Introduction:

G20 Leaders' tasked G20 Finance Ministers and Central Bank Governors (FMCBG) in March with developing a G20 Action Plan to respond to COVID-19 and swiftly deliver the appropriate international financial response. Leaders set a clear mandate to protect lives; safeguard people's jobs and incomes; restore confidence, preserve financial stability, revive growth and recover stronger; minimize disruptions to global supply chains; provide help to all countries in need of assistance; and coordinate on public health and financial measures. The April meeting of FMCBG agreed to a comprehensive and wide-ranging Action Plan, which sought to provide clear commitments by G20 countries in responding to the pandemic and support a robust and sustained economic recovery. Since April, an updated Action Plan with new commitments has been agreed in October 2020, to reflect the evolving global economic and pandemic outlook, considering the different stages of the crisis. Finance Ministers also worked with Health Ministers on the interdependent economic and health response needed now and to prepare for the future. This report outlines the progress made on G20 Action Plan commitments and demonstrates the scale of the continued actions to bring the virus under control and support the global economic recovery since April 2020.

Pillar 1: Health Response – Saving Lives.

G20 Finance Ministers continue to take action to help bring the spread of the virus under control, which is key to supporting global economic recovery and remain committed to efforts on the rapid availability and equitable access to COVID-19 vaccines globally. The G20 has acted collectively to accelerate the research, development, manufacturing and distribution of COVID-19 diagnostics, therapeutics and vaccines, including through the Access to COVID-19 Tools Accelerator (ACT-A) initiative and its COVAX Facility, as well as voluntary licensing of intellectual property, with the aim of supporting equitable and affordable access for all. G20 FMCBG welcome Multilateral Development Banks (MDBs) efforts to strengthen their support for countries' access to COVID-19 tools, and encourage them to do more. Given the scale of the challenges, further actions are needed to address the existing needs.

As requested by G20 Leaders in March 2020, G20 Finance and Health Ministers discussed gaps in pandemic preparedness and response during their meeting on 17 September 2020, including on the basis of the gaps assessment reports submitted by relevant international organizations. Ministers noted that the COVID-19 pandemic has highlighted the need to strengthen health systems and has shown vulnerabilities in the international community's ability to prevent, detect and respond effectively to pandemic threats. In this regard, Finance and Health Ministers recognized the role of extensive immunization against COVID-19 as a global public good for health in preventing, containing and stopping transmission, and agreed to intensify efforts to support pandemic surveillance and epidemic intelligence, strengthen health system capabilities, and support platforms to accelerate research and development, to proactively identify and address new and re-emerging infectious pathogens. They also reaffirmed their commitment to full compliance with the International Health Regulations (IHR 2005), to improve their implementation and to the continued sharing of timely, transparent and standardized data and information including on health measures and the effectiveness of non-pharmaceutical interventions. Furthermore, Finance and Health Ministers remain committed to the G20 Shared Understanding on the Importance of Universal Health Coverage (UHC) Financing in Developing Countries to improve the resilience, prevention, detection, preparedness and response of health systems through protecting and investing in public health. They also agreed to deliver on previous G20 commitments to tackle antimicrobial resistance in line with the One Health Approach. They look forward to the work of the Independent Panel for Pandemic Preparedness and Response (IPPR) on evaluating the global health response to the COVID-19 pandemic.

Pillar 2: Economic and financial response – support the vulnerable and maintain conditions for a strong recovery; and Pillar 3: Returning to strong, sustainable, balanced and inclusive growth once containment measures are lifted.

In response to significant economic disruption from the crisis, G20 members have taken, and continue to take, unprecedented measures to mitigate the impact of the pandemic shock on business revenues and household incomes. While the outlook remains highly uncertain, the IMF's baseline scenario forecasts global growth will be -4.4% in 2020, and 5.2% in 2021, leaving the level of GDP in 2021 just 0.6% above that of 2019. For trade, although we are trending onto the more optimistic end of initial WTO forecasts – predicting a 9.2% decrease in trade volumes for 2020 – the rebound for 2021 is not expected to offset this year's reduction, with an increase in world trade of 7.2% forecast in 2021. G20 FMCBG remain committed to continuing to do whatever it takes to support the global economy and financial stability, using fiscal, monetary and regulatory levers, in a complementary way for as long as required, and consistent with governments' and central banks' respective mandates.

