

## **JOINT PRESS RELEASE**

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### **Ministers of Finance and Governors of Central Banks of G20 Countries Work Together on Solutions on the Current Global Economic Challenges**

**Washington DC, 20 April 2022 – Today, Wednesday (20/04), the G20 Finance Ministers and Central Bank Governors have finished their second meeting under the Indonesia Presidency. The Meeting was attended by G20 members, invitee countries, including Ukraine as well as international and regional organizations. In this meeting, the Finance Ministers and the Central Bank Governors continued the discussion on the agenda of the previous meeting in February 2022 in Jakarta, namely 1) the global economy and its risks; 2) global health issues; 3) international financial architecture, and 4) sustainable finance.**

On the war in Ukraine, the G20 members are deeply concerned about the humanitarian crisis and the economic impact. In addition, the G20 members shared a mutual view that **the war and its all related actions had and will further hinder the global recovery process**, in which low-income and vulnerable countries will be affected as they are already facing unresolved challenges, such as limited access to vaccines, limited fiscal space and high debt vulnerability. At the end of the day, countries around the world have to pay for the high cost of this war.

**During the press conference after the meeting, Indonesia's Finance Minister, Sri Mulyani, stated, "Members underlined the crucial role of the G20 as the premier forum for international economic cooperation to deal with the current multifaceted and complex global economic challenges. Members also supported the adaptation of the existing agenda to enable the G20 to address the economic impact of the war while also maintaining a commitment to address pre-existing global challenges and lead the world back to strong, sustainable, inclusive and balanced growth."**

**As the current G20 Presidency, Indonesia maintained open dialogues to reach consensus on critical issues affecting economic stability and growth.** To achieve this, Indonesia adopted a number of procedures that have been agreed upon since the previous presidencies. In this regard, Presidency have an obligation to invite all G20 members to attend the meetings and have effective discussions to find solutions. Its requires views from all members. **Indonesia has received full support from members to work together to overcome global challenges, while still carrying the main agenda of the Indonesian Presidency, *Recover Together, Recover Stronger*.** In the spirit of multilateralism, the members were able to reach a consensus at the second FMCBG meeting today.

On the **global economy agenda**, G20 members expressed concerns about the wider and persistent inflationary pressures. This condition will push central banks to increase their interest rate policies which in turn will result in faster-than-expected tightening of global liquidity. The G20 noted the importance of meeting the commitments in February on well calibrated, well planned and well-communicated exit strategy to support recovery and reduce potential spillovers. Governor of Bank Indonesia, Perry Warjiyo emphasized, "The role of the G20 is important by upscaling policies into the world level. Each country is not only focused only on

the impact of policies domestically in their country, but also on the recovery process in other countries." Thus, the normalization process is becoming increasingly facilitated in a well calibrated, well planned, and well communicated policy of the central banks, especially under current conditions."

The G20 members also stated that the geopolitical conflicts have made global growth and recovery much more complex. This has the potential to undermine efforts to address pre-existing global economic challenges, including health, pandemic preparedness and response, high debt in vulnerable countries, and climate change mitigation and adaptation. War also results in a humanitarian crisis and increases the prices of commodities, particularly energy and food.

**On the global health agenda**, members agreed that collective and coordinated action to control the pandemic remains a priority. G20 members noted that the increasing number of COVID-19 in several regions had hampered growth, disrupted supply chains, and increased inflation, as well as slowed down the global recovery. In this regard, based on the assessment of WHO and the World Bank, there is a significant financing gap that needs to be addressed.

The G20 has reached a consensus to address the gap by establishing a new financial mechanism dedicated to addressing the financing gap for pandemic preparedness, prevention and action. A Financial Intermediary Fund (FIF) housed at the World Bank is the most effective option for a new financial mechanism. In this case, to start the process of establishing the FIF, the Indonesian Presidency needs to oversee the discussion around governance issues and operational arrangements. The Indonesian presidency will target the new financial mechanism to be finalized before the G20 Health Ministerial level meeting in June. This will be one of the real implementations of the Indonesia's G20 Presidency agenda, as stated by President Joko Widodo.

**On International Financial Architecture**, the G20 members reaffirmed their commitment to support low-income and vulnerable countries, especially those who are at risk of experiencing debt distress. The G20 also welcomes the establishment of the Resilience and Sustainability Trust (RST) and further pledges for the fulfillment of its global ambition of USD 100 billion from voluntary contributions allocated to countries in need.

Given the current conjuncture, members acknowledged the crucial role of Multilateral Development Banks (MDBs) to support development financing in vulnerable countries and in increasing private sector participation. Members also shared their views on steps toward to enhance resilience and support recovery from volatility in capital flows and reaffirmed their commitment to strengthening the effective implementation of the Global Financial Safety Net by placing the IMF at its center.

The G20 will continue the process of IMF governance reform through the 16th General Review of Quota no later than 15 December 2023. The G20 also discussed progress on the implementation of the G20 Common Framework on Debt Treatment, and called for the next steps to be more timely, orderly and predictable. Members looked forward to the timely agreement of the debt treatment for Chad and the establishment of the Creditor Committee for Zambia..

Finally, on **the sustainable finance agenda**, the G20 members underlined that sustainable finance is critical for the recovery of a green, resilient and inclusive global economy and the achievement of the 2030 Agenda for Sustainable Development. G20 members discussed commitments reached in February to ensure the implementation of the G20 Sustainable Finance Roadmap. This includes developing a voluntary and non-binding

framework for transition finance, increasing the credibility of financial institution commitments, and developing policy tools to enhance sustainable financial instruments with a focus on improving accessibility and affordability. This consensus will greatly support one of the main targets of the Indonesia G20 Presidency in achieving a just and affordable energy transition.

The G20 Finance Ministers and Central Bank Governors will continue the dialogue at the **Third Meeting, which will be held in Bali on 15-16 July 2022.**

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