B20 Financing Growth & Infrastructure Taskforce

Despite the timely efforts from governments and regulators to restore financial markets resilience and stability and inject liquidity, global economic growth has been subdued in the last years. The IMF has repeatedly cut down its GDP forecasts and it does not foresee any sharp GDP increase in most of the World's regions until 2018. Therefore, the IMF has rightly called for a potent and more balanced policy mix to deliver a stronger path for growth and financial stability.

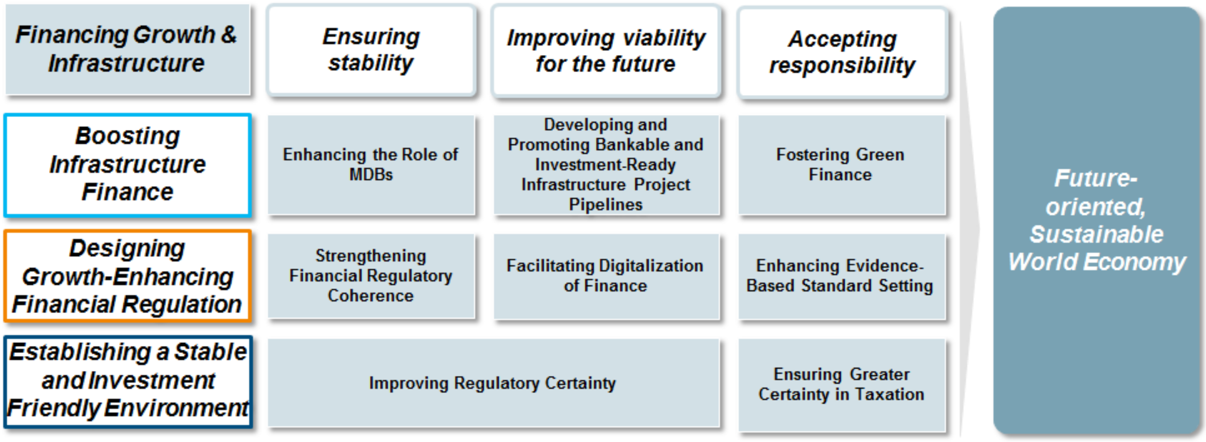
Infrastructure projects can have a substantial positive impact on economic growth and society as a whole, but despite there is abundant private liquidity and capital looking for sound investment opportunities, there are still several impediments to create a deep and liquid market for investible long-term infrastructure and green finance investments. There is still the need to improve the reliability of legal and regulatory environments as well as the lack of structured and accessible information about projects, and the need for a broader spectrum of financial instruments and vehicles to crowd-in capital of different classes of investors. Making infrastructure investments more investible by private sector and more sustainable will bring major benefits to society. It will also help to achieve the Sustainable Development Goals (SDGs), overall by both ensuring inclusive and sustainable economic growth and combat climate change.

Alongside the need to increase infrastructure investments, in order to foster sustainable economic growth, building resilience has been and continue to be a major topic of policy-makers. In the last years, important goals have been achieved. The financial system has started to stabilize and the implementation of financial regulation has progressed. Banks have made significant advancements in raising capital, building recovery and resolution planning, enhancing corporate governance standards, and increasing liquidity buffers. Consultations around Insurance Capital Standards and a common framework for supervision of internationally active insurance groups are moving ahead.

Nevertheless, the uneven implementation of agreed reforms across the G20 can pose serious risks of market fragmentation and further inhibiting, the already fragile economic growth. In order to keep improving resilience while reinvigorating economic growth, financial regulators now need to evolve the regulation process and adapt to the new digital era. The digitalization of finance is advancing rapidly. The evolution of the FinTec sector creates both opportunities for digital innovation and inclusiveness, but also new risks that the G20 needs to consider in a more comprehensive and harmonized way, in order to adhere at his priorities of improving sustainability through digital technologies.

Finally, it will be key to improve Investor certainty and the consistency of rules for cross-border investments. Indeed, there are still many impediments that limit cross border investments, triggered by the complexity and inconsistency of rules, the lack of adequate risk protection mechanisms against tax, legal, regulatory and political instability, as well as the lack of effective dispute resolution mechanisms. In international tax policy, the G20 and OECD "Base Erosion and Profit Shifting" (BEPS) Project will need to be implemented in a way to avoid undue further compliance burden for companies and negative impact on global value chains while further increasing tax certainty in international taxation.

Relevance of Taskforce Recommendations for the G20 focusses "Ensuring stability", "Improving viability for the future", and "Accepting responsibility"



Recommendations

Boosting Infrastructure Finance

G20 members should boost infrastructure finance by developing and promoting bankable and investment-ready infrastructure project pipelines, enhancing the role of Multilateral Development Banks (MDBs) as catalysts for private sector investment, and fostering green finance markets.

