

G7 Finance Ministers and Central Bank Governors' Communiqué

Stresa, 23-25 May 2024

We, the G7 Finance Ministers and Central Bank Governors, met on 23-25 May 2024 in Stresa, Italy. We were honoured to be joined by the Ukrainian Finance Minister Sergii Marchenko. The Heads of the International Monetary Fund (IMF), World Bank Group (WBG), Organisation for Economic Cooperation and Development (OECD) and Financial Stability Board (FSB) also took part in the meeting.

We also held an outreach session with Brazil, Mauritania (representing the African Union), the Republic of Korea, and Saudi Arabia. Over the course of this session, we exchanged views on the global implications of Artificial Intelligence, ongoing initiatives for development and cross-border payments, and agreed to continue working in close cooperation in relevant multilateral fora, such as the G20. As the international community faces multiple challenges that require a coordinated response, we renewed our commitment to multilateral cooperation to foster sustainable development. Our discussions were informed by valuable contributions from the Heads of the African Development Bank (AfDB), Gavi, the Vaccine Alliance, the Committee on Payments and Market Infrastructures' (CPMI) Secretariat and the Financial Action Task Force (FATF).

Global outlook and developments

1. The global economy has shown greater resilience than expected against multiple shocks including the COVID19 pandemic, Russia's war of aggression against Ukraine, and the associated inflationary pressures. Labour markets remain relatively robust, and inflation has continued to moderate, although core inflation is showing some persistence, notably in the service sector. However, global economic growth is likely to remain below its historical average and heterogeneous across countries and regions. The economic outlook remains subject to risks amid the threat of escalating geopolitical tensions and volatile energy prices. Russia's war of aggression against Ukraine and the critical situation in the Middle East could further disrupt international trade flows, the smooth functioning of supply chains, and living conditions.

2. Over the past four years, fiscal and monetary policies have mitigated the macroeconomic impact of the COVID19 pandemic and of the negative spillovers caused by Russia's war against Ukraine. Our policy efforts will continue to focus on innovation and the promotion of just green and digital transitions, as well as other key policy priorities. Catalysing investments towards the green and digital transitions will also support productivity growth. Gradually rebuilding fiscal buffers is a key priority to strengthen fiscal sustainability and create more space to respond to new shocks, while continuing to protect the most vulnerable and making needed investment to promote sustainability and resilience, complemented by an ambitious structural reform agenda to enhance growth potential. Price and financial stability are a pre-requisite for sustainable and balanced growth. Central banks remain strongly committed to achieving price stability in line with their respective mandates

and will continue to calibrate their policies in a data-dependent manner. We reaffirm our May 2017 exchange rate commitments. We reiterate our commitment to sound and well-communicated macroeconomic and structural policies, while endeavouring to limit negative spillovers through clear communication.

3. We also reiterate our strong commitment to a free, fair, and rules-based multilateral system. Building on the legacy of the Japanese G7 Presidency, we will advance our cooperation to enhance global economic resilience and economic security and protect our economies from systemic shocks and vulnerabilities. To this end, we will work to make our supply chains more resilient, reliable, diversified, and sustainable, and to respond to harmful practices, while safeguarding critical and emerging technologies. We will consider, when necessary, appropriate measures to promote de-risking and diversification of supply with partners within and beyond the G7. We will enhance cooperation to address non-market policies and practices and distortive policies including those leading to overcapacity through a wide range of policy tools and rules to ensure a global level playing field. While reaffirming our interest in a balanced and reciprocal collaboration, we express concerns about China's comprehensive use of non-market policies and practices that undermines our workers, industries, and economic resilience. We will continue to monitor the potential negative impacts of overcapacity and will consider taking steps to ensure a level playing field, in line with World Trade Organization (WTO) principles. In addition, we encourage efforts from relevant International Organizations (IOs) to improve the quality and availability of data on industrial policy and non-market practices as well as monitoring tools in this area. We support work, in collaboration with other relevant tracks, to assess the macroeconomic impact of subsidies and other industrial and trade policy measures globally, based on comparable information; and to promote a dialogue with third countries on issues related to industrial policies, economic fragmentation, market concentration risks and overcapacity.

4. To achieve these goals, we will enhance cooperation with the aim of advancing a G7 dialogue between relevant ministries regarding global trends, policy responses and their implications. Where appropriate and relevant, we will engage partners beyond the G7, in addition to IMF, WBG, WTO, and OECD.

