



**2024 GPFI PROGRESS REPORT TO G20 LEADERS**

## Outline

This Report summarises the Global Partnership for Financial Inclusion (GPI) key deliverables and activities from December 2023 to October 2024. It presents the main achievements attained under G20 Brazil Presidency, in compliance with the provisions of the GPI 2023 Financial Inclusion Action Plan (G20 2023 FIAP) and the GPI 2023 Terms of Reference (ToR), as approved under the G20 India Presidency. The Report is structured as follows:

- Background
- GPI 2024 Deliverables and Discussions
- The G20 2023 FIAP: prioritized topics, action areas and deliverables in 2024
- List of GPI documents produced in 2024

## Background

In 2024, the GPFi implemented a work-plan coherent with the provisions contained in the G20 2023 FIAP aimed to steer the Brazil G20 Presidency agenda guided by the theme "**Building a Just World and a Sustainable Planet**". The theme focuses on the following areas: Social inclusion and the fight against hunger and poverty, Energy transitions and sustainable development, and Global governance reforms.

In 2024, as per the work set out for the year in the G20 2023 Financial Inclusion Action Plan (FIAP), the GPFi aimed to work on two priority areas, namely, Digital financial inclusion (DFI) and MSME finance. The two deliverables which were identified in the FIAP for work by the GPFi in 2024 are: (i) To Identify policy options for improving last mile access and quality inclusion for individuals and MSMEs through digital infrastructure, including Digital Public Infrastructure, consumer protection and other FIAP objectives; and (ii) a New G20 Action Plan for MSME Financing (multi-year project). Building on previous GPFi work, such as the 2016 G20 Action Plan on the SME Financing Implementation Framework and the most recent deliverables, develop an action plan which will identify crucial action areas and concrete initiatives/actions for countries to fill the gaps in MSME financing and improve access, also with a focus on using innovative digital infrastructures, including Digital Public Infrastructure (DPI), for removing various traditional barriers and enhance financial inclusion.

Besides the deliverables already indicated in the FIAP, under the G20 Brazil Presidency, the GPFi aimed to deepen discussions around financial well-being as an outcome of financial inclusion to guide the GPFi work moving forward. In particular, the GPFi – under the Presidency priority - worked on a consensual concept of financial well-being, including a preliminary conceptual framework and a working definition, and discussed a preliminary roadmap to measure financial well-being.

The GPFI held three Plenary Meetings during the year, in March, July and September. Side events, outreach seminars and panel discussions have been organized to share best practices and to disseminate information on the GPFI discussions with the participants consisting of GPFI Members – including Implementing Partners and Affiliated Partners – and non-G20 countries.

Alongside the annual priorities, according to the G20 2023 FIAP, the GPFI continued to work on issues that are continuous in nature, such as remittances, engagement with SSBs and building relationship with non-G20 countries.

### **GPFI 2024 Deliverables and Discussions**

In 2024, the GPFI finalised the following deliverables:

- (i) G20 Policy Note on Financial Well-being
- (ii) G20 Policy Options to Improve Last Mile Access and Quality Inclusion through Digital Infrastructure, including Digital Public Infrastructure (DPI), Consumer Protection and other FIAP Objectives
- (iii) 2024 Update to Leaders on progress towards the G20 Remittance Target

In addition, the GPFI will also deliver the following deliverable:

- (iv) New G20 GPFI Action Plan for MSME Financing

Prior to the first Plenary meeting, for the purposes of initiating work on the Presidency Priority and according to art. 4.7 of the GPFI 2023 Terms of Reference, the GPFI established a temporary Sub-Committee to work on Financial Well-Being during the G20 2024 Brazilian Presidency. The Sub-Committee was led by the United States and Brazil, under the overall supervision of the GPFI Co-Chairs, and met virtually five times during the year. The Financial Well-Being Sub-Committee (FWBSC) had the following Members:

- GPFI member countries: Argentina, Brazil, Canada, France, Germany, India, Italy, Portugal, Russia, South Africa, Türkiye and the US.

- Implementing Partners, Affiliated Partners and the Honorary Patron: Alliance for Financial Inclusion (AFI), the Better than Cash Alliance (BTCA), the Consultative Group to Assist the Poor (CGAP), the Organisation for Economic Co-operation and Development (OECD), the Office of the UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA), Women's World Banking (WWB) and the World Bank (WB).

