# G7 Finance Ministers and Central Bank Governors' Statement

## Washington, DC, 17 April 2024

*1. We, the G7 Finance Ministers and Central Bank Governors, met on 17 April 2024 in Washington, DC, on the margin of the International Monetary Fund and World Bank Group Spring Meetings. We were honoured to be joined by the Ukrainian Finance Minister Sergii Marchenko. We were also joined by the Heads of the International Monetary Fund, World Bank Group, Organisation for Economic Cooperation and Development, and Financial Stability Board.*

*2.* The global economy has shown resilience to recent multiple shocks and risks have become more balanced. Nevertheless, growth prospects remain below historical averages and heterogeneous across countries and regions. Inflation has further receded thanks to moderating commodity prices, easing supply bottlenecks, and still-tight monetary policy. In line with their respective mandates, Central Banks remain strongly committed to achieving price stability and will continue to calibrate their policies in a data-dependent manner. Price and financial stability are a pre-requisite for sustainable and balanced growth. Economic activity will benefit from the ongoing improvement in financial conditions and from a continuation of well communicated and growth-friendly macroeconomic and structural policies, even as budget deficits are gradually reduced to maintain medium-term fiscal sustainability. Catalysing investments towards the green and digital transitions will support productivity growth. However, significant geopolitical risks to the outlook, primarily from Russia's war of aggression against Ukraine and the situation in the Middle East, could affect trade, supply chains, and commodity prices. We renew our commitment to upholding the free, fair and rules-based multilateral system. We also reaffirm our May 2017 exchange rate commitments.

3. Given ongoing threats to the global economy, a continued focus on financial stability and financial regulatory issues remains vital to ensuring the effective functioning of the financial system. We underline the importance of the Financial Stability Board and Standard-Setting Bodies and their ongoing work to monitor and develop policies to identify and address vulnerabilities in the financial system. We strongly support the work to enhance the resilience of non-bank financial intermediation (NBFI), including the finalisation of policy work on margining practices and leverage as well as enhancing authorities' ability to monitor vulnerabilities in NBFI. We also support effective implementation of the G20 Roadmaps on Crypto Assets and on Cross-Border Payments.

4. More than two years since the illegal, unjustifiable, and unprovoked full-scale invasion, Russia's war against Ukraine continues to cause a huge human and economic toll, including continued ripple effects across the global economy. We are united in our condemnation of this war and call on Russia to immediately end it, which would clear one of the biggest uncertainties over the global economic outlook. We commend the resilience and the bravery of the Ukrainian people and reaffirm our unwavering support for Ukraine for as long as it takes. We are concerned about the crisis in Gaza, following Hamas' terrorist attack against Israel on 7 October 2023, and will continue to work to deliver increased humanitarian assistance to Palestinians in need and to provide support for economies in the region that

are impacted by spillovers from the conflict. We will strengthen our cooperation to end this crisis, including by continuing to work towards an immediate and sustainable ceasefire and the release of hostages by Hamas. We reiterate our Leaders' unequivocal condemnation of the unprecedented attack against Israel by Iran. We will ensure close coordination of any future measure to diminish Iran's ability to acquire, produce, or transfer weapons to support its destabilizing regional activities. We call for stability in the wider region, noting the economic risks posed by a regional escalation, including disruptions to international shipping.

5. We remain strongly committed to helping Ukraine meet its urgent short-term financing needs, as well as assisting neighboring and other countries that are severely affected by the war. We strongly welcome the EU approval of the Ukraine Facility of up to EUR 50 billion in the form of non-repayable support and highly concessional loans, Japan's swift delivery of budget support through grants (USD 0.5 billion) and credit enhancement for IBRD loans (USD 2 billion), as well as its Diet approval for additional credit enhancement (USD 2 billion), the accelerated guarantees by the UK, and the new funding by Canada (CAD 2.4 billion). Together with these measures, the EU Ukraine Facility will provide stable, predictable, and sustainable financial support covering a portion of Ukraine's financing needs until 2027, including through support for investment and access to finance. More specifically, the EU Ukraine Facility will contribute to the short-term macro-financial stability and to the recovery, reconstruction, modernisation, and progressive integration of Ukraine into the EU, accompanied by the improvement of its governance framework, in view of its future accession.

