

Communiqué

G20 Finance Ministers & Central Bank Governors Meeting
22-23 February 2020, Riyadh, Saudi Arabia



Realizing
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After signs of stabilization at the end of 2019, global economic growth is expected to pick up modestly in 2020 and 2021. The recovery is supported by the continuation of accommodative financial conditions and some signs of easing trade tensions. However, global economic growth remains slow and downside risks to the outlook persist, including those arising from geopolitical and remaining trade tensions, and policy uncertainty. We will enhance global risk monitoring, including of the recent outbreak of COVID-19. We stand ready to take further action to address these risks.

We remain committed to use all available policy tools to achieve strong, sustainable, balanced and inclusive growth, and safeguard against downside risks, while implementing structural reforms to enhance our growth potential. Fiscal policy should be flexible and growth-friendly while ensuring debt as a share of GDP is on a sustainable path. Monetary policy should continue to support economic activity and ensure price stability, consistent with central banks' mandates. We reemphasize that international trade and investment are important engines of growth, productivity, innovation, job creation and development. We reaffirm the conclusions of our Leaders on trade and investment at the Osaka Summit. We will continue to take joint action to strengthen international cooperation and frameworks. We also reaffirm our exchange rate commitments made in March 2018. We will continue to monitor and as necessary continue to tackle financial vulnerabilities. We also reaffirm our commitment to ensure a stronger global financial safety net with a strong, quota-based, and adequately resourced IMF at its center.

We are facing a global landscape that is being rapidly transformed by economic, social, environmental, technological and demographic changes. Our collective work should strive to foster sustainable development and growth, and create the conditions in which all people can live, work and thrive. An inclusive approach to growth can better harness untapped economic potential, help address inequality and empower all segments of society, especially women and youth. Therefore, we agree to develop a menu of policy options that countries can draw from to enhance access to opportunities for all.

Infrastructure is a driver of economic growth and prosperity, which can be further enhanced through technology. The potential benefits of more widespread use of technology in infrastructure are substantial. It improves investment decisions over the lifecycle, enhances value for money of infrastructure projects, and improves the efficiency in building, operating and maintaining quality infrastructure for the delivery of better social, economic and environmental outcomes. We agree to develop an Infrastructure Technology (InfraTech) Agenda to support the utilization of technology in infrastructure. We reaffirm our previous commitments and efforts, and we will advance our work towards our strategic direction and high aspiration as outlined in the G20 Principles for Quality Infrastructure Investment. We will also continue to advance the implementation of the Roadmap to Infrastructure as an Asset Class, including a focus on the regulatory framework for private sector participation in infrastructure investment.

Accelerating efforts to develop domestic capital markets is essential to support growth and enhance financial resilience and inclusion. We welcome the joint note of the International Monetary Fund (IMF) and the World Bank Group (WBG) on recent developments on local currency bond markets in emerging economies and welcome the stepping up of the ongoing efforts

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on developing domestic capital markets, especially in emerging markets and developing economies, taking into account country-specific circumstances.

We take positive note of the progress made in following up on the G20 Eminent Persons Group (EPG) proposals, recognizing their multi-year nature. We endorse the G20 Reference Framework for Effective Country Platforms and look forward to an update by Multilateral Development Banks (MDBs) on progress achieved in implementing country-owned pilot platforms in developing countries, including in fragile states. We encourage the implementation of the cooperation agreements between the Multilateral Investment Guarantee Agency (MIGA) and other MDBs to enhance the role of political risk insurance in development finance for a stronger mobilization of private sector resources. In this context, we welcome the Co-Guarantee Platform between the Islamic Development Bank and the African Development Bank. We reiterate our continued support for the Compact with Africa (CwA), with enhanced roles for participating international organizations (WBG, AfDB, IMF) in implementation and strengthened bilateral engagement by G20 partners.

We reiterate the importance of joint efforts undertaken by both borrowers and creditors, official and private, to improve debt transparency and sustainability and encourage further efforts to address debt vulnerabilities. In this regard, we look forward to the IMF-WBG update on the implementation of their multipronged approach for addressing emerging debt vulnerabilities, including an update on their work to deepen analysis of collateralized financing practices, in the context of the review of the IMF's Debt Limits Policy and WBG's Sustainable Development Finance Policy. We urge the IMF, WBG, and other MDBs to continue their efforts to strengthen borrowers' capacity in the areas of debt recording, monitoring, and reporting, debt management, public financial management and domestic resource mobilization. We will advance the discussion on the issues highlighted by the IMF-WBG note on the implementation of the G20 Operational Guidelines for Sustainable Financing. We also look forward to an update on the implementation of Institute of International Finance's Voluntary Principles for Debt Transparency, including on work to identify a data repository. We support ongoing work by the IMF, WBG, and Paris Club on Low-Income Countries (LICs) debt, and the continued efforts of the Paris Club towards the broader engagement of emerging creditors.