In the first Plenary of the GPMI held on 15-16 March 2024 in Brasilia, Brazil, the Co-Chairs presented the Annual Work Plan and the Presidency presented a first draft proposal on Financial Well-being. Implementing partners illustrated a draft outline of the action plan on MSME financing and a draft Guidance Note on Policy Options to Improve Last Mile Access and Quality Inclusion through digital infrastructure, including Digital Public Infrastructure (DPI), Consumer Protection and other FIAP objectives. On the side-lines of first GPMI plenary, on 14<sup>th</sup> March 2024, the GPMI organized an event on 'Powering Growth: Unlocking Micro, Small, and Medium Enterprises (MSME) Finance through Policies, Innovation, and Partnerships', in collaboration with International Finance Corporation (IFC), the SME Finance Forum (SMEFF) and the Brazilian Micro and Small Business Support Service (SEBRAE).

The event highlighted the crucial role of MSMEs in driving growth and socio-economic transformation, despite the fact that firms face major financing gaps. Participants agreed that digitalization opens up new opportunities, provided there are policies in place to mitigate risks and protect consumers. Broad consensus emerged on the importance of information in crafting effective policies, underscoring the need for improved country-level disaggregated data collection.

In the second Plenary of the GPMI held on 1-2 July 2024 in Fortaleza, Brazil, the GPMI discussed its ongoing work on remittances, the first draft of the New G20 Action Plan on MSME Finance and progress made in developing the first draft of the Policy Options to Improve Last Mile Access and Quality Inclusion through

digital infrastructure, including Digital Public Infrastructure (DPI), Consumer Protection and other FIAP objectives. The two Co-Leads of the Temporary Subcommittee on Financial Well-being invited discussions on a draft note of the Presidency's priority deliverable on consensual concept, which included a working definition and a preliminary conceptual framework of Financial Well-being.

On the side-lines of second GPFi plenary, on 3<sup>rd</sup> July 2024, the Brazilian Presidency, in collaboration with Responsible Finance Forum, organized a side-event on "Bridging Inclusion and Innovation to Improve People's Lives". The event gathered 122 people from 22 countries to discuss the future of inclusive finance, reminding the pillars that make financial systems and innovations work: trust, community, and collaboration.

Finally, the GPFi met on 26 -27 September 2024 in Rio de Janeiro, Brazil for the last Plenary under G20 Brazil Presidency. The Partnership discussed the Policy Note on Financial Well-being and the G20 Action Plan on MSME Finance, including options to implement the Action Plan in 2025. Moreover, the Policy Options to Improve Last Mile Access and Quality Inclusion through digital infrastructure, including Digital Public Infrastructure (DPI), Consumer protection and other FIAP objectives was discussed. After the Plenary, GPFi Members had the opportunity to send their final comments on the documents before approval. In the last session, South Africa presented the proposed deliverables for its upcoming G20 Presidency and shared its two priorities for 2025: (i) Moving from Access to Usage and (ii) Remittances.

On the side-lines of third GPFi plenary, the Brazilian Presidency, in collaboration with Fundação Getúlio Vargas (FGV) and Bill and Melinda Gates Foundation, organized a side-event on 25 September on "The Journey of Financial Inclusion: from access to financial well-being", highlighting the importance of understanding the financial needs of low-income and vulnerable populations and the importance that providers adapt financial products accordingly.

Additionally, a high-level panel discussion titled "Accelerating Progress at the Last Mile of Financial Inclusion for Financial Well-being" was organized on 26<sup>th</sup> September 2024, featuring the presence of H.M. Queen Máxima of the Netherlands, the UN Secretary-General's Special Advocate for Financial Health and the Honorary Patron of the G20 GPF Working Group.

## **The G20 2023 FIAP: prioritized topics, action areas, and deliverables in 2024**

### **Priority 1: Digital Financial Inclusion**

Action Area 1: The deliverable envisaged by the G20 2023 FIAP for 2024 is to:

*"To identify the policy options for improving "last mile" access and quality inclusion for individuals and MSMEs through digital infrastructure, including Digital Public Infrastructure, consumer protection and other FIAP objectives".*

To fulfil this commitment, CGAP, BtCA and World Bank delivered the following report:

### **"G20 Policy Options to Improve Last Mile Access to and Quality of Financial Inclusion through Digital Infrastructure, Including Digital Public Infrastructure (DPI), Consumer Protection, and Other FIAP Objectives"**

The report focuses on the individuals who remain financially excluded, referred to as the "last mile" population. This diverse group is a priority for development efforts because achieving financial inclusion for them is crucial for addressing major global challenges. The report outlines the barriers preventing financial inclusion for the "last mile" population and offers solutions through public policy and investment options. It suggests two options that can reduce those barriers. The first focuses on market-wide policies that reduce costs, improve understanding of financial needs, and address information gaps. The discussion identifies those key enablers, or foundational building blocks, of inclusive financial systems that have proven necessary to further financial inclusion at the last mile, such as ICT, Digital Public Infrastructure (DPI), scalable and innovative technology etc. The second category of options addresses non-financial barriers

to financial inclusion for the last mile population, which are tied to social norms and fragile governance. It also proposes a range of quality indicators with a focus on quality of design and the delivery of products.

