

G20 Chair's Summary

Third G20 Finance Ministers and Central Bank Governors Meeting Bali, 15-16 July 2022



The G20 Finance Ministers and Central Bank Governors, met in Bali on 15-16 July 2022, for the third time under the Indonesian G20 Presidency. The meeting was attended by G20 members, invited countries (including Ukraine), and international and regional organizations.

Part I

1. Many members agreed that the recovery of the global economy has slowed and is facing a major setback as a result of Russia's war against Ukraine, which was strongly condemned, and called for an end to the war. One member expressed the view that the sanctions are adding to existing challenges. Members noted that existing challenges have been exacerbated, including supply-demand mismatches, supply disruptions, and increased commodity and energy prices, which have added to rising inflationary pressures and contributed to the increasing risk of food insecurity. Many members noted the importance of continued action on climate change, as well as on addressing debt vulnerabilities. Some members welcomed the G20 Presidency Note on Policy Setting for Exit Strategies to Support Recovery and Addressing Scarring Effect to Secure Future Growth.

2. The majority of members agreed that there is an alarming increase of food and energy insecurity, which are felt disproportionately by vulnerable groups. Some also expressed concerns about fertilizer availability which has the potential to further exacerbate the food crisis. Members affirmed their commitment to use all available policy tools to address current economic and financial challenges, including the risk of food insecurity. Many members stand ready to take prompt collective actions on food security, including by working with other initiatives. Members supported multilateral initiatives. Some members called on international financial institutions to implement the commitments in their Action Plan to Address Food Insecurity. Members also welcomed the High Level Seminar on Strengthening Global Collaboration for Tackling Food Insecurity. Members agreed to preserve financial stability and long-term fiscal sustainability.

Part II

Ministers and Governors expressed broad support for the following actions from our shared G20 FMCBG Agenda, noting a range of views on some issues:

3. G20 central banks remained strongly committed to achieving price stability, in line with their respective mandates. To that end, central banks are closely monitoring the impact of price pressures on inflation expectations and will continue to appropriately calibrate the pace of monetary policy tightening in a data-dependent and clearly communicated manner, ensuring that inflation expectations remain well anchored, while being mindful to safeguard the recovery and limit cross-country spillovers. Central bank independence is crucial to achieving these goals and buttressing monetary policy credibility. We reaffirmed the importance of open and fair rules-based trade and reiterated our commitment to fight protectionism. We reaffirmed our April 2021 exchange rate commitments. We also reiterated the importance of global coordination and expressed our support for the Indonesian G20 Presidency's efforts to maintain an effective system of multilateralism through the G20.

4. We reaffirm our commitment to prioritizing collective and coordinated action to get the pandemic under control. We welcome the establishment of a Financial Intermediary Fund (FIF) for pandemic Prevention, Preparedness and Response (PPR), as developed by the G20 Joint Finance-Health Task Force (JFHTF), and hosted by the World Bank (WB). The FIF will build on the existing global health architecture for PPR with a central role for the World Health Organization (WHO). It will help ensure adequate, sustained and better coordinated financing for pandemic PPR, and its catalytic role will facilitate co-financing and mobilization of domestic resources. We encourage financial pledges to the FIF, on a voluntary basis. We will continue discussing the FIF's governance which should include the central coordination role of the WHO, be G20-driven and be inclusive of low- and middle-income countries, and additional non-G20 partners; and its operating arrangements, with the goal of launching it in September 2022. We look forward to an update on the FIF at our next meeting. We also note the progress of the work of the JFHTF aimed at developing coordination arrangements between Finance and Health Ministries, including from non-G20 countries, while ensuring that there is no further duplication and fragmentation of the global health governance system, and maintaining the crucial leadership role of the WHO, and look forward to further deliberations.

5. We reaffirm our commitment to the swift implementation of the OECD/G20 two-pillar international tax package. We support the ongoing work on Pillar One and welcome the completion of Pillar Two Global Anti-Base Erosion (GloBE) Model Rules, which pave the way for consistent implementation at a global level as a common approach, and we look forward to the completion of the GloBE Implementation Framework. We call on the OECD/G20

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Inclusive Framework on Base Erosion and Profit Shifting (BEPS) to finalize Pillar One, including by signing the Multilateral Convention in the first half of 2023, and call on the Inclusive Framework to complete the negotiations that would allow the development of the Multilateral Instrument for implementation of the Subject to Tax Rules (STTR) under Pillar Two. We reaffirm our objective to strengthen the tax and development agenda in light of the G20 Ministerial Symposium on Tax and Development, and we note the forthcoming new G20/OECD Roadmap for Developing Countries and International Tax. We support the progress made on implementing internationally agreed tax transparency standards, including regional efforts and welcome the signing of the Asia Initiative Bali Declaration. We also welcome the progress at the OECD on the Reporting Framework for Crypto-Assets as well as the amendments to the Common Reporting Standard and call for their swift completion.