We welcome the recent progress made on addressing the tax challenges arising from the digitalization of the economy. We endorse the Outline of the Architecture of a Unified Approach on Pillar One as the basis for negotiations and welcome the Progress Note on Pillar Two, both of which were agreed by the G20/OECD Inclusive Framework on Base Erosion and Profit Shifting (BEPS). We encourage further progress on both Pillars to overcome remaining differences and reaffirm our commitment to reach a consensus-based solution with a final report to be delivered by the end of 2020. We stress the importance of the G20/OECD Inclusive Framework on BEPS agreeing on the key policy features of a global and consensus-based solution by July 2020, which would form the basis of a political agreement. We reiterate the importance of international cooperation to complete this work and ensure tax certainty. We welcome the progress made on implementing the internationally agreed tax transparency standards. We take note of the updated G20/OECD list of jurisdictions that do not comply with such standards. Defensive measures against listed jurisdictions will be considered. We continue to support tax capacity building in

developing countries, including coordinating through the Platform for Collaboration on Tax. We call on all jurisdictions to sign and ratify the Multilateral Convention on Mutual administrative Assistance in Tax Matters.

An open and resilient financial system, grounded in agreed international standards, is crucial to support sustainable growth. We remain committed to the full, timely and consistent implementation of the agreed financial reforms. We continue to evaluate the effects of reforms and look forward to the Financial Stability Board (FSB)'s evaluation of the effects of Too-Big-To-Fail reforms. We will continue to identify, monitor and, as necessary, address vulnerabilities and emerging risks to financial stability, including those related to non-bank financing. According to the circumstances, macro-prudential policies can be part of the toolkit. We will continue to work to address unintended, negative effects of market fragmentation, including through regulatory and supervisory cooperation. We will also continue our efforts to enhance cyber resilience and look forward to the FSB's toolkit of effective practices for cyber-incident response and recovery. We continue to monitor and address the causes and consequences of the withdrawal of correspondent banking relationships, and issues in remittance firms' access to banking services. Mobilizing sustainable finance and strengthening financial inclusion are important for global growth and stability. The FSB is examining the financial stability implications of climate change. We welcome private sector participation and transparency in these areas.

We emphasize that markets need to transition away from LIBOR to alternative reference rates before end-2021. Therefore, urgent work is needed by the private sector, supported by the public sector, to manage this transition, given the risks that may arise if parties are insufficiently prepared for the expected discontinuation of widely used LIBOR benchmarks. Given the short time remaining for this transition to take place, substantial progress is needed in 2020 to address the potential financial stability risks. We ask the FSB to identify remaining challenges to benchmark transition by July 2020 and to explore ways to address them.

We reiterate our view that technological innovations can deliver significant benefits to the financial system and the broader economy and we support the work on framing supervisory and regulatory issues for the digital era. Accordingly, we welcome the inclusive approach of utilizing the FSB's regional consultative groups, involving also the respective financial regulation standard setters, to consider the implications associated with the growing entry of BigTech in finance. We also ask the FSB to report on the different approaches to technology-enabled-solutions for regulation and supervision (RegTech and SupTech). We remain vigilant to potential risks arising from financial innovations, including those risks related to financial stability, consumer and investor protection, anti-money laundering (AML) and countering the financing of terrorism (CFT) as well as their macroeconomic implications, including monetary sovereignty issues. Building on the 2019 Leaders' Declaration, we urge countries to implement the recently adopted Financial Action Task Force (FATF) standards on virtual assets and related providers. We reiterate our statement in October 2019 regarding the so-called 'global stablecoins' and other similar arrangements that such risks need to be evaluated and appropriately addressed before they commence operation, and support the FSB's efforts to develop regulatory recommendations with respect to these arrangements. To that end, we look forward to reports by the FSB, IMF, and the FATF and welcome the FATF's statement that its AML/CFT standards apply. We recognize the

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need to enhance global cross-border payment arrangements to facilitate lower-cost and swifter transfers, including for remittances. We ask the FSB, in coordination with the Committee on Payments and Market Infrastructures (CPMI) and other relevant standard-setting bodies and international organizations, to develop a roadmap to enhance global cross-border payment arrangements by October 2020.

We support the Global Partnership for Financial Inclusion (GPFI)'s emphasis on digital financial inclusion of underserved groups, especially women and youth, and small and medium-sized enterprises (SMEs). We welcome the progress on streamlining the GPFI work program and structure and ask the GPFI to update its Terms of Reference as per the endorsed "A Roadmap to 2020".

We reaffirm our support for the FATF, as the global AML and CFT standard-setting body for preventing and combating money laundering, terrorist financing and proliferation financing. We reiterate our strong commitment to tackle all sources, techniques and channels of these threats. We reaffirm our commitment to strengthening the FATF's global network of regional bodies, including by supporting their expertise in mutual evaluations, and call for the full, effective and swift implementation of the FATF standards worldwide. We support the ongoing actions by the FATF to strengthen the global response to proliferation financing. We ask the FATF to remain vigilant with respect to emerging financial technologies that may allow for new methods of illicit financing. We look forward to the FATF's Strategic Review.

Annex I: Issues for Further Actions.