## **Priority 2: MSME Finance**

In this, the G20 2023 FIAP foresees the following deliverable:

*“A New Action Plan for MSME Financing (multi-year project) building on previous GPMI work, such as the 2016 G20 Action Plan on the SME Financing Implementation Framework and the most recent deliverables of GPMI, to identify crucial action areas and concrete initiatives/actions for countries to fill the gaps in MSME financing and improve access, also with a focus on utilizing innovative digital infrastructures, including Digital Public Infrastructure (DPI), for removing various traditional barriers in order to enhance financial inclusion”*

To fulfil this commitment IFC-SMEFF, World Bank and OECD will deliver a **New G20 Action Plan for MSME Financing**.

The G20 Action Plan for MSME financing is a call to action to intensify the efforts of G20 and willing non-G20 countries to close the financing gap for MSMEs. It highlights market failures and frictions hindering MSME financing, including those faced by WMSMEs and youth led businesses. In order to address those challenges, the report focuses on the role of innovations in Fintech based solutions also leveraging on Digital Public Infrastructure (DPI) for ensuring MSME financing. Further, the report lists the horizontal policy support to strengthen the enabling environment and vertical policy support for enhancing targeted interventions to bridge MSME financing gap.

## **G20 2024 Presidency Priority on Financial Well-being:**

In order to fulfil this commitment, OECD, UNSGA and CGAP delivered the **G20 Policy Note on Financial Well-being**.



The document presents a consensual concept of financial well-being, including a preliminary conceptual framework and a working definition, and also discusses a preliminary roadmap to measure financial well-being. It focuses on financial well-being within the realm of financial services and from the perspective of financial sector interventions. The report investigates the linkage between financial sector policies and financial well-being, though further research and evidence is needed to back up the theory. It also unpacks the working definition of financial well-being, incorporating the need to take into account country-specific circumstances. This is followed by a preliminary measurement framework of financial well-being which provides a non-exhaustive list of examples of questions for measuring an individual's financial well-being.

**Continuing actions:**

Alongside the annual priorities, according to the G20 2023 FIAP, the GPFI worked on issues that are continuous in nature, such as remittances, engagement with SSBs and relationships with non-G20 countries.

On remittances, the GPFI delivered the “2024 Update to Leaders on Progress towards the G20 Remittance Target”, prepared by World Bank and IFAD. In 2024, the Co-Chairs actively engaged with SSBs within the enhanced cooperation arrangement to ensure that the successful work undertaken further favors the integration of financial inclusion in the work of SSBs, as appropriate. Specifically, they participated in the March High Level meeting on financial inclusion with Her Majesty Queen Maxima and the other SSBs to present the work done by GPFI in 2023 and the plans for 2024.

Moreover, the GPFI, also through its Implementing and Affiliated Partners, organized workshops and seminars for the dissemination of GPFI products and deliverables to non-G20 countries for advancing financial inclusion.

## **Cross Cutting Issues in G20 2023 FIAP**

The cross-cutting issues underlying all action areas and deliverables throughout the duration of the 2020 G20 FIAP are the following.

- Promote consumer protection measures to favour financial inclusion within an adequate regulatory framework and a responsible digital financial ecosystem.
- Promote targeted digital and financial education initiatives to enhance digital and financial capabilities. Promote accessible and affordable financial services for women and underserved and vulnerable groups.
- Liaise with other important groups, international fora and public and private organisations on issues relating to financial inclusion.

All the deliverables produced by the GPMI in 2024 have addressed the expansion of financial services among the hard-to-reach segments of the population, particularly targeting underserved and vulnerable groups, as well as the advancement of women's economic empowerment and financial consumer protection and financial literacy.

## **ANNEX: REPORTS AND DOCUMENTS PRODUCED**

- (i) G20 Policy Note on Financial Well-being
- (ii) G20 Policy Options to Improve Last Mile Access and Quality Inclusion through Digital Infrastructure, including Digital Public Infrastructure, Consumer Protection and other FIAP Objectives
- (iv) 2024 Update to Leaders on progress towards the G20 Remittance Target

## **REPORTS AND DOCUMENTS TO BE FINALISED**

- (iv) New G20 GPMI Action Plan for MSME Financing