5. More than two years since Russia's illegal, unjustifiable, and unprovoked full-scale invasion of Ukraine, Russia's war of aggression continues to cause immense human and economic losses in Ukraine and neighbouring countries, as well as negative spillover effects on the global economy, including through elevated energy and food prices. We stand united in condemning once again Russia's war of aggression, and in calling on Russia to immediately end it. This will benefit Ukraine and the international community at large. We also condemn in the strongest terms Hamas' brutal terrorist attack against Israel on 7 October 2023. We are deeply concerned about the devastating and growing humanitarian crisis in Gaza. Stressing that urgent action is needed, we will continue to cooperate in delivering vital humanitarian assistance to Palestinians in need and to provide support for civilians and economies in the region that are adversely impacted by the conflict and its spillover effects. Noting the humanitarian and economic risks posed by a regional escalation, including through disruptions to international shipping, we reiterate our call for stability in the broader region. Maintaining economic stability in the West Bank is also critical for regional security. We call on Israel to take the necessary measures to ensure that correspondent banking services between Israeli and Palestinian banks remain in place, so that vital financial transactions and critical trade and services continue; to release withheld clearance revenues to the Palestinian Authority, in view of its urgent fiscal needs; and to remove or relax other measures that have negatively impacted commerce to avoid further exacerbating the economic situation in the West Bank.

Support for Ukraine

6. We salute once more the bravery and resilience of the Ukrainian people and reaffirm our unwavering support for Ukraine for as long as it takes. We remain strongly committed to helping Ukraine meet its urgent short-term financing needs, as well as coordinating its long-term recovery and reconstruction priorities (currently estimated by the WBG at almost USD 486 billion over 10 years), including within the Multi-Agency Donor Coordination Platform. In this context, we strongly welcome the approval by the United States of the Ukraine Security Supplemental Appropriations Act, which includes USD 61 billion in economic and military support to respond to Russia's war against Ukraine. We also welcome the disbursement to date of EUR 6 billion of bridge financing to Ukraine under the EUR 50 billion EU Ukraine Facility, as well as the recent EU approval of the "Ukraine Plan", which will be the basis for regular assistance to Ukraine under the Facility and will mobilise public and private investments for its urgent economic recovery and reconstruction, also in view to Ukraine's future accession to the EU. In addition, we welcome the announcement by the United Kingdom of support for Ukraine totalling GBP 3 billion per year until 2030, or for as long as it takes; Japan's approval of additional USD 2 billion budget support for 2024; and the additional CAD 4.2 billion in military, development and financial aid recently announced by Canada. Building on the positive completion of the first three reviews of the IMF Extended Fund Facility (EFF) Program for Ukraine, and on the enduring commitment of the Ukrainian authorities to reform under challenging circumstances, we look forward to a successful completion of the fourth EFF review in June. We also support Ukraine's efforts to reach a timely debt-treatment agreement with its private creditors, in line with its IMF Program. We look forward to the Ukraine Recovery Conferences, to be hosted in Berlin in 2024 and in Rome in 2025.

7. Our financial and broader economic sanctions are already having a clear impact in restricting Russia's ability to fund and support its illegal invasion of Ukraine. We remain committed to tightening compliance with and enforcement of the Oil Price Cap while maintaining the stability of global energy markets. We will respond robustly to price cap violations, including by sanctioning those engaged in deceptive practices while transporting Russian oil and taking action against the networks Russia has developed to extract additional revenues from evasion. We are also committed to further financial and economic sanctions to reduce Russia's sources of revenue and capacity to wage war against Ukraine, including continuing to target Russia's energy revenue and future extractive capabilities. We will counter attempts to evade or circumvent sanctions, including through facilitation of Russia's defence industry procurement efforts by financial institutions. Financial institutions and other entities that facilitate Russia's acquisition of items or equipment for its defence industrial base are supporting actions that undermine the territorial integrity, sovereignty, and independence of Ukraine. Where appropriate, we stand ready to impose sanctions on individuals and entities that help Russia acquire advanced materials, technology, and equipment for its military industrial base. We are also re-doubling our domestic efforts to make sure that companies and financial institutions in G7 countries are not party to Russia's circumvention schemes. We strongly condemn the increasing military cooperation between North Korea and Russia, in direct violation of relevant UNSCRs. We call upon Iran to stop assisting the Russian military and its war on Ukraine. We express our concern about transfers to Russia from firms around the world, including those in China, of dual-use materials and components for weapons and equipment for military production.