- We ask the Framework Working Group to report on the enhanced discussion of risk and prepare a menu of policy options to enhance access to opportunities for all – July 2020, and we look forward to the joint note of the IMF-WBG and the OECD report on enhancing access to opportunities for all – June 2020.
- We look forward to a report from the G20/OECD on collaboration with institutional investors and asset managers with the aim of scaling up private investment in infrastructure – July 2020.
- We look forward to a G20 reference note on fiscal risks and PPPs relating to infrastructure to be delivered by the IMF – July 2020.
- We ask the IWG to develop the InfraTech Agenda with the aim of harnessing the benefits of technology in infrastructure and delivering efficient, connected, automated, resilient and agile assets, supported by GIH, WBG, OECD and other IOs.
- We look forward to the digital infrastructure use cases library, the value capture creation typology, and policy toolkit being provided by the GIH and the WBG to support the InfraTech Agenda delivery – June 2020.
- We ask the GIH to collect and showcase quality projects and case studies from members for promoting the benefit and successful implementation of the G20 Principles for Quality Infrastructure Investment – Second half of 2020.
- We look forward to an interim progress report by IFC on Quality Infrastructure Investment Framework Note to facilitate member-led input on possible indicators consistent with national circumstances – June 2020.
- We ask the International Financial Architecture Working Group (IFA WG) to consider ways to strengthen and accelerate efforts to help countries develop domestic capital markets, including through a Multi-Methods approach.
- We look forward to a stock-take from MDBs on best practices and potential cooperation among them to further enhance the role of political risk insurance in development finance – June 2020. We look forward to an update by the IFA Working Group on the status of implementation of the G20 Action Plan to Optimize Balance Sheets, including the Hamburg Principles and Ambitions on crowding-in private finance – October 2020.
- We look forward to a note reviewing developments and challenges associated with the contractual approach to debt resolution to be provided by the IMF – June 2020.
- We look forward to the annual progress report from the G20/OECD Inclusive Framework on BEPS, with developments in the global implementation of the BEPS measures covering the period from June 2019 to June 2020 – July 2020.
- We look forward to the progress report from the Platform for Collaboration on Tax, including the toolkits addressing international taxation issues for developing countries,

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progress with the development of Medium-Term Revenue Strategies, and related workshops – July 2020.

- We look forward to developments on tax certainty, including the OECD International Compliance Assurance Programme, and other related initiatives – October 2020.
- We ask the FSB, in coordination with CPMI and other relevant standard setting bodies and international organizations, to develop a roadmap to enhance global cross-border payment arrangements – October 2020.
- We ask the FSB to deliver a follow-up report on the growing entry of BigTech in finance, building on its December 2019 report: “BigTech in Finance: Market Developments and Potential Financial Stability Implications”, with a focus on the perspective of emerging markets and developing economies – July 2020.
- We ask the FSB to deliver a report on the range of practices in the use of RegTech and SupTech – July 2020.
- We ask the FSB to provide a report on remaining challenges to benchmark transition based on the results of the survey on exposures to LIBOR and supervisory measures to address benchmark transition issues from jurisdictions in the Basel Committee on Banking Supervision (BCBS) and in the FSB and its Regional Consultative Groups – July 2020.
- We ask the FSB to update the G20 on work to address harmful market fragmentation – October 2020.
- We look forward to the consultation report from the FSB on addressing regulatory issues of so-called ‘global stablecoins’ – April 2020, a report from the IMF on the macroeconomic implications including monetary sovereignty in its member countries – July 2020, and a report from the FATF on the risks to AML and CFT – July 2020.
- We ask the GPFI to develop high-level policy guidelines on digital financial inclusion for women, youth and SMEs and the 2020 Financial Inclusion Action Plan (FIAP) – July 2020.

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Annex II: Reports and Documents Received.

Global Economy:

- Surveillance Note, the IMF, February 2020.

Infrastructure Investment:

- OECD Survey of Large Pension Funds and Public Pension Reserve Funds.

International Financial Architecture (IFA):

- The G20 Reference Framework for Effective Country Platforms, the G20 IFA Working Group.
- IMF-WBG Note on Recent Developments on Local Currency Bond Markets in Emerging Economies.
- IMF-WBG Note on Public Sector Debt Definitions and Reporting in Low-Income Developing Countries.
- IMF-WBG Note on Collateralized Transactions Key Considerations for Public Lenders and Borrowers.

International Taxation:

- The OECD Secretary General Report to the G20 Finance Ministers and Central Bank Governors on Tax, Riyadh, Kingdom of Saudi Arabia, February 2020.

Financial Regulations:

- The FSB's Chair Letter to the G20 Finance Ministers and Central Bank Governors, Riyadh, Kingdom of Saudi Arabia, February 2020.
- FSB's Note on Transition of Interest Rate Benchmarks.
- FSB's Note on the Workplan for the Roadmap to Enhance Cross-Border Payments.

Global Partnership for Financial Inclusion:

- G20 Action Plan on SME Financing: Credit Infrastructure Country Self-Assessment Consolidated Progress Report 2019.