Policy Action 1.1: Developing and Promoting Bankable and Investment-Ready Infrastructure Project Pipelines – The G20 should ask the Global Infrastructure Hub (GIH), in conjunction with the World Bank and other MDBs, to develop and promote bankable and investment-ready infrastructure project pipelines through dedicated portals allowing access to project information, through the standardization of doc-umentation, and by sharing and adopting best practices on private finance for public infrastructure.

- The G20 should mandate the GIH in close cooperation with MDBs to define a common template for the publication of project feasibility information. The template should include all the relevant criteria to assess whether a project is bankable and investment-ready, including risk and performance information.
- The G20 should ask the GIH and the World Bank, in close cooperation with other relevant MDBs, to actively promote the use of local, regional and global portals that provide relevant information about infrastructure projects.
- The G20 should mandate the GIH, in conjunction with the World Bank, to jointly develop a methodology for comparative economic efficiency analyses between conventional infrastructure provision and PPPs both at construction and post-construction stages.
- The G20 should support the work of the OECD, in close cooperation with the GIH and the World Bank on the implementation of the G20/OECD Guidance Note on Diversification of Financial Instruments for Infrastructure and SMEs.

Policy Action 1.2: Enhancing the Role of MDBs – The G20 should encourage MDBs to further expand their role as catalysts for private sector investment, for example, through extending guarantees and co-financing, with a clearer focus on the construction phase of infrastructure projects, and enhanced exchange with private stakeholders.

- The G20 should encourage MDBs to develop and rigorously apply evaluation guidelines to ensure that MDBs act as catalysts for private sector investment.
- The G20 should support the GIH recommendations to require MDBs to set and report against multi-year goals around crowding-in private sector capital, as well as developing related resources and skills.
- The G20 should request MDBs to make the Global Emerging Markets ("GEMs") Risk Database available for private stakeholders to increase transparency on risks and confidence in emerging markets.

Policy Action 1.3: Fostering Green Finance – The G20 and G20 members should foster the growth of green finance markets through commonly accepted terminologies and concepts, improved publication of information, and the development of international standards for proportionate and consistent market regulation.

- The G20 should reiterate the importance of developing Green Finance markets to achieve the SDGs and encourage coordination between existing green finance initiatives to develop a standardization framework that would facilitate the creation of a global green asset class across loans, bonds, equities, and funds.
- To better evaluate performance and risk as well as to promote liquidity, the G20 should commission the International Organization of Securities Commissions (IOSCO) and the OECD to assess and endorse commonly accepted benchmarks and indices.
- G20 members should build on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and work towards its implementation, in particular through harmonized metrics endorsed by relevant industries and associations. This would enable investors to better assess and price climate related risk.
- The G20 should encourage the FSB to work with all relevant global policy-makers and standard setters to make sure the regulatory framework is calibrated to achieve balanced results in light of all G20 goals, addressing any inappropriate disincentives to long-term green investment.

Designing Growth-Enhancing Financial Regulation

Recommendation 2: The G20 should reaffirm its support for international cooperation, while calling on international financial standard-setting bodies and national regulators to increase regulatory coherence, transparency in the development and implementation of regulation, and accountability to G20 growth objectives, as well as facilitate the digitalization of finance.

Policy Action 2.1: Enhancing Evidence-Based Standard Setting – The G20 should prompt international financial standard-setting bodies to adhere to good regulatory practices and to more rigorously evaluate potential effects of new rules on the economy, to sup-port and balance stability and economic growth.

- The G20 should call on international financial standard-setting bodies to adhere to good regulatory practices. Regulation should be coherent, proportionate, evidence based, developed and implemented in a transparent manner, and supportive of economic growth.
- The G20 should remind international financial standard-setting bodies that new standards and regulation should not have unintended negative impacts on the achievement of other G20 goals, beyond financial stability.
- Quantitative Impact Studies on proposed and current standards should be conducted by international financial standard-setting bodies in full transparency.

Policy Action 2.2: Strengthening Financial Regulatory Coherence – The G20 should request the FSB to set up a more formal mechanism for continuous and systematic cross-border dialogue between national regulators to improve coherence in the implementation and interpretation of international standards.

- The new dialogue mechanism established by the FSB should formalize the current ad hoc approach to consultation and discussion around the design and calibration of international financial standards between national regulators, addressing upfront possible unintended consequences of conflicting objectives across regulations.

Policy Action 2.3: Facilitating Digitalization of Finance – The G20 members should facilitate the digitalization of finance by creating an innovation-friendly environment that favours sustainable growth and digital financial inclusion, while at the same time carefully designing rules that address risks and guarantee a level playing field across all players and borders.

- The G20 should task the FSB with the coordination of regulatory capacity building in Fintech, including by undertaking a comprehensive assessment of Fintech regulatory regimes in G20 countries, identifying best practices, with the objective of ensuring coherence in regulation.
- The G20 should mandate the FSB to facilitate a dialogue on RegTech between financial institutions, regulators, and business stakeholders in order to appropriately address compliance requirements, tackle challenges, and agree on possible solutions.