6. We will strengthen our joint efforts to help address Ukraine's 2024 financing needs and we reiterate our call on all countries and international organisations to join us in closing Ukraine's funding gap. In this context, we welcome the disbursement of CAD 2 billion funding by Canada as well as EUR 4.5 billion of bridge financing to Ukraine under the EU Ukraine Facility, both on 20 March, and the completion of the third review of the Fund's Extended Fund Facility (EFF) Program on 21 March. We are encouraged by the continued commitment of Ukraine's authorities to reforms under the Program, which continue to underpin macroeconomic and financial stability and enhance governance.

7. We reiterate our commitment to support Ukraine's long-term recovery and reconstruction needs, which the World Bank currently estimates to amount to almost USD 486 billion over 10 years. Repairing Ukrainian critical infrastructures is key to rebuilding its future. We will continue to closely coordinate efforts with Ukraine's national and subnational authorities and with international financial institutions, also through the Multi-Agency Donor Coordination Platform for Ukraine, and will encourage private investment to significantly complement and maximize ongoing public efforts. We look forward to the Ukraine Recovery Conferences, to be hosted in Berlin in 2024 and in Rome in 2025.

8. The sanctions that have been imposed on Russia have reduced its capacity to wage its war against Ukraine, significantly affected its economy, and levied real costs on individuals and companies providing support to its war efforts while minimizing unintended spillovers. We remain committed to implementing and enforcing further financial and economic sanctions and to countering attempts to evade or circumvent our measures, including by taking action against third-country actors who seek to undermine them, where appropriate. We will continue to develop measures to prevent Russia from acquiring advanced materials, technology, and equipment for its military industrial base.

9. We are taking steps to further reduce Russia's energy revenues, including through enforcement of the Oil Price Cap. The Oil Price Cap has been successful in supporting stability in energy markets, while reducing Russia's revenues. We warmly welcome New Zealand as a new member of the Oil Price Cap Coalition starting from early March[1]. We underscore the issuance of the Oil Price Cap Compliance and Enforcement Alert on 1 February[2], and remain committed to taking further enforcement actions in response to oil price cap violations. This includes 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.

10. We welcome the EU proposals to direct the extraordinary revenues stemming from Russia's sovereign immobilised assets for the benefit of Ukraine. We also welcome the steps taken by the UK and US to stop the trade of new Russian base metals on their global metal exchanges.

11. We reaffirm our determination to ensure that Russia pays for the damage it has caused to Ukraine. Russia's sovereign assets in our jurisdictions will remain immobilized until then, consistent with our respective legal systems. Following up on the G7 Leaders' Statement of 24 February 2024, we will continue working on all possible avenues by which immobilized Russian sovereign assets could be made use of to support Ukraine, consistent with international law and our respective legal systems, with a view to update our Leaders ahead of the Apulia Summit in June.

12. We reaffirm the importance of robust finance and health coordination to strengthen pandemic prevention, preparedness and response (PPR) and to continue exploring innovative mechanisms for response financing, building on the G7 Shared Understanding on Enhanced Finance-Health Coordination and PPR Financing. We remain committed to help advance the work of the G20 Joint Finance-Health Task Force under the Brazilian G20 Presidency, stressing the importance of continuing to focus on its core operational deliverables.