The IMF estimates that discretionary emergency COVID-19 fiscal measures among G20 members amount to around USD 11 trillion (on average around 14% of GDP by purchasing power parity) as of 5 November 2020, of which around half comprises additional spending and forgone revenue, while the other half comprises guarantees, loans, and equity injections by the public sector. The size and composition of fiscal support differs by country, partly based on differences in fiscal space and the impact of the health crisis. Spending measures have included cash transfers, job retention schemes, and increased unemployment benefits, while revenue measures have included corporate and income tax cuts and deferrals, and liquidity measures have included public guarantees on bank loans and export financing as well as emergency loans, including through public corporations. A full list of fiscal measures taken by members is recorded in the IMF's COVID-19 policy tracker. Some members have also provided targeted support to the sectors most affected by economic and social restrictions, including hospitality and tourism. While initial fiscal interventions focused on emergency relief measures, subsequent packages of fiscal support have in certain cases become more targeted and included measures to promote a more inclusive, productive and sustainable recovery, including through increased public investment on infrastructure, and support for innovative growth measures. Furthermore, a list of countries' measures and experiences is recorded in the G20 Global Partnership for Financial Inclusion (GPFI) website.

While uncertainties in the global economy continue, these measures have contributed to cushioning the impact of the pandemic on the global economy. The OECD has stated that in the absence of prompt and effective policy support, output and employment would have contracted even more significantly, while the ILO has indicated that countries that have implemented large fiscal stimulus programs have seen smaller reductions in employment. Measures have also supported inclusion, with the IMF noting that cash transfers and unemployment benefits have been vital for supporting income and consumption by the most vulnerable segments of society. **Through our immediate response and recovery efforts, we have committed to continue addressing the disproportionate impact of the pandemic on women, young people and the most vulnerable segments of our society**. In addition to the discretionary measures introduced by policymakers, automatic stabilizers (falling tax revenues and increased expenditures not due to policy changes) have further supported demand and are projected to account for one-third of general government deficits in G20 economies this year. The IMF expects these necessary measures will increase public debt by more than 15 percentage points of GDP on average in G20 economies in 2020 alone, compared to last year. A key consideration, as private sector demand returns, will be how to support long-term fiscal sustainability.

Labor market policies across G20 economies have and continue to be important in supporting labor market retention and recovery, particularly in the most affected sectors. The IMF estimates that total support for preserving employment has amounted to over USD 1.3 trillion. The introduction, expansion and reorientation of targeted job retention schemes by some members have helped to support employment and minimize scarring by maintaining attachment to the labor market, as well as supporting vulnerable households, helping to reduce (or at least limit an increase in) inequality. The expansion of welfare provision, paid sick and care leave has also supported jobs and incomes of workers. In some G20 economies, the additional unemployment benefits, job retention schemes, and/or cash transfers that were introduced in the early phases of the crisis have expired or are set to expire by end-2020. However, with a resurgence of cases in many G20 countries, the extension and strengthening of labor market support measures is being adopted or considered, with members committing to use available policy tools as long as required to safeguard people's lives, jobs and incomes. Looking to the recovery, many countries have introduced programs to reskill the workforce and facilitate reallocation across jobs and firms, to address the evolving demands of the labor market relating to new and emerging technologies and sectors and increase long term productivity.

The substantial actions of central banks have supported and continue to provide further support to the global economy. Central Banks, consistent with their mandates, have reduced interest rates, increased asset purchases and expanded or created new emergency liquidity facilities for the financial sector and, in some cases, for the non-financial sector, supporting credit provision to a wide range of borrowers, including small- and medium-sized enterprises. Some central banks also re-activated or expanded swap lines to support liquidity. These measures have led to a significant increase in market liquidity, helping to ease stress in financial markets and minimize financial stability risks following the impact of the pandemic and containment measures. Regulatory and supervisory initiatives to help banks' absorb shocks and maintain lending to the real economy have included the release of bank capital buffers as well as easing in some cases of loan classification rules and provisioning requirements for non-performing loans, using the existing flexibility within international regulatory standards. The IMF states that swift and significant central bank measures were a decisive factor in stabilizing financial market conditions in March and April, following a sharp increase in volatility, and that central bank actions have promoted confidence, supported liquidity, and eased financial conditions. The IMF notes that measures should continue to support the supply of credit in the economy.

