G20 – Finance Track Work Programme in 2017 & State Contingent Bonds

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Banque de France
Workshop on GDP-linked Securities
Paris, 10 March 2017
AGENDA

1) The German G20 Presidency

2) Key topics within the G20 Finance Track

3) State contingent debt instruments
Building Resilience
- Global Economy
- International Financial Architecture
- Financial Markets
- International Taxation
- Trade and Investment
- Employment

Improving Sustainability
- Climate and Energy
- 2030 Agenda
- Digitalisation
- Health
- Empowering Women

Assuming Responsibility
- Tackling the causes of displacement
- Compact with Africa
- Combatting Terrorism-Financing / Anti-money laundering
- Anti-corruption
- Food Security
AGENDA

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Overview of Work Programme in Finance Track

• Ensure continuity on key issues of G20 agenda in Finance Track
  → Basis for substantial progress in G20

• Aiming for targeted multi-year work programmes
  → Close cooperation with our Troika partners China and Argentina

• 3 Priorities Finance Track in 2017
3 Priorities in Finance Track

1. Enhancing Resilience
   - ... by structural reforms for strong, sustainable growth & resilience
   - Put public and private debt on a sustainable path, reduce reliance on credit-financed growth

2. “Compact with Africa”
   - Enhance prospects for private investment => investment compacts
   - Conference on Africa with focus on private investment and infrastructure

3. Shaping Digitalisation
   - Reaping the benefits of digitalization, in particular in the financial sector while also taking into account potential risks
   - Contribution of financial innovation to financial inclusion / financial literacy
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Call for work by Finance Ministers and Central Bank Governors

“We call for further analysis of the technicalities, opportunities, and challenges of state-contingent debt instruments, including GDP-linked bonds, and ask the IMF, working with interested members, to report back on these issues to G20 Finance Ministers and Central Bank Governors in 2017.”

Communiqué, G20 FM&CBG Meeting, Chengdu.(Jul. 23-24, 2016)
SCDIs as subject of G20 (-IFA*) Discussions

- **Objective:** Improve debt sustainability and resilience by innovative forms of sovereign borrowing => state-contingent debt instruments
  - Avoid or mitigate phenomena of cyclical indebtedness
  - Work as automatic stabilizer by link to e.g. GDP

- Special focus on **GDP-linked bonds** which offer symmetric risk-sharing
  - Potential benefits to sovereigns and the global financial system
  - Costs and mitigating factors of potential challenges
  - Possible parameters/designs of this instrument

*International Financial Architecture as component of the “Building Resilience-Agenda”*
SCDIs to be discussed in Baden-Baden

Overview of events – Finance Track 2017
Thank you for your attention!

Contact

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