13. Recognizing the unique value of the Pandemic Fund in the PPR ecosystem, such as filling capacity gaps, fostering coordination and mobilizing additive investments, we stress the need to avoid duplication and further fragmentation of the PPR financial landscape, including in the context of the negotiation of the World Health Organization (WHO) convention, agreement, or other international instrument on pandemic PPR (WHO CA+) and the amendment of the International Health Regulations (IHR). We commit to supporting a pledging moment for the Pandemic Fund in 2024 and encourage the expansion of the Pandemic Fund's donor base to ensure that adequate resources are available.

14. We call on the International Monetary Fund (IMF), the World Bank and the WHO to finalize principles of cooperation based on their respective comparative advantage to inform the utilization of the Resilience and Sustainability Trust (RST) for pandemic preparedness.

15. Recognizing that access to effective and appropriate antibiotics is an important component of pandemic preparedness, we look forward to the UNGA High Level Meeting on Antimicrobial Resistance (AMR) this September.

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[1] New Zealand to join the G7 Member Countries and Australia Oil Price Cap Coalition - Ministry of Economy and Finance (mef.gov.it)

[2] Oil Price Cap Coalition Compliance and Enforcement Alert – I February 2024 - MEF Department of Treasury

16. We remain committed to paving the way to the global transition towards a carbon-neutral economy. This requires implementing effective policy frameworks to mobilise the substantial public and private investment that is necessary.

17. We support ongoing work on assessing the macroeconomic impact of climate change, green investment and mitigation policies, including their effects on different groups, households, sectors and regions, as well as on ways to foster their social and political acceptability. International cooperation remains crucial to minimising carbon leakage risks and avoiding negative spillovers. We support the OECD's Inclusive Forum on Carbon Mitigation Approaches (IFCMA) work on exploring methodologies for computing the carbon intensity metrics of products and sectors.

18. Promoting resilient and diversified supply chains for clean-energy products is key to achieve global climate targets and to foster sustainable growth in developing countries, including the African continent. With this aim, we look forward to further progress in implementing the Resilient and Inclusive Supply-chain Enhancement (RISE) partnership.

19. Climate change is already testing the resilience of our economic and financial systems, through more frequent, severe, and hard-to-predict natural disasters. We encourage ongoing work on the role of public-private partnerships in reducing the insurance protection gap.

20. We reiterate our firm commitment to evolve and strengthen Multilateral Development Banks (MDBs) to address the most pressing development and global challenges, and we welcome the progress already achieved by the ongoing reforms, including at the World Bank Group (WBG).

21. We also welcome G20 discussions on better, bigger, and more effective MDBs. We welcome that the G20 MDBs Capital Adequacy Framework (CAF) Review has already secured over USD 200 billion of additional financing for the next ten years, and we look forward to further CAF reform implementation to unlock even more financing. We call for a continuing and ambitious implementation of CAF recommendations, in particular for MDBs to stretch their existing resources while safeguarding their long-term financial sustainability, including their excellent credit ratings and the preferred creditor status. We also encourage the MDBs to work better as a system and step up their efforts in mobilizing private capital. We welcome the initiative of IMF and WBG to support developing countries in enhancing domestic resource mobilization.

22. We especially look forward to further progress on the G20 CAF agenda at the WBG, including measures to unlock additional finance from the WBG's own balance sheet, as well as measures such as hybrid capital and the IBRD Portfolio Guarantee Platform. As G7, we are committed to contribute to these innovative instruments that, once approved domestically, will collectively expand IBRD lending by around USD 68 billion over the next ten years to boost the WB capacity to support low- and middle-income countries in addressing global challenges. Together with other CAF measures, which increased lending by USD 50 billion over ten years, these contributions are set to expand IBRD lending capacity by as much as the last General Capital Increase.

23. We support the MDB Callable Capital Exercise, which gathers 25 countries accounting for over half of the callable capital at the MDBs, and we welcome the reports on callable capital recently published by the MDBs, which provide clarity on the processes and governance surrounding our callable capital subscriptions. This exercise shows how extremely unlikely a capital call is, underscores the strong legal foundations of, and our firm backing for, our collective callable capital subscriptions, and demonstrates the strong shareholder intent and ability to respond to a call, if ever necessary. We now call on MDBs to jointly explore ways to better reflect the value of callable capital in their capital adequacy methodologies, including through further discussions with credit rating agencies.