Members' financial sector policy responses to COVID-19 to date have been guided by the Financial Stability Board (FSB) Principles. FSB members are continuing to share information on policy measures in response to COVID-19, with a greater focus on adjustments to and unwinding of measures to continue to maintain financial stability and support the real economy. Most of the policy measures were introduced during the initial stages of the pandemic in March to May. However, the COVID-19 situation is still evolving, and policy adjustments may be needed over time in light of ongoing developments and experiences. Most measures taken to deal with the COVID-19 shock are using the existing flexibility available in international standards. In a few cases, individual temporary measures have gone beyond the flexibility of those standards, in order to respond to extreme financial conditions and provide operational flexibility to financial institutions. To support a coordinated policy response, the FSB is working on an analysis of practical experiences with measures taken, elements of effective practices and possible indicators to monitor performance of the measures as well as factors to be considered in preparation for the next exit from measures. **The FSB also continues its assessment of the potential**

vulnerabilities in the global financial system and its analytical work on the financial stability implications of COVID-19. In particular, the FSB is focusing its analytical work on monitoring critical nodes in the financial system; quantifying financial system exposures to non-financial corporates; assessing the procyclicality of credit rating downgrades; and examining the drivers, effects and policy implications of the March market turmoil, particularly for resilience of non-bank financial intermediation.

Since the beginning of the crisis, G20 Trade and Investment Ministers agreed that emergency trade measures designed to tackle COVID-19, if deemed necessary, must be targeted, proportionate, transparent, temporary, and that they do not create unnecessary barriers to trade or disruption to global supply chains, and are consistent with WTO rules . In the first two quarters of the year, preliminary UNCTAD and WTO trade data shows world trade falling sharply, with a partial rebound during the third quarter. As agreed by G20 Trade and Investment Ministers, G20 Finance Ministers and Central Bank Governors, through the G20 Action Plan, will 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.

In line with our previous commitment to promote an environmentally sustainable recovery, OECD analysis notes that many governments have included recovery measures in their short- and medium-term policy packages designed to promote sustainable growth. These include grants, loans and tax relief directed towards transport, circular economy and clean energy research, development and deployment; financial support for energy efficiency improvements and renewable energy installations; and new funding and programs to create jobs and stimulate economic activity through ecosystem restoration.

As we continue to manage the economic and financial impact of the crisis, G20 members continued to share experiences and analyses with each other, notably through G20 Finance Ministers and Central Bank Governor meetings and the G20 Framework Working Group meetings, and remain committed to do so going forward. International Organizations have worked on collating and analyzing this information, supporting G20 discussions on recovery efforts.

Through the Action Plan we committed to redouble our efforts to promote quality infrastructure investment and accelerate efforts to mobilize private sources of infrastructure financing aimed at raising productivity, lifting growth and promoting job creation. In July, recognizing that infrastructure is a driver of growth and prosperity, is critical to promoting economic recovery and resilience, and can be further enhanced through technology, we endorsed the G20 Riyadh InfraTech Agenda. The Agenda is supported by three non-binding reference notes: the Global Infrastructure Hub's Reference note on InfraTech Stocktake, the World Bank Group's Reference Note on InfraTech Value Case, and the World Bank Group's Reference

Note on InfraTech Toolkit. The Agenda promotes the use of technology in infrastructure, with the aim of improving investment decisions over the lifecycle, enhancing value for money of infrastructure projects, and promoting quality infrastructure investments for the delivery of better social, economic and environmental outcomes.

