



Italian G20 Presidency

Second G20 Finance Ministers and Central Bank Governors meeting

**Annex II: Update
of the G20 Action Plan**

April 2021



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In April 2020, in the spirit of keeping it a living document, we agreed to regularly review, update and report on the *G20 Action Plan*, as a reference tool to guide our response as we navigate through the crisis and look ahead to a robust, sustained and inclusive global economic recovery. In light of the evolving nature of the crisis, the *G20 Action Plan* has been updated to include a set of commitments to continue supporting our policy response to the pandemic and steer international economic coordination toward a strong, sustainable, balanced and inclusive recovery, while preparing for the post-COVID-19 world.

In 2021 we will continue to fight against the COVID-19 pandemic, which has exerted a huge human, social and economic toll on our societies. The outlook has improved in recent months, mainly due to our policy actions and the start of COVID-19 vaccination campaigns, yet it remains uncertain and subject to downside risks. Recent health and economic developments point to a new phase, in which the G20 is called upon to prove its leadership in providing policy direction and take concrete actions to steer the global economy out of this crisis, tackle current global challenges and enhance resilience against future ones. In light of the cross-border nature of these challenges, multilateralism and coordination of our policies constitute the most effective way to drive the response to the COVID-19 pandemic, lay the groundwork for recovery and set a forward looking agenda for the future.

Pillar I - Health as a Global Common

1. We renew our commitment to ensuring an effective, fast and equitable global response to SARS-CoV-2 and its variants, by advancing our collective efforts to strengthen health systems and to further accelerating the research, development, manufacturing and equitable distribution of diagnostics, therapeutics and vaccines including through promoting voluntary licensing of intellectual property and partnerships in voluntary technology transfers. We call upon both the private and public sectors to help bridge the current financing gap of existing initiatives, most notably the Access to COVID-19 Tools Accelerator (ACT-A) and its COVAX Facility.

2. We commit to working on longer-term sustainable financing solutions for pandemic prevention, preparedness and response. We look forward to the discussions at the Global Health Summit and the World Health Assembly with a view to contribute to a coherent global system. We look forward to the report prepared by the G20 *High Level Independent Panel* HLIP on financing the global commons for pandemic preparedness and response in July 2021 and we will continue to cooperate with the G20 Health Ministers to present concrete actions at our joint meeting in October 2021.

3. We emphasize the need to enhance cooperation and policy coherence with and among Multilateral Organizations, especially with the World Health Organization



(WHO), and with and among International Financial Institutions (IFIs) to address the current health crisis and to finance pandemic prevention, preparedness and response in the future in a sustainable way . We recognize that private actors can play an important complementary role to public actions in the preparedness and response to the pandemics and the important role of responsible actions from private healthcare companies.

4. We will continue to coordinate with International Organizations, especially with the WHO, expert bodies and alliances to develop resilient health systems. We reaffirm our commitment to full compliance with the International Health Regulations (IHR, 2005), also in light of their ongoing review, and to support other countries to develop resilient health systems against possible public health emergencies, in line with the *G20 Shared Understanding on the Importance of Universal Health Coverage Financing in Developing Countries*. We will also pursue previous G20 commitments to tackle antimicrobial resistance AMR issues in line with the One Health approach. We remain committed to share timely, transparent and standardized data.

Pillar II – Supporting and Shaping the Recovery

1. We commit to continue to do whatever it takes to support a strong, sustainable, balanced and inclusive recovery using fiscal, monetary and regulatory levers, in a complementary way and for as long as required, and consistent with governments' and central banks' respective mandates. We acknowledge that going forward the macroeconomic response should be tailored according to country specific circumstances, and that support measures should not be withdrawn prematurely. Based on the stage of the pandemic countries are facing, we commit to continue to proactively adapt our policy mix with more targeted measures to support the recovery while maintaining long-term fiscal sustainability, and price and financial stability, including through enhanced international coordination where necessary. We will closely monitor and take into account international policy spillovers as appropriate and recognize the different impacts of the COVID-19 pandemic across sectors, countries and regions, especially in the context of increasingly divergent growth paths, while allowing for structural re-allocation. We remain committed to central bank independence as a key pillar of our macroeconomic policy frameworks.

2. We commit to minimize economic scarring from the pandemic, focus on job creation, and facilitate structural re-allocation, productivity-enhancing reforms and investment including support for greener and digital recovery. We will work to harness the benefits of the digital economy and to support an environmentally sustainable and inclusive recovery taking into account country circumstances. To support these efforts, we will further promote public and private sector investments as complementary components of a comprehensive recovery strategies that are inclusive, equitable, resilient and sustainable. To facilitate an efficient reallocation of resources without lasting damage to livelihoods, we will work to identify best policy practices across sectors including in areas such as corporate restructuring, Small and Medium Enterprises' (SMEs) performance, and labour market reforms. To help create quality jobs, based on specific country circumstances, we will deploy active labour market policies including worker retraining and reskilling schemes.