6. We reiterate our commitment to strengthening long-term financial resilience of the international financial architecture, including promoting sustainable capital flows, and developing local currency capital markets. We reiterate our commitment to maintaining a strong and effective Global Financial Safety Net with a strong, quota-based, and adequately resourced International Monetary Fund (IMF) at its center. We remain committed to revisiting the adequacy of IMF quotas and will continue the process of IMF governance reform under the 16th General Review of Quotas, including a new quota formula as a guide, by 15 December 2023. We welcome the IMF's Review of the Institutional View on Liberalization and Management of Capital Flows and the Bank for International Settlements' (BIS) report on Macro-financial stability frameworks. We look forward to continued discussions with other international organizations on international standards for using capital flow management measures, while being mindful of their original purpose, and welcome continued work on the operationalization of Integrated Policy Framework. We welcome continued discussions on Central Bank Digital Currencies (CBDCs), as these may be designed to facilitate cross-border payments while preserving the stability of the international monetary and financial system. We look forward to the G20 Techsprint 2022, a joint initiative with the BIS Innovation Hub, which will contribute to the debate on the most practical and feasible solutions to implement CBDCs.

7. We continue supporting all vulnerable countries to ensure that we will all recover together, recover stronger. We welcome pledges amounting to USD 73 billion through the voluntary channelling of Special Drawing Rights (SDRs) or equivalent contributions, and call for further pledges from all willing and able countries to meet the total global ambition of USD 100 billion of voluntary contributions for countries most in need. We welcome the establishment of the Resilience and Sustainability Trust (RST) and call on the IMF, with support from its members, to ensure its full operationalization by the 2022 Annual Meetings to help low-income countries, eligible small states and vulnerable middle-income countries address longer-term structural challenges that pose macroeconomic risks, including those stemming from pandemics and climate change. We welcome the pledges for voluntary contributions to the RST and call for further contributions to it and to the Poverty Reduction and Growth Trust (PRGT) to ensure a broad pool of contributors to meet funding needs. We remain open to explore viable options for countries to voluntarily channel SDRs through Multilateral Development Banks (MDBs), while respecting national legal frameworks and the need to preserve the reserve assets status of SDRs. We will continue to explore ways, including through balance sheet optimization measures and other potential avenues, to maximize MDBs' development impact. We welcome the report from the Independent Review on MDBs' Capital Adequacy Frameworks (CAF). We look forward to further discussions on its recommendations which could unlock significant amounts of development financing while maintaining MDBs' preferred creditor status. We reiterate our commitment to step up our efforts to implement the Common Framework for Debt Treatment beyond the DSSI in a timely, orderly and coordinated manner, and welcome progress in this regard, including the first meeting of the creditor committee for Zambia. We look forward to the provision of financing assurances for Zambia, and encourage the timely conclusion of the debt treatments for Chad and Ethiopia. We note the deteriorating debt situation in some vulnerable middle-income countries, and we welcome multilateral coordination that involves all bilateral creditors to take swift action to respond to middle-income countries' requests for debt treatments. We stress the importance for private creditors and other official bilateral creditors to commit to providing debt treatments on terms at least as favorable to ensure fair burden sharing in line with the comparability of treatment principle. We affirm the importance of joint efforts by all actors, including private creditors, to continue working toward enhancing debt transparency, and we continue to encourage all private sector lenders to contribute data to the joint Institute of International Finance (IIF)/OECD Data Repository Portal.

8. We reaffirm our commitment to revitalizing infrastructure investment in a sustainable, inclusive, accessible, and affordable way. Following on from previous years' events, the 2022 G20 Infrastructure Investors Dialogue highlighted the importance of public-private sector collaboration, and we look forward to the outcome document.

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We welcome progress in developing a framework to best leverage private sector participation to scale-up sustainable infrastructure investment, which will complement investment from other sources, including public investment and finance provided by MDBs, and in developing a policy toolkit to mobilize financing mechanisms to enhance infrastructure investment in cities and regions. We endorse the G20 Blueprint for scaling up InfraTech Financing and Development. We look forward to a compendium of case studies on financing digital infrastructure development and welcome progress on advancing the InfraTracker 2.0 to illustrate public infrastructure investment trends. We endorse the Compendium of Quality Infrastructure Investment (QII) Indicators and associated guidance note, developed for the G20, which are voluntary and non-binding and consider country circumstances. We note the update on options for the future of the Global Infrastructure Hub and look forward to resolving its long-term future by October 2022.

9. Our commitment to tackling urgent global challenges such as climate change and environmental protection, including biodiversity loss, remains critical to achieving greener, more prosperous and inclusive economies and societies. In the context of strengthening global efforts to reach the goals of the United Nations Framework Convention on Climate Change (UNFCCC) and Paris Agreement, as well as implementing our COP26 commitments, we reiterate that our policy mix toward carbon neutrality and net zero should include a full range of fiscal, market and regulatory mechanisms, including if appropriate, the use of carbon pricing mechanisms and incentives, and phase out and rationalize, over the medium term, inefficient fossil fuel subsidies that encourage wasteful consumption and commit to this objective, while providing targeted support to the poorest and most vulnerable, and in line with national circumstances. We continue to recall and reaffirm the commitment made by developed countries, to the goal of mobilizing jointly USD 100 billion climate finance per year by 2020 and annually through to 2025 to address the needs of developing countries, in the context of meaningful mitigation actions and transparency on implementation, and we stress the importance of fully meeting that goal as soon as possible.