We recognize that infrastructure investments made during this time of crisis need to be high quality to combat the COVID-19 outbreak and its health and economic impacts, and to regain growth. We commit to continue promoting quality infrastructure investments that contribute to increased productivity, job creation and strong, sustainable, balanced and inclusive growth. We have continued to advance the work related to the G20 Principles for Quality Infrastructure Investment, including through the member-led case study survey and the continued exploration of possible indicators.

We also recognize that mobilization of private sector investment in infrastructure remains critical, while the advancement of the G20 Roadmap for Infrastructure as an Asset Class is crucial to catalyze long-term private investment in infrastructure. Research by the Global Infrastructure Hub has shown a decade-long decline in private investment in new infrastructure, to about US$100 billion in 2019. Increasing private investment in infrastructure in the current context is challenging, but essential to meeting the gap between infrastructure needs and infrastructure investments. We welcome the IMF's contribution to the IWG reflection on fiscal risks attached to Public-Private Partnerships, considering the fiscal costs and risks associated with Public-Private Partnerships and how governments can manage and make the most out of them, including in the context of the COVID-19 pandemic. Through discussion at the G20/OECD Task Force on Long Term Investment, with the participation of MDBs and International Organizations, the Infrastructure Working Group is exploring options of developing a structured collaboration in a flexible manner with the private sector. We recognize the need to better inform infrastructure investment decisions through the ongoing work on access to data and will continue the work to support this.

Pillar 4: International support to countries in need.

Since April 2020, the G20 has led the effort of the international community to deploy strong support to countries in need, with a progressive adaptation of this support to the evolving stages of the crisis.

1) **In the first stage of the crisis, G20 FMCBG called on and supported the quick disbursement of emergency financing from the IFIs and agreed on a Debt Service Suspension Initiative (DSSI) to the benefit of the poorest countries.**

In line with G20 FMCBG' calls and support, the IFIs have deployed important emergency financing:

- **The IMF has significantly increased its financing**, including through temporary doubling the access limits to its Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI), as well as streamlining procedures for emergency support. Since the start of the crisis, requests from 81 countries for IMF financing have been approved for a total of SDR 73.6 billion. Total lending commitments amount to SDR 198.5 billion as of October 23. The IMF also created in April a new Short-term Liquidity Line (SLL). In parallel, the IMF has been seeking resources for the Poverty Reduction and Growth Trust (PRGT) and the Catastrophe Containment and Relief Trust (CCRT). Formal pledges and effective new loan resources for the PRGT have been received for about SDR 16 billion and new subsidy resources are being sought to support zero interest lending to PRGT-eligible countries. For the CCRT, pledges received have allowed the IMF to provide debt relief for 29 of the poorest and most vulnerable countries, amounting to SDR 352 million. Other contributions are sought.
- **MDBs have committed a USD 230 billion financial package to support low income countries and emerging market economies addressing the pandemic, out of which USD 75 billion are committed for countries eligible to the DSSI for the period April to December 2020 alone. MDBs have also the capacity to provide financial support in the order of USD 360 billion until the end of the calendar year 2021.**

In addition, G20 FMCBG agreed in April, and have implemented since then, the DSSI for the poorest countries, which is also agreed and implemented by the Paris Club. Through this initiative, debt service payments falling due from May 1st to December 31st, 2020, are being suspended for all eligible countries requesting forbearance. The IMF and WBG have developed a fiscal monitoring framework to ensure that the additional fiscal space created by the DSSI is used to mitigate the social, health or economic impacts of the crisis. On this basis, they have highlighted that, together with exceptional financing, the DSSI is significantly facilitating higher pandemic-related spending. The IMF and WBG have also been working on their proposal of a process to strengthen the quality and consistency of debt data and improve debt disclosure, and G20FMCBG are looking forward to further efforts in this area. As of 13 November 2020, 46 countries have requested to benefit from the DSSI, amounting to an estimated USD 5.7 billion of 2020 debt service deferral.

2) **Building on the successful emergency responses, G20 FMCBG agreed on October 14, 2020, to take additional actions and adopt a progressively longer-term structural approach.**

Firstly, in light of the continued liquidity pressure, while progressively addressing debt vulnerabilities, **G20 FMCBG agreed to extend the DSSI by 6 months, and to examine by the time of the 2021 IMF/WBG Spring Meetings if the economic and**

financial situation requires to extend further the DSSI by another 6 months, two decisions that are also agreed by the Paris Club.