3. We commit to continue to provide support to disproportionately impacted groups (including women, young people, low-skilled and informal workers) as well as the productive sectors and business categories including SMEs most severely hit by the pandemic. We commit to resort to all relevant tools based on country circumstances, such as emergency income support for households, temporary credit support schemes for SMEs and the self-employed, targeted sectoral support, and ensuring the flow of finance to the real economy. We commit to strengthen our efforts to reduce inequalities, including by considering the redistributive impact of our recovery strategies. We welcome the Global Partnership for Financial Inclusion's constant effort to monitor member countries' progress to facilitate the continued flow of remittances, and to support country-led actions to reduce average remittance transfer costs towards the targets committed by G20 Leaders over the years, to support receiving countries through the crisis.

4. We commit to cooperate and share experiences and analysis, and task the relevant International Organizations to provide policy advice on the appropriate timing, pace, and mode of exiting from crisis-related policies, in a way that supports the global recovery. We further task the relevant International Organizations to monitor and report on the recovery processes of G20 members, international spillovers and emerging global risks, through their surveillance mechanisms and in consultation with members. We acknowledge the need of clear communication of policies to mitigate adverse spillovers.

5. We acknowledge the important role of open and fair rules-based trade in restoring growth and job creation. We concur with Trade Ministers that any emergency trade measures designed to tackle COVID-19, if deemed necessary, are targeted, proportionate, transparent, temporary, reflect our interest in protecting the most vulnerable, do not create unnecessary barriers to trade or disruption to global supply chains, and are consistent with World Trade Organization rules. We continue to work to realize the goal of a free, fair, inclusive, non-discriminatory, transparent, predictable, and stable trade and investment environment and to keep our markets open, including to assist in the recovery from the economic, and social impacts of the pandemic. We will continue to take joint action to strengthen international cooperation and frameworks.

6. We remain committed to following the Financial Stability Board's (FSB) principles on the response to COVID-19. We will also continue to: (i) monitor, assess, and where appropriate address, potential vulnerabilities in the global financial system; and (ii) take stock of the lessons learned during the pandemic and identifying areas where further improvements could be achieved. We look forward to the FSB's work aimed at strengthening the resilience of the non-bank financial intermediation sector, with a systemic perspective. We commit to a timely and effective implementation of the *G20 Roadmap* for attaining cheaper, faster, more transparent and more inclusive cross-border payments services, including remittances, all the more needed in this time of pandemic.

7. We will strengthen the G20 global risk monitoring, coordinating across relevant bodies, including by further integrating the spillover effects, economic and financial risks of pandemics, drug resistant infectious diseases, non-communicable diseases, natural disasters, climate, environmental and other high-impact tail risks more systematically into the G20's global risk monitoring and preparedness to enhance resilience against future shocks.



8. We reiterate our commitment to re-double our efforts to promote quality infrastructure investment and accelerate efforts to mobilize private sources of infrastructure financing for our recovery strategies, especially towards job-intensive and productivity-enhancing sectors, including greener and digital infrastructure. Taking into account country circumstances, we will strive to provide resilient, sustainable and well-maintained infrastructure, particularly by exploring innovative financing instruments to bridge the infrastructure financing gap, in order to ensure the availability and provision of reliable and inclusive infrastructure services over the assets' lifecycle.

9. We commit to promoting a more inclusive financial system through support for the development of responsible digital financial services. We will continue to support digital financial literacy, as well as efforts to ensure that frameworks for conduct supervision and the protection of financial consumers (particularly vulnerable and underserved) and Micro, Small and Medium Enterprises are adequate to the challenges of the digital world.

Pillar III – Supporting Vulnerable Economies

1. We will further step up our support to vulnerable countries as they address the challenges associated with the COVID-19 pandemic. We call on the International Monetary Fund (IMF) to make a comprehensive proposal for a new Special Drawing Rights (SDR) general allocation of USD 650 billion to meet the long-term global need to supplement reserve assets. A new allocation would enhance global liquidity and will help the global recovery, building on the assessment made by the IMF in 2016. We also invite the IMF to present proposals to enhance transparency and accountability in the use of the SDRs while preserving the reserve asset characteristic of the SDRs. In parallel, we ask the IMF to explore options for members to channel SDRs on a voluntary basis to the benefit of vulnerable countries, without delaying the process for a new allocation.

2. We will continue addressing debt vulnerabilities. We will act upon our agreement as stated in the April 2021 G20 Finance Ministers and Central Bank Governors' Communiqué and in the *Common Framework for Debt Treatment beyond the DSSI* annexed to the G20 Finance Ministers and Central Bank Governors' statement of November 2020.