8. We welcome the EU decision to direct extraordinary profits stemming from immobilised Russian sovereign assets for the benefit of Ukraine. Following up on the G7 Leaders' Statement of 24 February 2024, we are making progress in our discussions on

potential avenues to bring forward the extraordinary profits stemming from immobilized Russian sovereign assets to the benefit of Ukraine, consistent with international law and our respective legal systems, with a view to presenting options to provide additional financial support to Ukraine to our Leaders ahead of the Apulia Summit in June. We reaffirm that, consistent with our respective legal systems, Russia's sovereign assets in our jurisdictions will remain immobilized until Russia pays for the damage it has caused to Ukraine.

Financial Sector Issues

9. Given a range of risks to the global outlook, we reiterate that a continued focus on financial stability and regulatory issues remains vital to ensure the effective functioning of the financial system. We underline the importance of work carried out by the FSB and the Standard-Setting Bodies (SSBs) to identify and monitor vulnerabilities in the financial system and develop policies to address them.

10. We strongly support the FSB's ongoing work to enhance the resilience of the non-bank financial intermediation (NBFIs) sector by addressing vulnerabilities associated with liquidity mismatches, leverage, pro-cyclicality, and interconnectedness. This work is aimed at mitigating potential systemic risks stemming from the NBFIs sector which may trigger or amplify adverse shocks, cause contagion, and eventually jeopardise its ability to provide sustainable financing to the economy. We welcome the recent publication of the FSB Revised Policy Recommendations to Address Structural Vulnerabilities from Liquidity Mismatch in Open-Ended Funds (OEFs). The recommendations aim to strengthen liquidity management by OEF managers by providing greater clarity on the redemption terms they can offer to investors based on the liquidity of their asset holdings, and to achieve greater and more consistent use of liquidity management tools (LMTs). We commit to implementing such recommendations, together with International Organization of Securities Commissions' guidance on anti-dilution LMTs. We also welcome the FSB Thematic Review on Money Market Fund (MMF) Reforms. We reiterate the need to adopt policies, if not already done so, in line with the agreed FSB framework and toolkit to ensure resilience of MMF. We look forward to the finalisation of the FSB proposals to strengthen liquidity preparedness for margin and collateral calls and the SSB's related proposals. We encourage ongoing FSB efforts aimed at improving the information and data available to authorities and market participants for monitoring leverage and calibrating policies to address the related risks.

11. We remain committed to strengthening cyber resilience in the financial sector, also against the background of heightening geopolitical tensions and in the context of hybrid threats. Cyber threats are evolving rapidly and becoming increasingly sophisticated. Emerging technologies, like Artificial Intelligence (AI) and quantum computing, provide new opportunities but also pose new challenges that are not yet fully understood. Besides regulation and supervision, it is crucial to promote sound cooperation and information sharing among relevant public and private stakeholders. Adoption of guidelines, deeper analysis of emerging risks, and cyber exercises are important building blocks of an effective strategy and should also inform the international coordination of responses and sharing of key information. In this respect, we welcome the successful completion of the cross-border coordination exercise that the G7 Cyber Expert Group (G7 CEG) conducted on 16 and 17 April 2024, and we ask the G7 CEG to further advance its work to improve the financial sector's preparedness and response capacity to cyber threats.

12. As G7 Members, we welcome initiatives to take forward the G20 Roadmap to enhance cross-border payments that aim to contribute to faster, cheaper, more transparent, and more inclusive cross-border payments, while maintaining their safety, resilience, and financial integrity. Improving cross-border payments should benefit both advanced

