

G20 Finance Ministers and Central Bank Governors met on 11 and 12 October 2018 in Bali, Indonesia, in the margins of the International Monetary Fund (IMF) and World Bank Group (WBG) Annual Meetings. This Summary captures the outcomes of their discussions.

First of all, we would like to thank the People and Government of Indonesia for hosting the Fourth G20 Finance Ministers and Central Bank Governors Meeting in Bali. We would also like to extend our deepest sympathies for the recent tragic events and thank them for their warm hospitality.

Global Economic Outlook

Ministers and Governors discussed the global economic outlook and current risks. They agreed that the global economic outlook remains strong, although it has become more heterogeneous among countries. Downside risks have significantly increased and some of these have partially materialised since their last meeting in Buenos Aires in July.

Members raised concerns about market volatility, capital flow reversals, particularly in some emerging economies, unsynchronised growth, heightened trade tensions, and excess global imbalances. Ministers and Governors agreed that action was needed to ensure fundamentals are strong. In the context of monetary policy normalisation, they emphasised the importance of clear communication and the need to take into account potential spillovers.

There was broad consensus on the importance of international trade and the need to resolve current trade tensions. Cooperative dialogue and constructive engagement is needed in order for members to bridge their differences.

A Resilient International Financial Architecture

The Eminent Persons Group (EPG) presented its report on Global Financial Governance to Ministers and Governors. The report outlines recommendations to improve the international financial architecture and make it more effective. Following a discussion of the proposals, members agreed to continue working with Japan on the way forward.

Members also reaffirmed their commitment to a strong, quota-based and adequately resourced IMF at the centre of the Global Financial Safety Net and to completing the 15th General Review of Quotas by the Spring Meetings 2019 and no later than the Annual Meetings 2019. Members expressed that political guidance is needed to help the IMF Executive Board make progress towards reaching consensus.

Finally, Ministers and Governors agreed that debt in low-income countries is an issue of pressing concern. In this regard, they highlighted the progress made throughout the year, noting that the G20 has a role to play to promote sustainable lending and borrowing practices.

Financing Infrastructure for Development

Ministers and Governors expressed their continued support for the Roadmap to Infrastructure as an Asset Class, endorsed in March. They also agreed that the G20 Principles for the Infrastructure Project Preparation Phase sets the foundation for advancing the Roadmap. Members discussed the practical implementation of the principles, and welcomed the steps taken by Multilateral Development Banks to enhance cooperation and embed the principles into their operations. While there has been progress, they acknowledged more was needed to further lift long term private sector investment in infrastructure.

Members also discussed progress under other areas of the Roadmap. They agreed that bridging the data gap is a core issue to be addressed in order to reduce transaction costs and mitigate risks. They were also very supportive of the direction of work in the areas of contractual standardisation, financial engineering, and risk allocation and mitigation.

Compact with Africa

Ministers and Governors strongly support the Compact with Africa initiative. Although a multi-year effort, members welcomed the positive results at this early stage.

The stock of foreign direct investment in Compact countries is growing at a faster rate compared to the rest of Africa. Given the progress, members agreed that continued support for the initiative was essential and called for active participation of all stakeholders (e.g. compact teams). As a next step the initiative will be seeking to engage with national and regional development financial institutions to further catalyse private investment.

Members also welcomed growing interest among African countries to join this initiative. They welcomed Burkina Faso as the newest member, which takes the number of Compact countries to twelve.

Other Issues: GPFI Processes

Ministers and Governors considered the results of a survey conducted to gather the views on possible changes to the Global Partnership for Financial Inclusion (GPFI) to streamline its agenda, change its working arrangements, and avoid duplication between the agendas of the GPFI and other bodies.

The results of the survey will inform a roadmap which will guide the GPFI's work to ensure it meets the mandate that has been set. The roadmap will be presented to Leaders at their summit in December.