



Italian G20 Presidency

Third Finance Ministers and Central Bank Governors meeting

Communiqué
9-10 July 2021



Communiqué

Since we met in April 2021, the global outlook has further improved, mainly due to the roll out of vaccines and continued policy support. However, the recovery is characterised by great divergences across and within countries and remains exposed to downside risks, in particular the spread of new variants of the COVID-19 virus and different paces of vaccination. We reaffirm our resolve to use all available policy tools for as long as required to address the adverse consequences of COVID-19, especially on the most impacted, such as women, youth and informal and low-skilled workers. We will continue to sustain the recovery, avoiding any premature withdrawal of support measures, while remaining consistent with central bank mandates – including on price stability – and preserving financial stability and long-term fiscal sustainability and safeguarding against downside risks and negative spillovers. On the basis of the *G20 Action Plan*, we will continue our international cooperation to steer the global economy toward strong, sustainable, balanced and inclusive growth. We confirm our April commitments on exchange rates. We reaffirm the important role of open and fair rules-based trade in restoring growth and job creation and our commitment to fight protectionism, and encourage concerted efforts to reform the World Trade Organization (WTO).

We remain determined to bring the pandemic under control everywhere as soon as possible, and we welcome the commitments to attain this ambitious objective, including those made at the Global Health Summit. We recognise the role of COVID-19 immunisation as a global public good and reiterate our support for all collaborative efforts, especially to the *Access to COVID-19 Tools Accelerator (ACT-A)*, to address the current health crisis, urging both the public and private sector to address the remaining gaps, including through the equitable global sharing of safe, effective, quality and affordable vaccine doses. We support efforts to diversify global vaccine-manufacturing capacity and strengthen health systems. We will also prioritise acceleration of the delivery of vaccines, diagnostics and therapeutics, target responses to rapidly react to new variants or flare-ups, and provide support in delivering and distributing vaccines, especially to developing countries. We acknowledge the formation of the task force by the World Bank (WB), World Health Organization (WHO), International Monetary Fund (IMF), and WTO on COVID-19 vaccines, therapeutics and diagnostics for developing countries. Recognising the urgent need to be better prepared for future health threats, we welcome the Report of the *G20 High Level Independent Panel on Financing Global Commons for Pandemic Preparedness and Response* and take note of its recommendations. We commit to working together and with International Financial Institutions (IFIs) and relevant partners, in particular the WHO, to develop proposals for sustainable financing to strengthen future pandemic preparedness and response, and to improve international governance and coordination between global health and finance policy makers. We task experts from our Ministries of Finance and Health to follow up with concrete proposals to be presented at the G20 Joint Finance and Health Ministers' meeting in October.

After many years of discussions and building on the progress made last year, we have achieved a historic agreement on a more stable and fairer international tax architecture. We endorse the key components of the two pillars on the reallocation of profits of multinational enterprises and an effective global minimum tax as set out in the "Statement on a two-pillar solution to address the tax challenges arising from the digitalisation of the economy" released by the *OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS)* on July 1. We call on the *OECD/G20 Inclusive Framework on BEPS* to swiftly address the remaining issues and finalise the design elements within the agreed framework together with a detailed plan for the implementation of the two pillars by our next meeting in October. We invite all members of the *OECD/G20 Inclusive Framework on BEPS* that have not yet joined the international agreement to do so. We welcome the consultation process with developing countries on assessing progress made through their participation at the *OECD/G20 Inclusive Framework on BEPS* and look forward to the Organisation for Economic Co-operation and Development (OECD) report in October.



Digital transformation has the potential of boosting productivity, strengthening the recovery and contributing to broad-based and shared prosperity. We endorse the *G20 Menu of Policy Options - Digital Transformation and Productivity Recovery*, informed by policy experiences shared by members and supported by analysis from the OECD and the IMF, which provides policy options, shares good practices, promote inclusion and sheds light on the key role of international cooperation to make use of the growth opportunities of digitalisation. The *Menu* is a contribution to our future work on productivity. We will continue strengthening global risk monitoring and preparedness through a systematic integration of climate, health and other risks to enhance future policy design where appropriate and through sharing tools, analysis and experiences, including drawing on well-established methodologies. We will continue to closely coordinate our efforts in enhancing resilience against future shocks, including pandemics, natural disasters and physical and transition climate change risks, and addressing the interrelated policy challenges. We recognise that a more comprehensive assessment of environmental and climate-related macro-economic risks can help develop innovative solutions to make our economies more sustainable, resilient and inclusive. We recognise the importance of good corporate governance and well-functioning capital markets to support the recovery. We look forward to the review of the *G20/OECD Principles of Corporate Governance* and ask the OECD to report back on progress at our first meeting in 2022.