economies and emerging markets and developing economies (EMDEs), contribute to financial integration, and counter the risk of market fragmentation. A variety of technological solutions to improve payment system infrastructure and arrangements are emerging that differ in terms of technical and design features, and in the degree of involvement of the public and private sectors. The G7 supports responsible innovation that enables interoperability among new and existing cross-border payment systems. We emphasise that such solutions should embed widely shared values of the International Monetary and Financial System, including appropriate transparency, the rule of law and sound economic governance. They should also support a level playing field for private sector competition and innovation, and the observance of relevant international standards, such as the Principles for Financial Market Infrastructures and FATF Standards on combating money laundering and terrorist financing, as well as the financing of proliferation of weapons of mass destruction. Hence, we look forward to further discussions to explore and promote such solutions and aim to support technical assistance and capacity building for the development of fast payment systems, while making progress towards connecting them, as appropriate, as they continue to develop and gain momentum. We also reaffirm our support for international cooperation within the G7 and beyond, in particular with EMDEs through the G20 Roadmap. In this context, we strongly support ongoing work by the CPMI, including a report on governance and oversight of fast payment systems interlinking arrangements, and look forward to the FSB recommendations to reduce frictions resulting from differences in frameworks for data related to cross-border payments, which will be critical to meet the quantitative targets under the G20 Roadmap.

13. The safety, efficiency and integrity of payment system are key foundations. In light of increasing demand from EMDEs for policy guidance and capacity development, we welcome the IMF's work on the "CBDC Handbook" which will help EMDEs consider the potential risks, costs, and benefits of CBDCs in the context of other payment innovations. We encourage the IMF to continue to develop and update the chapters of the handbook to incorporate the latest findings.

14. We reiterate the importance of stepping up global efforts to combat money-laundering, terrorist financing and proliferation financing, as well as our commitment to supporting the FATF and its Regional Bodies in overseeing the implementation of the FATF standards across the global network, including in the next round of mutual evaluations. We also support the FATF's initiatives on accelerating global implementation of its standards on virtual assets, including the recent publication of the implementation status table, and its work on emerging risks, including from DeFi arrangements and peer-to-peer transactions. We reaffirm our support for the G20 Roadmap on Crypto Assets and our commitment to implement effective regulatory and supervisory frameworks consistent with the FSB's recommendations and standards and guidance established by SSBs. In addition, we commit to the timely and effective implementation of the revised FATF standards on the transparency of beneficial ownership of legal persons and legal arrangements and on asset recovery. We also support the G20 Global Partnership for Financial Inclusion in its work for advancing financial inclusion of individuals and Micro-, Small-, and Medium- Enterprises (MSMEs).

Artificial Intelligence

15. We recognize the potentially transformative role of AI for our economies and societies. AI offers novel opportunities for productivity growth, but it also brings new risks and policy challenges, notably for the labour market and financial stability for example the potential for herd behaviour and an increase in the frequency of exogenous financial shocks.

We will advance our discussion on AI's economic potential, and on how to leverage AI to increase productivity and growth while supporting a human-centred approach and enhancing well-being. AI also offers new opportunities to improve the quality of public services, the efficiency of the public administration, and the effectiveness and fairness of tax collection. We will share experiences among finance ministries and central banks to forge a common G7 view on how to leverage the potential of AI while closely monitoring and mitigating adverse effects and risks. We will continue work to deepen our understanding of how AI affects the economy and the financial sector and how to ensure that our institutions are equipped to deal with AI, with a focus on the following shared policy agenda: macroeconomic impact and scenarios, measurement challenges, impact on fiscal policy and on financial stability, implications on the required skills of the labour force, and environmental sustainability.

16. Furthermore, we recognize that AI offers significant opportunities for social and economic progress, including in developing countries, in crucial sectors like health, education, and agriculture. However, we also recognize that there is a risk of further divergence among countries if competition, distributional and displacement effects are not properly addressed and, in particular, if enabling conditions are not in place. We are committed to continue these discussions and we invite International Financial Institutions to keep working on these issues, within their mandates, to assess the macroeconomic implications of AI adoption and to help developing countries take advantage of the opportunities of AI while mitigating risks.

Health and Finance

17. We reaffirm our strong commitment to strengthening the governance and finance of the global health architecture (GHA). In this regard, we welcome the ambitious plan and renewed focus of the World Bank on achieving Universal Health Coverage (UHC) in line with the targets of the UN 2030 Agenda, by improving affordability, expanding its geographic reach, and increasing the scope of services, as well as the recent announcement to establish the UHC Knowledge Hub. We strongly encourage cross-collaboration and harmonization of efforts with other Global Health Initiatives (GHIs), including a focus on pandemic Prevention, Preparedness and Response (PPR) and on strengthening domestic health systems. With reference to the upcoming refinancing processes of several GHIs, such as Gavi, the Vaccine Alliance, the World Health Organization (WHO), and the Global Fund to Fight AIDS, Tuberculosis and Malaria, we call on the donor community to coordinate efforts and increase investments, in line with their capacities, in order to ensure sustainable funding and maximize the impact of available resources. We reiterate our support to the Pandemic Fund and encourage the expansion of its donor base, as well as further contributions.