Establishing a Stable and Investment Friendly Environment

Recommendation 3: The G20 members should improve conditions for foreign direct investment by supporting sta-ble legal and regulatory frameworks conductive to long-term investment – including greater tax certainty.

Policy Action 3.1: Improving Regulatory Certainty – The G20 members should, in building on the G20 Guiding Principles for Global Investment Policy-making and the development of the G20 Investment Facilitation Package, put particular emphasis on the stability and certainty of legal and regulatory frameworks for foreign direct investors.

- The G20 members should – where not already the case – ensure that binding rules apply, and where required provide for grandfathering clauses, to provide a stable framework for investment.
- The G20 should encourage project sponsors to have clear, sound and reliable dispute resolution mechanisms in place, subject in principle to national legal processes.

Policy Action 3.2: Ensuring Greater Certainty in Taxation – The G20 members should enhance the certainty of tax systems to support a stable international tax environment by prioritizing consistency, simplification, support for investment, and capacity building in tax authorities.

- The G20 members should – where not already in place – issue binding tax rulings, facilitate Advance Pricing Agreements (APAs) and where required grandfathering clauses that cover the duration of long-term projects to provide a stable framework for investment.
- The G20 members should establish detailed implementation guidance, timelines and appropriate resources for tax authorities for BEPS implementation, limiting risks of double taxation, and facilitating dispute resolution and arbitration (to make arbitration clauses under BEPS 14 mandatory, expanding national tax authorities' negotiation teams, etc.).
- The G20 members should increase capacity building and technical expertise within tax administrations, particularly in developing and emerging economies.

Business 20

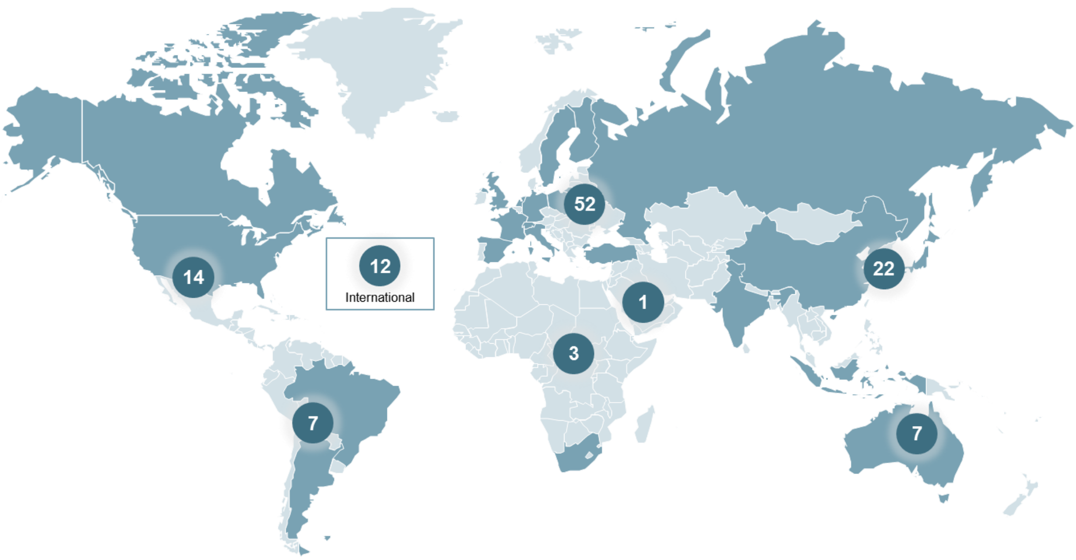
The Business 20 (B20) is the official G20 dialogue with the global business community. On September 4 2016, the leading German business associations BDI, BDA, and DIHK, mandated by the German Chancellery, assumed the B20 presidency. Chair of B20 Germany is Dr. Jürgen Heraeus.

Since September 2016, more than 800 representatives from companies and business association developed recommendations for the G20 on a consensual basis. B20 Germany is organized in seven working groups: Trade and Investment, Energy, Climate & Resource Efficiency, Financing Growth & Infrastructure, Digitalization and Employment & Education, Responsible Business Conduct & Anti-Corruption and SMEs. In February, the B20 Health Initiative was launched. Each group is headed by a chair and several co-chairs. The approximately 100 members of each group represent all G20 countries and sectors of the economy.

B20 Financing Growth & Infrastructure Taskforce

Chair Oliver Bäte, CEO, Allianz	
Co-Chairs John Cryan, CEO, Deutsche Bank Axel Weber, Chairman, UBS Jose Manuel González-Páramo, Executive board director, BBVA Timothy Adams, President and CEO, IIF	Jean Lemierre, Chairman of the Board, BNP Paribas Ju Weimin, Executive Vice President, CIC John W.H. Denton, CEO, Corrs Chambers Westgarth
Knowledge Partner Accenture	**Network Partners** IIF; G20 YEA; WEF

The taskforce consists of 118 members from 24 countries (including the category international).



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