Secondly, given the scale of the COVID-19 crisis, the significant debt vulnerabilities and deteriorating outlook in many low-income countries, **G20 FMCBG recognized that debt treatments beyond the DSSI may be required on a case-by-case basis. In this context, they endorsed the "Common Framework for Debt Treatments beyond the DSSI", which is also endorsed by the Paris Club.**

In addition, G20 FMCBG agreed to continue to **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.** G20 FMCBG have reiterated their call on the IMF to explore additional tools that could serve members' needs, drawing on relevant experience from previous crises[1].

In line with the G20 commitment to a strong, quota-based and adequately resourced IMF at the center of the Global Financial Safety Net, steps have been taken by many participants in the New Arrangements to Borrow and Bilateral Borrowing Agreements to implement the necessary domestic measures that are needed to maintain the IMF's current resource envelope. The G20 remains committed to revisiting the adequacy of quotas and continuing 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.

Beyond the crisis response, and in line with the call by G20 FMCBG, the IMF is preparing an analysis of the external financing needs in low income developing countries in the coming years and sustainable financing options, and the WBG is scaling up its work and will further deploy instruments in new ways to mobilize private financing to these countries, particularly through the promotion of political risk insurance and other tools to promote risk-sharing. To this end, a Stock-take report of best practices of MDBs and specialized Multilateral Insurers in political risk insurance and other insurance solutions was developed. Moreover, progress reports were presented and published on country-owned pilot platforms that have been deployed. Here, a scheduled workshop on country platforms' pilots will be conducted following the 2020 Riyadh Leaders' Summit.

In line with the G20 FMCBG' commitment, the G20 work in coordination with relevant International Organizations continues to contribute to the global financial resilience, particularly through developing domestic capital markets and harnessing the benefits while also managing risks associated to capital flows. The G20 remains supportive to develop domestic capital markets and looks forward to further

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[1] The G20 International Financial Architecture Working Group also discussed the possibility of a Special Drawing Right (SDR) allocation or of countries that have excess SDRs granting or lending them to countries that need them. There was no consensus on the issue.

progress in this area. In addition, the ongoing strengthening of policy advice and technical assistance in the area of capital flow management will continue to contribute to safeguarding financial stability.

Lastly, work is ongoing to further enhance policy and operational coordination across all relevant international organizations at multilateral, regional and country level.

Pillar 5: Lessons for The Future

The pandemic has highlighted areas where the G20 needs to work on together to strengthen our ability to achieve strong, sustainable, balanced and inclusive growth globally and to prepare the global economy against future shocks. Through the Action Plan, G20 FMCBG have committed through the G20's Finance Track to review the lessons from this pandemic, integrate these into future policy design, and strengthen monitoring of risks to the global economy. G20 Finance and Health Ministers in their meeting on 17 September 2020 also discussed ways to enhance this work to ensure the world is better prepared to curb the impact of future health-related crises, in line with the One Health approach , and have committed to continue their collaboration under the Italian Presidency in 2021. They also called on international organizations, notably the IMF and OECD, to continue to integrate available pandemic data in elaborating different scenarios as for the economic impact of the health crisis going forward.

We continue to take steps to increase the resilience of infrastructure against risks during pandemics, including through work with the OECD. Under the InfraTech Agenda, toolkits and Use Cases have been developed to contribute lessons for fighting future pandemics through infrastructure technologies. The Global Infrastructure Hub is identifying how experience from current and previous stimulus packages can help support G20 governments in making more informed decisions on how to include infrastructure – and particularly, transformative infrastructure – as stimulus post-COVID.

Way Forward:

The G20 Action Plan is a living document and G20 FMCBG will continue to review, update, track implementation of and report on it. This approach will ensure timely implementation of revisions to the Action Plan so that commitments reflect the situation we face, and will also ensure continuity given that some of the commitments will extend beyond 2020. We will regularly review progress in 2021.