We reaffirm that harnessing the wealth of data produced by digitalisation is critical to better inform our decisions. We take note of the concept note prepared by the IMF, in close cooperation with the Financial Stability Board (FSB) and the Inter-Agency Group on Economic and Financial Statistics (IAG), on a possible new Data Gaps initiative. We look forward to appraising the development of a detailed work plan.

Tackling climate change and biodiversity loss and promoting environmental protection remain urgent priorities. We look forward to further analysis by international organisations on the impact of recovery packages and of adaptation and mitigation policies on climate and environment, as well as on jobs, growth and equity. We agree that a closer international coordination on climate action may help achieve our common goals. This can better inform our discussion on the appropriate policy mix to shape just and orderly transitions to a low- greenhouse gas emission, more prosperous, sustainable and inclusive economy, taking into account national circumstances. This mix should include a wide set of tools, such as investing in sustainable infrastructure and innovative technologies that promote decarbonisation and circular economy, and designing mechanisms to support clean energy sources, including the rationalisation and phasing-out of inefficient fossil fuel subsidies that encourage wasteful consumption and, if appropriate, the use of carbon pricing mechanisms and incentives, while providing targeted support for the poorest and the most vulnerable. We welcome the constructive discussions held at the *G20 High Level Tax Symposium on Tax Policy and Climate Change* and acknowledge the importance of a dialogue to address climate change related challenges and promote transitions towards a greener and more sustainable economy. We look forward to the IMF/OECD report on these issues in October. We encourage IFIs, including Multilateral Development Banks (MDBs), to step up their efforts to pursue alignment with the Paris Agreement within ambitious timeframes and finance sustainable recovery and transition strategies, Nationally Determined Contributions and long term low greenhouse gas emission development strategies in Emerging Markets and Developing Economies (EMDEs), in line with their mandates and while continuing to support the achievement of the United Nations 2030 Agenda. International climate finance is critical for supporting developing countries' climate change adaptation and mitigation efforts. We look forward to advancing a common understanding on the comprehensive strategies needed to support the transition to low-greenhouse gas emission economies and societies, and to the International Conference on Climate on 11 July, which will focus on the policy mix and green investments to foster just transitions, the role of MDBs in supporting transitions in EMDEs, the actions to promote high-quality standards for climate-related financial disclosure and incentives for mobilising private financial flows and aligning them with the Paris agreement.

Climate change poses increasing physical and transition risks to macroeconomic outcomes and to regulated financial institutions and financial stability. Quality data and comparable frameworks of disclosure are crucial for addressing climate-related financial risks and mobilising sustainable finance. We note the importance of working to address these risks. We look forward to discussing, at our meeting in October, the Sustainable Finance Working Group (SFWG) Synthesis Report and a multi-year G20 Roadmap on sustainable finance, initially focused on climate. We commend the support provided by international organisations, financial sector networks and private sector



representatives to the activities of the SFWG. We welcome the FSB report on the availability of data on climate-related financial stability risks and we will work to address data gaps and highlight the importance of financial authorities considering scenario analysis, including drawing on common scenarios as appropriate. We also welcome the FSB report on promoting globally consistent, comparable and reliable climate-related financial disclosures and its recommendations. We welcome growing private sector participation and we also take note of growing public sector participation and transparency in these areas. We will work to promote implementation of disclosure requirements or guidance, building on the FSB's Task Force on Climate-related Financial Disclosures (TCFD) framework, in line with domestic regulatory frameworks, to pave the way for future global coordination efforts, taking into account jurisdictions' circumstances, aimed at developing a baseline global reporting standard. To that aim, we welcome the work programme of the International Financial Reporting Standards Foundation to develop a baseline global reporting standard under robust governance and public oversight, building upon the TCFD framework and the work of sustainability standard-setters, involving them and consulting with a wide range of stakeholders to foster global best practices. We welcome the FSB roadmap for addressing financial risks from climate change. This will be a living document and will complement the work carried out by the SFWG.

We endorse the *G20 Policy Agenda on Infrastructure Maintenance*, accompanied by members' case studies and with the support of the OECD and the WB. We acknowledge that resilient, properly funded, well-maintained and optimally managed systems are essential for preserving infrastructure assets over their life-cycle, minimising loss and disruptions, and securing the provision of safe, reliable and high-quality infrastructure services. Recognising advanced and well-functioning digital infrastructure as an important driver for the economic recovery, we acknowledge the OECD contribution in this area and look forward to the ongoing works on financing and fostering high-quality broadband connectivity for a digital world by our October meeting. In line with the *G20 Roadmap for Infrastructure as an Asset Class*, we will continue to develop further the collaboration between the public and private investors to mobilise private capital and look forward to the outcomes document of the first *G20 Infrastructure Investors Dialogue* at our October meeting. We welcome advancing the work on the G20 Principles for Quality Infrastructure Investment (QII). We recall our previous agreement on exploring possible indicators on QII, and look forward to the discussion on the work of the International Finance Corporation in this area at the next Infrastructure Working Group meeting.

