



Outcome of first G20 Finance Ministers and Central Bank Governors Meeting

1 March 2021

At their meeting on 26 February, G20 Finance Ministers and Central Bank Governors committed to maintain the exceptional support measures in face of the Covid-19 pandemic and took steps toward G20 actions on “*equitable access*” to vaccine and treatments, on financing for development, sustainable finance, fair taxation and on climate change. While no communiqué or statement was released, the [summary by the Italian chair](#) suggests a number of good points, raising expectations of this year Italian presidency.

Historically, the G20 finance is the central body of the G20 process. Its key mandate is to ensure coordination of fiscal and macroeconomic policies to support growth. At their meeting last week, Ministers committed not to repeat the mistakes of the past and “*concurred that a premature withdrawal of the support measures should be avoided*”. The G20 Finance also announced the release of a revised “G20 Action Plan” in April, which would focus on “*pre-existing challenges*” to the Covid-19, such as low productivity growth, rising inequality, climate and environment-related risks, and the infrastructure financing gap. On climate specifically, the G20 will hold a dedicated conference in July.

The G20 also re-established its Sustainable Finance Study Group, which is much welcome and could help trigger positive changes around financing climate and development, mainstreaming responsible investment practices and curbing short termist speculative behaviours.

The G20 Finance made commitments on vaccines, development countries’ debt, and on taxation. Granting “*equitable access to safe vaccines diagnostics and therapeutics for all countries is a top priority*” of the G20 Finance, we are told. A G20 High Level Independent Panel is set up to that end and should guide towards the joint Health and Finance Ministerial discussions on 29-30 October, back to back to the G20 Leaders Summit.

On debt and financing development, Ministers support the effective implementation of the G20 Common Framework on Debt Treatment and of the Debt Service Suspension Initiative. They also call upon the IMF and World Bank “*to explore additional tools to meet long-term global financing and reserve needs*”. Whether this mandate would help revive the discussion on innovative form of finance, including a Financial Transaction Tax, remains to be seen.

On fair taxation, they re-affirmed support for an agreement in July on the OECD-led Inclusive Framework proposals to set new tax rules for digital businesses and for corporate brands (“pillar” 1) and, importantly for labour, a minimum tax floor (“pillar” 2). The prospects of such agreement are increased with the new US Administration withdrawing its “safe harbour” precondition, which otherwise would have substantially weakened pillar 1 of negotiations.

The G20 finance also endorsed the deliverables and work programme of the Finance Stability Board, as [reported by FSB Chair Randal K. Quarles](#) including on (i) resilience of the nonbank financial intermediation, (ii) G20 roadmap for enhancing cross-border payments, (iii) climate-related financial risks and to promote more consistent climate-related disclosure and (iv) digitalization in payments and other financial services.