3. We support the ongoing work of the IMF, the World Bank and Regional Development Banks, to continuously adapt their response to the evolving stages of the crisis. We welcome the Poverty Reduction and Growth Trust (PRGT) Borrowing Agreements already announced and call for more contributions to adapt the PRGT's lending capacity. We look forward to discussing a new medium-term PRGT strategy to provide support to Low-Income Countries (LICs) and we welcome the increase of resources allocated to the Catastrophe Containment and Relief Trust (CCRT). Other resources and contributions are sought for both instruments.

4. We welcome Multilateral Development Banks (MDBs) USD 230 billion commitment between April 2020 to mid-2021 to emerging countries and LICs as a response to the pandemic, and encourage them to continue providing net-positive flows to Debt



Service Suspension Initiative (DSSI)-eligible countries. We ask the MDBs to provide further details on the new resources provided to each eligible country. In recognition of the critical role of the International Development Association (IDA) we welcome advancing IDA20 by one year. An ambitious and successful IDA replenishment by December 2021, underpinned by a strong policy framework, will support a green, resilient, and inclusive recovery in IDA countries as they address both the immediate and longer-term impacts of the pandemic. We call on IDA to explore how to further use its own balance sheet to unlock additional resources for IDA countries in a sustainable manner, while maintaining its AAA rating. We welcome the IMF financial support of USD 107.4 billion to 85 countries since the onset of the crisis. We welcome the IMF analysis of the external financing needs in LICs in the coming years and sustainable financing options. We look forward to the World Bank Group proposals to scale up its work and deploy instruments in new ways to mobilize private financing to these countries.

5. We reiterate our support to further enhancing policy and operational coordination across all relevant International Organizations at multilateral, regional and country level. We will further discuss how to maximize the development impact of policy-based lending, building on the *G20 Principles for Effective Coordination between the IMF and MDBs*. We look forward to MDBs' update on the progress achieved in implementing country-owned pilot platforms, including their further work to build over time a common understanding among them of how "core standards" should be defined and implemented. Building on the upcoming MDBs progress report on the implementation of the *G20 Action Plan on Balance Sheet Optimisation*, we encourage considering potential new measures to maximize the impact of development resources while protecting MDBs' current credit ratings.

6. We will also continue to enhance financial resilience, including through harnessing the benefits of capital flows while managing the associated risks including negative spillovers effects, developing local currency bond markets and domestic capital markets, and promoting greater financial inclusion. In this sense, we look forward to the 2021 review of the IMF Institutional View on the Liberalization and Management of capital flows.

7. We reiterate our commitment to a strong, quota-based and adequately resourced IMF at the center of the Global Financial Safety Net. We remain committed to revisiting the adequacy of quotas and we 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 tools provided by Regional Financing Arrangements (RFAs) and call for further progress to continue the close cooperation between IMF and RFAs.

8. We will further examine ways to improve the architecture for sovereign debt restructuring involving private sector creditors.

Pillar IV – Protecting the Planet

1. We commit to orienting our recovery strategies in such a way to promote transitions towards greener and more inclusive societies. We encourage International Organizations



to monitor recovery strategies and provide further analysis on the impact of climate change and de-carbonization measures on growth and employment, in line with their respective mandates. We recognize that climate finance, technology transfer and investment in innovative technologies and in sustainable infrastructure can boost productivity and improve resilience and inclusiveness in the long term. We also concur that closer international coordination can support a green recovery and provide incentives for energy innovation. To this end, we agree to examine measures such as fiscal, market and regulatory mechanisms to support the adoption of clean energy sources. We reaffirm the joint commitment on medium-term rationalization and phasing out of inefficient fossil fuel subsidies encouraging wasteful consumption, while providing targeted support for the poorest and the most vulnerable.

2. We recognize the role of sustainable finance in promoting just transitions towards a greener economy, creating new opportunities for the financial sector and mobilizing resources towards sustainable activities. We look forward to the work of the Sustainable Finance Working Group on developing, in a collaborative manner, an initial evidence-based climate-focused G20 sustainable finance roadmap, improving sustainability reporting, identifying sustainable investments, and aligning IFIs' efforts with the Paris Agreement. We will strive to identify gaps in data on climate-related financial risks and we agree on the importance of promoting globally comparable standards of disclosure for sustainability reporting, building on the FSB's Task Force for Climate-related Financial Disclosures recommendations.

3. We encourage IFIs to step up their efforts in supporting the green transitions. We call on the MDBs to pursue their commitment to align their financial flows with the United Nations 2030 Agenda and the Paris Agreement and to further invest in supporting countries in developing and implementing their nationally determined contributions and long-term low carbon development strategies, within an appropriate timeframe. Similarly, the IMF should explore ways to further incorporate climate change in its macro-economic analyses and surveillance frameworks in a manner consistent with its overall mandate.