chairman of Nedbank, reinforced that Africa cannot afford to be a passive observer in these shifting global dynamics. South Africa's G20 presidency presents an opportunity to reshape financial structures into ones that are just, inclusive, and responsive to contemporary challenges.

### **Panel One: Improving the sovereign debt architecture**

Leading the discussion on the sovereign debt architecture was former South African Finance Minister and current Chairman of the G20 Africa Expert Panel, Trevor Manuel. Panelists included:

- William Roos | Assistant Secretary, French Treasury
- Pierre Cailleteau | Partner, Sovereign Debt, Lazard Freres
- Vera Songwe | Founder and Chair of Liquidity and Sustainability Facility Senior Fellow | Global Economy and Development, Brookings Institution

- Dr Mahmoud Mohieldin | Chair, United Nations Debt Commission  
Chairperson of the Board of Directors, Arab Society for Economic Research, Egypt

This dialogue emphasized the urgent need for reform in the global debt management framework, particularly given the challenges faced by developing nations. Some of the key takeaways were:

### **Strategic Recommendations**

- The consensus was that proactive measures must be established ex-ante to avoid waiting for crises to escalate before debt relief is considered. Immediate liquidity support is crucial to prevent long-term economic stagnation.
- The need for a robust, case-by-case approach to debt restructuring was stressed, with calls for the G20 and World Bank to enhance existing frameworks to better support developing nations.
- The need for a transparent and efficient debt resolution mechanism was reiterated, with specific emphasis on the importance of timely negotiations and the role of the IMF in facilitating these discussions.
- Greater focus should be made on developing local debt markets
- There was a strong call for actionable proposals to be integrated into the 2025 G20 work program, with a focus on addressing the developmental and growth challenges specific to Africa. This includes acknowledging and addressing valid criticisms of the current debt architecture without necessitating a complete overhaul.
- The panelists urged the establishment of a working group to link borrowing practices to climate change considerations and ensure responsible lending and borrowing practices. Integrating climate factors into debt sustainability assessments is essential to avoid overly optimistic projections that could mislead countries facing climate shocks.

### **Panel Two: The future of the global financial safety net**

Chaired by Dr. Rashad Cassim, Deputy Governor of the South African Reserve Bank, panelists included:

- Daouda Sembene | Chief Executive Officer, AfriCatalyst, Senegal, and Member of G20 Experts Africa Panel
- Luiz Awazu Pereira da Silva | Senior Fellow, European Climate Foundation and former Deputy General Manager, BIS
- Oliver Wuensch | Partner and Global Platform Lead for Central Banks and Sovereigns, Oliver Wyman

This discussion examined the effectiveness of the Global Financial Safety Net (GFSN) and explored strategies to enhance financial systems amidst the current geopolitical landscape, particularly in the context of climate change, economic shocks, and the development of innovative financial instruments. Key takeaways included:

## Strategic Recommendations

- A collective acknowledgment was made regarding the necessity of reforming the outdated Bretton Woods system to extend financial assistance to underserved regions, particularly in Africa, where access to adequate RFAs is limited.
- There was consensus that a new coalition must be formed to actively advocate for financial transitions aimed at combating climate change, particularly in developing nations.
- The need for innovative financial instruments, such as green bonds and risk-pooling mechanisms, was emphasized to attract private sector investment in sustainable development.
- The panel stressed the importance of implementing de-risking strategies that enable developing countries to secure long-term financing and attract private sector investments.
- Strong political leadership and commitment are essential to push for innovative financial solutions and ensure the necessary infrastructure for financial safety nets is established before crises occur.
- The panelists called for a collaborative approach at the continental level, led by the African Union, to facilitate access to hedging mechanisms for commodity prices.
- There was a strong recommendation to support the capitalization of National Development Banks (NDBs) and promote a culture of innovation within their governance structures to effectively respond to financial challenges.

## Panel Three: Climate finance investment and infrastructure

The final roundtable was chaired by Dipak Patel, Senior Adviser, Climate Finance and Innovation, South African Presidential Climate Commission, and the panelists were:

- Pepukaye Bardouille | Director, Bridgetown Initiative Unit and Special Adviser on Climate Resilience, Barbados Prime Minister's Office
- Carlo Monticelli | Governor, Council of European Development Bank, Chair 2025 Multilateral Development Banks' Presidency
- Solomon Quaynor | Vice President Private Sector, Infrastructure and Industrialisation – African Development Bank Group
- Erik Berglof | Chief Economist Asia Infrastructure Investment Bank (AIIB)
- Amar Bhattacharya, Senior Fellow Co-Author, The Third Report of the Independent High-Level Expert Group on Climate Finance

The discussion centered on the critical intersection of climate finance, investment, and infrastructure development, emphasizing the role of the private sector in co-creation, the need for better data, and the importance of innovative financing solutions to address climate challenges while supporting sustainable development goals (SDGs). Key takeaways included:

## Strategic Recommendations

- There was agreement on the critical need for enhanced private sector engagement, emphasizing collaboration with stakeholders to mobilize investment in green infrastructure.
- There was consensus on promoting financial inclusivity by integrating development banks into climate solutions for a just energy transition.
- The necessity of recognizing social inclusion in climate policies was underscored, with the panel asserting that without it, transition strategies risk backlash and undermine long-term sustainability.
- The panel highlighted the importance of integrating climate considerations into broader economic discussions to effectively address vulnerabilities.
- Prioritizing domestic resource mobilization emerged as a key recommendation, urging countries to develop local capital markets and strengthen domestic institutions.
- The panel recommended utilizing innovative financial instruments, such as hybrid capital and green bonds, to attract private sector investment in climate-resilient projects.
- The need to expedite infrastructure project timelines in Africa was emphasized, with the panel advocating to leverage initiatives like Africa50 for faster development.
- Addressing regulatory uncertainties that hinder private sector investment was deemed necessary, with calls for revamping existing regulations to create a favorable investment climate.
- The panel concluded that establishing clear KPIs and deliverables would enhance cooperation with the private sector and ensure accountability in climate finance efforts.
- There was a call for a collaborative approach focused on African-led initiatives to mobilize domestic resources and attract international investment, while considering the interconnectedness of climate, nature, and health for sustainable practices.

## Looking Ahead

Throughout the year of South Africa's G20 presidency, The Reinventing Bretton Woods Committee, Nedbank and Oliver Wyman will host a series of discussions aimed at addressing pressing global and regional challenges relevant to the finance track of the G20.