10. We reinforce our commitment to support orderly, just and affordable transitions to achieve the objectives of the 2030 Agenda for Sustainable Development in line with the UNFCCC and the Paris Agreement. We commend the progress made to address the G20 Sustainable Finance Roadmap, that is flexible and voluntary in nature, which will be illustrated in an online repository dashboard. We call for further efforts across the G20, international organizations, other international networks and initiatives, and the private sector, to address the actions identified in the Roadmap, and welcome voluntary inputs from members to highlight country-level progress. We welcome the progress in developing a transition finance framework, improving the credibility of financial institutions' net-zero commitments, enhancing the accessibility and affordability of sustainable finance, and discussing policy levers that incentivize financing and investment that support the transition. We look forward to the final G20 Sustainable Finance Report in October 2022. We note the discussions of the Presidency's Forum on International Policy Levers Forum for Sustainable Investment and the G20 Sustainable Finance for Climate Transition Roundtable and look forward to the outcome document of the Roundtable. We welcome private sectors' growing role in accelerating transitions towards net-zero and the discussion of the G20 Sustainable Finance Private Sector Roundtable.

11. In the face of a more challenging global economic and financial outlook, we underline the need to reinforce global financial system resilience and ask the Financial Stability Board (FSB) to intensify its monitoring. We commit to sustaining global financial stability, including through continued coordination of policy measures and implementation of international standards. We welcome the FSB's Interim Report on financial sector exit strategies and scarring effects of COVID-19 and look forward to the final report's policy considerations prior to the Leaders' Summit in November. We strongly support global policy actions to increase resilience against cross-border spillovers, including by addressing structural vulnerabilities in non-bank financial intermediation (NBFI) from a systemic perspective, and we look forward to the FSB's report with policy proposals to address systemic risk in NBFI in October. We support taking forward the implementation of the FSB updated Roadmap for addressing climate-related financial risks that complements the G20 Sustainable Finance Roadmap. Globally consistent data is needed in order to effectively address climate-related financial risks. We look forward to the finalization of standards by the International Sustainability Standards Board (ISSB) for globally consistent, comparable and reliable climate-related financial disclosures.

12. We welcome the FSB's ongoing work to ensure that crypto-assets, including so-called stablecoins, are subject to robust regulation and supervision. We support the FSB's efforts to build public awareness of risks and its public communication that stresses the importance of implementing the principle of 'same activity, same risk, same regulation', in order to strengthen regulatory outcomes and to support a level playing field, while harnessing

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benefits of innovation. We support the continued implementation of the G20 Roadmap for Enhancing Cross-Border Payments, including the future delivery of the initial estimates for key performance indicators and the 2022 Progress Report that will set out priorities for the next stage of work. We welcome the report by the BIS Committee on Payments and Market Infrastructures (CPMI) on interlinking payment systems and the role of application programming interfaces, as well as the joint report by the CPMI, BIS Innovation Hub, IMF, and WB on options for access to and interoperability of CBDCs for cross-border payments. We welcome the completion of the second phase of the Data Gaps Initiative (DGI-2) and will continue to address the identified remaining challenges. We continue to develop the workplan on the new Data Gaps Initiative (DGI). We ask the IMF, FSB and the Inter-Agency Group on Economic and Financial Statistics (IAG), in close consultation with participating economies, to develop a more fine-tuned workplan, taking into account country circumstances. We welcome the second report on the review of the G20/OECD Principles of Corporate Governance.

13. The pandemic has widened inequality for the most financially vulnerable and underserved groups especially women, youth, and Micro, Small, and Medium Enterprises (MSMEs). We welcome the progress made by the Global Partnership for Financial Inclusion (GPFI) and look forward to the finalization of the G20 Financial Inclusion Framework on Harnessing the Benefit of Digitalization, with the objective of boosting productivity and fostering a sustainable and inclusive economy for underserved groups guided by the G20 2020 Financial Inclusion Action Plan. The framework will build upon a Practical Implementation Guide for the G20 High-Level Principles for Digital Financial Inclusion, a living database related to digital and innovative financial products and services to MSMEs beyond credit, and a regulatory diagnostic toolkit for MSMEs access to digital financial services. To address digitalization and sustainable finance developments, and support financial inclusion and well-being, we endorse the updated G20/OECD High-Level Principles on Financial Consumer Protection and welcome the updated G20/OECD High-Level Principles on SME Financing.

14. We recognize the need for the international community to step up their efforts to effectively combat money laundering (ML), terrorist financing (TF) and proliferation financing (PF). We reaffirm our commitment to enhancing the capacity of the Financial Action Task Force (FATF) and its regional bodies to lead global action to respond to these threats. We support the effective implementation of FATF standards, including on virtual assets, in particular "travel rule", and transparency of beneficial ownership, and acknowledge their role in the fight against grand and systemic corruption and environmental crimes, which gravely impacted economies and societies.

Ministers and Governors looked forward to continuing their dialogue in the Fourth G20 Finance Ministers and Central Bank Governors' Meeting in October 2022 in Washington DC, USA.