POLICY SOLUTION

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# FINANCE, TAX, MINERALS: A G20 INCLUSIVE GROWTH COMPACT




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# Finance, Tax, Minerals: A G20 Inclusive Growth Compact

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## The Argument

The G20 accounts for 85% of global GDP and two-thirds of the world's population, yet the economies that need growth most still pay the highest price for finance, lose resources to illicit financial flows and export value from their minerals. The USA 2026 presidency's growth-and-prosperity agenda offers a chance to change that. This brief asks G20 Leaders to affirm three existing instruments—local-currency capital markets, inclusive tax cooperation and critical minerals beneficiation—and implement them through a voluntary, multi-year, troika-coordinated compact with targets and annual reporting.

Developing economies want development with and through growth. In Africa's case, development and growth were two sides of the same coin, at least according to the 1979 Monrovia Declaration of the Organisation of African Unity (OAU). It even went further to develop the 1980 Lagos Plan of Action (OAU, 1980) to achieve this growth and development. It sought to achieve growth and development through industrial policies and strategies, underpinned by the development of minerals and the mobilisation of their proceeds to fund infrastructure and other necessities, thereby improving the standard of living for its residents.

## Impediments to Growth and Development

There are many challenges confronting the global economy, and even more so the economies of emerging markets. The concept of the polycrisis is now firmly established in academic and policy discourse. There are a few important highlights to consider:

1) Global sovereign debt levels are unsustainably high and of concern, and developing economies pay at times up to 12 times the cost of finance that industrialised economies are charged (UNCTAD, 2024).

2) Illicit Financial Flows are a perennial challenge, worsening the burden of the annual financing gap in Africa, which the United Nations places at between $88 and $90 billion (UNCTAD, 2022) and the African Development Bank estimates at $402 billion (ADB, 2024).

3) The G20 India 2023 and the Financing for Development 4 (FFD)'s Compromiso de Sevilla 2025 place the global financing needs to meet Sustainable Development Goals targets at $4 trillion per annum.

4) Declining ODAs present both an immediate challenge and an opportunity for a different type of cooperation and coordination to achieve stronger long-term benefits (Gu and Kitano, 2018).

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The extractive nature of transactional relations between mineral-rich and industrialised economies leaves little benefit for the industrialisation of developing economies. Growth for a few does not shield against future crises, but global growth for all adds more global capacity to respond to and potentially prevent them.

## Opportunities

The G20 has already adopted several summit declarations, though non-binding and sovereign in execution, and has adopted several instruments that are potentially vital to its mandate of leadership in international economic cooperation and coordination. G20 India's declaration on the scale of financing needed to address global challenges, at $4 trillion, provides a useful starting point.

1) The G20 Indonesia 2022 summit adopted a declaration to promote local currency capital markets to reduce financing costs and buffer against currency-fluctuation shocks. This can be expanded more boldly with targets to demonstrate intent.
2) The UN General Assembly adopted resolution A/RES/79/235 in 2024 on the Promotion of inclusive and effective international tax cooperation at the United Nations. This could help plug the gaps that enable illicit financial flows to drain much-needed resources for development financing and help generate greater growth.
3) The G20 South Africa 2025 adopted a critical minerals framework that promotes the development of industrial capacity by localising beneficiation at the source. The G7 France 2026 adopted a similar position.

Besides harnessing the decisions reached, achieving outcomes to boost growth, create jobs, build resilience, and foster development, we will need voluntary targets; private-sector and DFI financing; country-led pilots; and peer learning and technical assistance. Below are some existing G20 decisions and instruments that need to be harnessed for action today.

## Implementation Table

| **Decision** | **G20 Action** |
|---|---|
| Local currency capital markets | 2028 Annual Targets Annual Peer Reports |
| Tax cooperation | Pilot reporting |
| Critical Minerals | Common principles pilot |

## Conclusion and Recommendations

The G20 has the potential to make a tangible difference in linking global economic performance to improved quality of life for many people around the world.

G20 Leaders should consider endorsing a voluntary three-year Development Implementation Compact, coordinated through the troika, with three workstreams:

1. Local-currency capital markets: Finance Ministers agree to a voluntary target to expand local-currency bond issuance in participating emerging markets by 2028, with annual peer reporting.
2. Tax and illicit financial flows: Sherpas support a G20 pilot on inclusive tax cooperation, building on UNGA resolution A/RES/79/235, with participating countries reporting progress.
3. Critical minerals and beneficiation: Trade/Investment Ministers adopt common voluntary principles for local beneficiation and launch 2–3 country-led pilot projects, building on the G20 South Africa 2025 critical minerals framework.

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