18. We welcome progress made on response financing since last year's G7 Shared Understanding on Enhanced Finance-Health Coordination and pandemic PPR Financing, including the development of new financing instruments to enhance coordination and allow for a quick and efficient deployment of funds, such as Gavi's Day Zero Pandemic Financing Facility, and the WBG's focus on pandemic preparedness as part of the evolution agenda, including an expanded Crisis Preparedness and Response Toolkit. We remain committed to continue exploring innovative mechanisms for response financing to address remaining functional gaps, in close coordination with the G20 Joint Finance-Health Task Force (JFHTF). We also welcome the collaboration efforts of the participating G7 Development Financial Institutions, along with the European Investment Bank and the International Finance Corporation, in establishing a Partnership Framework to effectively provide surge

financing for procurement, production, and delivery of safe, effective, quality and affordable medical countermeasures (MCMs) in low- and middle-income countries. We encourage further work to ensure all these initiatives can collectively support the procurement of MCMs for multiple countries.

19. Acknowledging that the coordination framework between the IMF, the World Bank and the WHO is close to finalization, we call for the conclusion of the process and the prompt operationalization of the pandemic preparedness component of the Resilience and Sustainability Trust (RST). We will also continue discussing instruments to tackle antimicrobial resistance (AMR) at domestic and global level, and to promote research, including into new antimicrobials as well as alternatives to their use, through push and pull incentives, taking into consideration the outcomes of the UNGA High Level Meeting on AMR this September.

Green Transition

20. We reiterate our commitment to paving the way for the global transition toward a net-zero economy and to implementing effective policy frameworks to mobilise the substantial public and private investment that will be necessary to achieve that goal. We recognise the importance of international cooperation to minimise any negative spillover effects from asymmetric policies. We agree that countries' policy mix for a just transition should be designed in a way that encourages innovation, finance and investment in green technologies, reflects equity considerations, and promotes social and political support for climate action.

21. With these objectives in mind, we welcome a Finance Track Menu of Policy Options for a Just Transition towards Net Zero, developed by the Finance track, also based on the analytical support of the IMF, the WBG and the OECD, which focuses on five key aspects: (i) the impact of climate policies and green investment on growth, productivity and innovation; (ii) exploring carbon pricing potential, amongst other policy options, in pursuing long-term decarbonisation while dealing with the costs of transition in the short run; (iii) the distributional impact of climate policies, (iv) ways to foster the legitimacy and political acceptability of climate action, and (v) fostering international cooperation, including by improving the assessment and measurement of carbon leakage risks, and on ways to mitigate them. We also reiterate our support for the OECD's Inclusive Forum on Carbon Mitigation Approaches work in promoting international cooperation on carbon intensity measurement.

22. We underline the benefits of enhancing the availability, comparability and credibility of robust and science-based, transition-related information, including from greater consistency and transparency of transition plans both in the financial sector and the real economy, and forward-looking metrics that can provide information on credible transition pathways for both the public and private sectors. We welcome the International Sustainability Standards Board (ISSB) standards for reporting on sustainability and for climate-related disclosures and underline the importance of working towards globally interoperable sustainability disclosure frameworks.

23. G7 central banks, taking advantage of the network of modelling experts, in cooperation with the Network for Greening the Financial System and other international organizations, will continue to increase the understanding of the macro-financial implications of climate change and the transition to net-zero, as relevant to their specific mandates, including impacts on inflation and economic activity both in the short and long term, as well as their cross-border consequences and potential spillover effects.

24. Climate change is testing the resilience of our economic and financial systems, through more frequent, severe, and unpredictable natural hazards. Narrowing the natural catastrophe insurance protection gap requires a collaborative effort between multiple parties, including governmental actors at all levels, regulators, insurance supervisors, insurers, and re-insurers, in a wide range of areas including incentivising risk reduction and prevention and improving risk awareness and financial literacy. Among viable measures to increase insurance coverage, multi-stakeholder collaboration could take the form of public-private natural catastrophe insurance schemes involving relevant information and data sharing, risk-sharing as well as public and private financing. To support policymakers, regulators and insurance supervisors when considering the development of such programmes, we welcome a High-Level Framework for Public-Private Insurance Programmes against Natural Hazards, developed by the Finance track with the OECD and the International Association of Insurance Supervisors. We also stress the importance of promoting regional disaster risk finance initiatives, including with a focus on the specific needs of vulnerable countries and emerging markets.