We will continue to support all vulnerable countries affected by the COVID-19 pandemic. We support the proposal to the IMF Board of Governors of a new general allocation of Special Drawing Rights (SDRs) in an amount equivalent to USD 650 billion to help meet the long-term global need for reserve assets and urge its swift implementation by the end of August. We also welcome the proposals to enhance transparency and accountability in the reporting and use of SDRs, while preserving their reserve asset characteristics and broadening participation in the Voluntary Trading Arrangements. To significantly magnify the impact of the allocation, we call on the IMF to quickly present actionable options for countries to voluntarily channel a share of their allocated SDRs to help vulnerable countries finance more resilient, inclusive and sustainable economic recoveries and health-related expenditures, for example through the creation of a new trust fund. We are committed to exploring those options and possible contributions, according to our national laws and regulations, and to scaling up the Poverty Reduction and Growth Trust. We call for contributions from all countries able to do so to reach an ambitious target in support of vulnerable countries. We look forward to the completion of the IMF's review of concessional financing and policies, which will strengthen its capacity to support low-income countries. We call on the IMF to complete its outreach on a review of access limits and surcharge policy and report to us on its outcome.

We reiterate our commitment to strengthening long-term financial resilience and supporting inclusive growth, including through promoting sustainable capital flows, developing local currency capital markets and maintaining a strong and effective Global Financial Safety Net with a strong, quota-based, and adequately resourced IMF at its centre. We look forward to the forthcoming review of the IMF's Institutional View on the liberalisation and management of capital flows. 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 December 15, 2023.



We welcome the progress achieved under the Debt Service Suspension Initiative (DSSI). As of July 2, 45 countries have requested to benefit from the first extension of the DSSI (to June 2021), amounting to an estimated USD 4.6 billion of debt service deferred in the first half of 2021. All official bilateral creditors should implement this initiative fully and in a transparent manner. We welcome MDBs disbursement of USD 44.1 billion to DSSI-eligible countries over the period between April 2020 and May 2021, as part of their USD 230 billion commitment to support emerging and low-income countries in response to the COVID-19 pandemic. We reiterate our commitment to implementing the *Common Framework for Debt Treatments beyond the DSSI* to address debt vulnerabilities in a coordinated manner, as set out in April. We welcome the establishment of the creditor committee for Chad as well as its recent statement. We urge all other official bilateral creditors and private creditors to commit without delay to providing Chad with debt treatment at least as favourable. We now look forward to swift adoption by the IMF Executive Board of Chad's envisaged IMF-supported upper credit tranche quality programme. We also look forward to timely addressing the debt treatment country case of Ethiopia under the *Common Framework*. We support the timely review of Ethiopia's IMF-supported programme. We will address eligible requests under the *Common Framework*. We stress the importance for private creditors and other official bilateral creditors of providing debt treatments on terms at least as favourable, in line with the comparability of treatment principle. We reiterate the importance of joint efforts by all actors, including private creditors, to continue working towards enhancing debt transparency. We recall the forthcoming work of the MDBs, as stated in the *Common Framework*, in light of debt vulnerabilities. We look forward to progress by the IMF and World Bank Group on their proposal of a process to strengthen the quality and consistency of debt data and improve debt disclosure. We look forward to the outcome of the second voluntary self-assessment of the implementation of the *G20 Operational Guidelines for Sustainable Financing* and to further updates on the implementation of the *Institute of International Finance (IIF) Voluntary Principles for Debt Transparency*, including on the launch of the joint IIF/OECD Data Repository Portal, and call on all private sector lenders to adhere to this initiative.

The work of MDBs is crucial to ensuring long-term support towards achieving the Sustainable Development Goals. We look forward to an ambitious and successful IDA20 replenishment by December 2021, including the sustainable use of IDA's balance sheet. We take note of the progress made on the *G20 Action Plan on Balance Sheet Optimisation* and the development of reliable and sustainable risk-sharing measures, and encourage MDBs to continue to explore avenues to make the best use of available resources, while preserving their preferred creditor treatment and current ratings. We stress the need for further efforts in finding innovative ways to mobilise private sector development financing. We agreed to launch an *Independent Review of MDBs' Capital Adequacy Frameworks*, to promote the sharing of best practices, maximise their development impact, taking into account their respective development mandates and without prejudice to their governance, credit ratings and preferred creditor treatment (Annex I). Better coordination will also boost MDBs complementarity and effectiveness. We welcome the update on the *G20 Principles for Effective Coordination between the IMF and MDBs in Case of Countries Requesting Financing while Facing Macroeconomic Vulnerabilities* and we endorse the complementary *G20 Recommendations for the use of Policy-Based Lending* (Annex II). We welcome the updates by MDBs on progress in implementing country-owned pilot platforms and urge them to continue to step up coordination at country level in close cooperation with host national governments.