International Tax Cooperation

25. We reiterate our strong political commitment to establish a more stable and fairer international tax system fit for the 21st century. The implementation of the Two-Pillar Solution is our top priority, and we remain committed to finalising the work within the OECD/G20 Inclusive Framework with a view to signing the Multilateral Convention on Pillar One by the end of June 2024. We call on all members of the Inclusive Framework to make every effort toward this goal.

26. We welcome that an increasing number of jurisdictions have implemented or started the implementation of Pillar Two in their domestic legislation and support ongoing work to ensure consistent implementation. We look forward to the signing ceremony of the Multilateral Instrument for the implementation of the Subject-to-Tax-Rule later this year.

27. We welcome progress made on tax transparency and support the effective implementation of the Crypto Asset Reporting Framework by the relevant jurisdictions, with the aim of commencing first exchanges by 2027 or 2028 at the latest. We welcome the OECD “2024 Progress Report on Tax Co-operation for the 21st Century” and look forward to possible ways to further enhance the administrative co-operation and continue exchange of information for tax purposes.

28. Noting the discussions emerging in several fora, we remain committed to fostering international cooperation on tax issues, building on the existing achievements, with a broad participation of developing and developed countries. We will continue to work constructively with the Brazilian G20 Presidency to advance international tax co-operation. We will work to increase our efforts aimed at progressive and fair taxation of individuals.

29. With regard to the discussions at the UN Ad Hoc Committee to Draft Terms of Reference for a United Nations Framework Convention on International Tax Cooperation, we reiterate the importance of (i) consensus-based decisions to support a stable and predictable international tax system and promote an inclusive and effective international tax cooperation, (ii) prioritizing issues more likely to achieve consensus, and (iii) focusing on enhancing domestic resource mobilisation and capacity building in tax matters for countries in need.

Multilateral Development banks and support for Low-income Countries

30. We reiterate our firm commitment to evolve and strengthen MDBs to address the most pressing development and global challenges. We welcome further G20 discussions in line with our G20 Leaders' commitment to achieve better, bigger, and more effective MDBs, and we consider the evolution agenda as a key component of these discussions.

31. On the better and more effective dimensions, we encourage MDBs to work better as a system, to leverage their respective comparative advantages and to coordinate better to maximize impact, including through country platforms. We also call on MDBs to advance implementation of the G20 Recommendations on the use of policy-based lending calibrated for concrete and measurable impact, including by coordinating the design and implementation of policy, institutional, and regulatory reforms, particularly to remove constraints on private investment. In addition, we urge MDBs to step up their efforts to mobilize private capital, including through setting ambitious mobilization targets, aligning staff incentives, and transparent reporting, and to enhance domestic resource mobilization.

32. On bigger MDBs, we welcome that the G20 MDBs Capital Adequacy Framework (CAF) Review has already secured over USD 200 billion of prospective additional financing for the next ten years, and we look forward to further CAF implementation to unlock additional significant financing. In addition, we underscore the critical role the CAF Review has played and will continue to play in the increase of lending capacities of MDBs, and the design of innovative instruments such as hybrid capital and portfolio guarantees, for which the G7 and other donors have already demonstrated their support. Once approved domestically, the commitments of the G7 countries to these instruments will make it possible to further expand IBRD lending by around USD 68 billion over the next ten years. We also commend the AfDB for its successful first issuance of hybrid capital to market investors. We call for a continuing and ambitious implementation of CAF and look forward to even more responsible stretching of balance sheets and pursuit of innovative measures, while safeguarding MDBs' long-term financial sustainability, excellent credit ratings, and preferred creditor status along with the MDBs jointly exploring ways to better reflect the value of callable capital in their capital adequacy methodologies, including through further discussions with credit rating agencies. We recognize that G20 CAF implementation would maximize the leverage effect of any future capital injections, and we consider the Board of each MDB to be best placed to determine if and when a capital increase is needed, in addition to CAF measures, to address global and development challenges. MDBs boards and management could also consider establishing a process to assess the alignment of their resources with shareholders' strategic objectives at regular intervals.

33. We welcome the general capital increases and related policy commitments at the European Bank for Reconstruction and Development (EBRD) and Inter-American Development Bank Invest (IDB Invest) and look forward to the general callable capital increase at the AfDB.

34. We reaffirm the importance of continuing to provide significant concessional support to low-income countries. We call on the MDBs to better address fragility, conflict, and violence by investing in prevention, remaining engaged during conflicts, developing the local private sector and local financial markets, enhancing institutional and staff capacity and incentives to address fragility, and leveraging strategic partnerships, including with regional organisations.

35. We welcome the successful replenishment of the Asian Development Fund (AsDF14) and will support a successful International Development Association (IDA21) replenishment built on a strong policy and financing package that delivers ambitious outcomes. We also

look forward to fruitful discussions around the Mid-term review of the African Development Fund and commit to work toward a successful replenishment next year (AfDF17). We recognize that contributions from all stakeholders are needed, and we support efforts to broaden the donor base.

36. We also acknowledge calls to review the governance of Global Financial Institutions to strengthen their impact. We highlight recent progress in that direction, and we welcome discussions on appropriate roles and responsibilities across the system.

37. We support the ongoing G20 independent review of International Environmental and Climate Funds and look forward to the ensuing recommendations to streamline their processes and facilitate access to those resources by countries that are most vulnerable to climate change, as well as to increase financial leverage of donors' resources and the mobilization of private capital, including through working better with MDBs.

38. We stand ready to step up our efforts to address debt challenges in low- and middle-income countries. We look forward to the G20 improving the implementation of the Common Framework for debt treatments in a predictable, timely, orderly, and coordinated manner, providing more clarity to debtors and creditors and building on lessons learned. We look forward to the implementation of the Memorandum of Understanding (MoU) by official creditors for Zambia, and to final arrangements between Zambia and all private creditors. We look forward to the conclusion of the MoU agreement for Ghana and encourage the finalization of an IMF staff-level agreement for Ethiopia. Beyond the Common Framework, we welcome the advanced work towards the finalization of the MoU on debt treatment for Sri Lanka by the Official Creditor Committee. Building on the Sri Lanka case, debt vulnerabilities in middle-income countries should be addressed by enhancing multilateral coordination. We underline the importance of information sharing in debt restructurings, and we call on all stakeholders to improve debt data accuracy and transparency to secure credible and effective assessments and call on all major creditor's participation in data-sharing exercises. We encourage efforts to apply the comparability of treatment principle between official bilateral and private creditors.

39. We will also consider options to reinforce the resilience of low and vulnerable middle-income countries, by promoting multilateral coordination in connection with IMF/MDB support packages, with the aim of addressing financing challenges and advancing progress towards sustainable development goals while reducing the risk of future debt distress. A country-owned, multidimensional approach, encompassing efforts to improve domestic resource mobilization, ensure successful application of existing financing tools and activate, when needed, creditor coordination and private sector participation, could be supported by the IMF and the World Bank and further discussed by the G20.

40. We reiterate the importance of incorporating Majority Voting Provisions in private syndicated loan contracts. We welcome the development of Climate Resilient Debt Clauses (CRDCs) and encourage more creditors to offer CRDCs in loan and bond agreements. We encourage the Global Sovereign Debt Roundtable to continue its work, fostering a constructive and inclusive dialogue among all parties.

41. We recall our commitment to a strong, quota-based, and adequately resourced IMF at the centre of the Global Financial Safety Net and its catalytic role in promoting global macroeconomic and financial stability and helping members achieve sustainable and inclusive growth. We strongly support the IMF's commitment towards the most vulnerable, including through our contributions to the Poverty Reduction and Growth Trust (PRGT). We reiterate the call on all IMF members who are able to contribute, especially those that have not yet done so, to consider providing financial support. We look forward to a comprehensive

and timely review of the PRGT, and we are open to discussing all viable options, including the use of internal resources, to ensure the long-term financial self-sustainability of the PRGT and to help meet the growing needs of low-income countries. We welcome the interim review of the RST and its focus on resilience to climate change and pandemics. We support the creation of a 25th Chair at the IMF Executive Board for Sub-Saharan Africa, which will improve the voice and representation of this region.

42. We remain committed to provide the necessary support to developing countries, and in particular low-income economies, so they can enhance their taxation systems and enforcement capacity and make progress on Sustainable Development Goals. We emphasize the importance for developing countries of a swift implementation of the Two-Pillar Solution. We will continue to work together with international and regional organisations to exploit synergies and strengthen existing initiatives, such as the Platform for Collaboration on Tax and Tax Inspectors Without Borders.