In our comprehensive and united response to the COVID-19 crisis, we remain committed to ensuring that the financial sector provides adequate support to the recovery while preserving financial stability. We welcome the FSB interim report on the lessons learnt from the COVID-19 pandemic from a financial stability perspective. The global financial system has weathered the pandemic so far thanks to greater resilience, supported by the G20 financial regulatory reforms and by a determined international public authorities' response. However, some areas of the regulatory framework may call for further consideration, such as the functioning of capital and liquidity buffers and potential sources of pro-cyclicality, and gaps remain. We are committed to addressing these gaps, while avoiding unintended effects, including by completing the remaining elements of the G20 regulatory reforms agreed after the financial crisis, and we look forward to the final report in October. We are also committed to strengthening the non-bank financial intermediation (NBFI) sector resilience with a systemic perspective, including its interconnectedness with the banking sector and the real economy. We will also take into consideration the interactions between USD cross-border funding and NBFI-related vulnerabilities in Emerging Market Economies external financing. We look forward to the FSB progress report on NBFI in October, which will



bring together developments across the NBFi workplan and identify areas where further policy consideration may be needed. We welcome the FSB consultation report on policy proposals to enhance money market fund resilience and look forward to the final report in October, outlining suitable policy options, recognising that a single option may not address all vulnerabilities, to inform jurisdiction-specific reforms as well as possible follow-up work by relevant international organisations, in order to secure enhanced NBFi resilience at the international level. We also welcome the FSB progress report on LIBOR transition and reiterate the importance of an orderly transition away from LIBOR rates to suitably robust alternatives before end-2021.

We reiterate our commitment to a timely and effective implementation of the *G20 Roadmap to enhance cross-border payments* by relevant authorities. We look forward to the FSB report setting quantitative global targets for addressing the challenges of cost, speed, transparency and access, to be delivered in October, taking into account the feedback to the consultation launched at the end of May and emphasising actions needed by the public and private sectors. We take note of the report on central bank digital currencies for cross-border payments by the Committee on Payments and Market Infrastructures, Bank for International Settlements Innovation Hub, IMF and WB, and look forward to discussing these issues and the wider implications for the international monetary system in October. We reiterate that no so-called “global stablecoins” should commence operation until all relevant legal, regulatory and oversight requirements are adequately addressed through appropriate design and by adhering to applicable standards.

We welcome the progress made by the Global Partnership for Financial Inclusion in advancing the 2020 Financial Inclusion Action Plan and look forward to the high-level symposium on coping with new and existing vulnerabilities in a post-pandemic world and to the menu of policy options for enhancing digital financial inclusion for individuals and micro, small and medium-sized enterprises, both to be delivered in October. We also welcome the outcome of the workshop on *Remittances in times of crisis and beyond* and we look forward to the release of the National Remittance Plans later this year.

We recognise that financial literacy is an essential skill for the empowerment of people, especially the most vulnerable and underserved, including micro, small and medium enterprises, and for supporting individual and societies’ well-being, financial inclusion, financial consumer protection and transformation in the post-pandemic era. We welcome the *OECD Recommendation on Financial Literacy*, which presents a voluntary and non-binding instrument on financial literacy to assist governments, other public authorities and relevant stakeholders in their efforts to design, implement and evaluate financial literacy policies.

We reiterate our support for the Financial Action Task Force (FATF) and the nine FATF-style Regional Bodies (FSRBs). We each commit to making additional contributions, including to the IMF and WB, as needed, to strengthen the FSRBs and the Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) frameworks of their membership, in line with the priorities agreed by FATF, and share our commitments with the FATF. We call on other FATF members, the IMF and the WB to similarly increase their financial and/or technical support for FSRBs. We welcome the FATF’s ongoing work on money laundering risks resulting from environmental crimes, and recognise the links between climate and biodiversity threats and other serious crimes. We reaffirm our commitment to fully implement and strengthening AML/CFT global standards on beneficial ownership transparency and virtual assets regulation and supervision within our respective jurisdictions. We strongly support the FATF’s ongoing project to revise the current recommendation on beneficial ownership transparency.