Initiatives for Development with a focus on Africa

Manufacturing African Vaccine Manufacturing Accelerator

43. We support the creation of a sustainable ecosystem for pharmaceutical products along the whole value chain in Africa, which faces particular challenges in manufacturing and supply capacity, recognizing that a high reliance on imports has negative impacts on the availability and accessibility to essential medicines and vaccines. Developing sustainable manufacturing capacity is key to move towards equitable access to UHC and to enhance pandemic PPR. We commend our African partners for their leadership and efforts to enhance pharmaceutical manufacturing capacity and we remain committed to support the development of a sustainable regional industry, such as through the Team Europe Initiatives. We support the Italian Presidency's intention to gather information on G7 efforts to enhance pharmaceutical manufacturing capacity in African countries, as an important step to improve coordination and to set priorities for future action. We will also explore synergies and complementarity with the initiatives being discussed by G7 Health Ministers and in other fora and support these where relevant.

44. In response to our African partners' call to establish a sustainable vaccine development and manufacturing ecosystem and fill the gap between local demand and local production, we have further committed to support the Gavi's African Vaccine Manufacturing Accelerator (AVMA), initiated under the German G7 Presidency in 2022. We highlight AVMA's synergetic role and complementarity to the work of African institutions and governments and of other development partners. This will help to catalyze further investments and political commitment to support regional production efforts in Africa.

Resilient and Inclusive Supply-chain Enhancement partnership

45. We reaffirm the importance of supporting green energy transitions in developing countries, including in the African continent. We support low- and middle-income countries in playing a stronger role in the value chains of clean-energy products. Promoting diversification and resilience is instrumental to achieve global climate targets and to foster sustainable development. With this aim, we encourage ongoing progress on the Resilient and Inclusive Supply-chain Enhancement (RISE) partnership. In particular, we welcome current analytical work on a cluster of countries including Zambia, the Democratic Republic of the Congo, Burundi and Malawi – which has identified opportunities and challenges for the creation of clean-energy value chains – and that a Roadmap outlining technical

assistance to create an enabling investment climate has been developed with Zambia. We therefore call on the WBG to further implement this global initiative¹ and look forward to the launch of a Local Information Platform in Africa by the end of the year.

Alliance for Green Infrastructure in Africa

46. We support the Alliance for Green Infrastructure in Africa (AGIA) as an innovative financial mechanism of AfDB in partnership with the African Union, Africa50 and other development partners, aimed at mobilizing blended capital to design and develop a USD 10 billion bankable portfolio of transformative green infrastructure projects on the continent. The goal is to accelerate the energy transition, bridge the long-standing infrastructure gap and promote climate resilience. As G7 we will collectively contribute up to USD 150 million in grants, concessional and commercial capital to AGIA and we expect to help leverage around up to USD 3 billion of private sector investment in green infrastructures in Africa.

Forum on Well-Being

47. We look forward to the seventh edition of the OECD World Forum on Wellbeing, to be hosted by Italy in Rome on 4-6 November 2024. Building on the legacy of the Japanese Presidency, the Forum aims to promote internationally the adoption of policies fostering wellbeing, sustainability, and the reduction of inequalities, based on evidence and sound data measurement and analysis. The Rome event will focus in particular on the impact of climate change and AI on wellbeing, in line with the priorities of the G7 Finance track.

¹ A pilot local information platform was already launched in India.

Annexes

Annex I - Finance Track Menu of Policy Options for a Just Transition towards Net-Zero

Annex II - High-Level Framework for Public-Private Insurance Programmes against Natural Hazards

Annex III. 2024 Progress Report on Tax Co-operation for the 21st Century. OECD Report for the G7 Finance Ministers and Central Bank Governors

Initiatives for Development with a focus on Africa

Annex IV. The Rise Partnership Securing the Green Energy Transition is an Opportunity to Support Africa's Development. Update Note from the World Bank Group for G7 Finance Ministers and Central Bank Governors

Annex V. Alliance for Green Infrastructure in Africa. Note from the African Development Bank Group

Annex VI. African Vaccine Manufacturing Accelerator (AVMA). Background Note from GAVI for the G7 Finance Ministers and Central Bank Governors Meeting