24. We support the WBG framework for allocating concessional resources to middle-income countries for global challenges, and also reiterate the importance of prioritizing the needs of the poorest countries and continuing to provide significant financial support to low-income countries (LICs). We support robust International Development Association (IDA21) and Asian Development Fund (AsDF14) replenishments, key to help putting LICs on a road to sustainable and resilient recovery and growth. To achieve a successful IDA21 replenishment, we recognize that effort from all stakeholders is needed, and we support WBG in its task to broaden the donor base. We ask the WBG management to bring forward options that enable the right balance to be struck between donors' contributions, internal efficiency, and borrowers' effort, with a careful assessment of the potential trade-offs between volume and concessionality, and the implications for borrowing countries' debt sustainability.

25. We reaffirm the importance of stepping up our efforts to address debt challenges in low- and middle-income countries. We fully support G20 efforts to improve 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 welcome the signature of the Memorandum of Understanding (MoU) by official creditors for Zambia and the agreement on debt restructuring terms reached between Zambia and a representative group of bondholders. We look forward to the MoU agreement for Ghana and to the conclusion of the IMF staff-level agreement for Ethiopia. Beyond the Common Framework, we welcome the advanced work towards 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 through 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 including through data sharing exercises. We welcome positive steps to apply the comparability of treatment principle between official bilateral and private creditors, with the aim of ensuring fair burden sharing. We stand ready to support ongoing discussions on helping countries address their financing challenges. We reiterate the importance of incorporating Majority Voting Provisions in private syndicated loan contracts, which can facilitate sovereign debt restructuring. We welcome the development of Climate Resilient Debt Clauses (CRDCs) to enhance the safety net for borrowers facing the impacts of climate change and encourage more creditors to offer CRDCs in loan and bond agreements. We encourage the Global Sovereign Debt Roundtable to continue its endeavours, fostering a constructive and inclusive dialogue among all parties and to build a common understanding on ways to improve the efficiency of debt restructuring processes.

26. We reiterate our commitment to a strong, quota-based, and adequately resourced IMF to preserve its role at the centre of the Global Financial Safety Net. We welcome the

conclusion of the 16th General Review of Quotas, which will maintain the Fund's resource envelope while restoring the primary role of quotas; we urge the whole IMF membership to finalise domestic procedures and provide consent to the respective quota increases and NAB rollback by the agreed deadline. We stand ready to work constructively to develop possible approaches as a guide for a further quota share realignment under the 17th General Review of Quotas, including through a new quota formula, while protecting the voice and representation of the poorest members. We welcome the upcoming creation of a 25th Chair at the IMF Executive Board for Sub-Saharan Africa, which will improve the voice and representation of this region.

27. We support the Fund's commitment towards the most vulnerable, including through our contributions to the Poverty Reduction and Growth Trust (PRGT). We express our appreciation for the completion of the 2021 fundraising round and call on all members who are able to contribute, especially those that have not yet done so, to consider additional financial support. We look forward to a comprehensive review of the PRGT and we are open to discussing all viable options, including the use of internal resources, to put the Trust on a self-sustainable footing and help meet the growing needs of LICs. We also look forward to the interim review of the RST to further support members' resilience to climate change and pandemic preparedness.

28. We thank Ms. Kristalina Georgieva for her leadership in very challenging times and look forward to her second mandate as Managing Director of the IMF.

29. 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 towards this goal.

30. We welcome that an increasing number of jurisdictions have announced plans for, or have started, the implementation of Pillar Two in their domestic legislation and support the work of the OECD/G20 Inclusive Framework to ensure consistent implementation.

31. We remain committed to fostering international cooperation on tax issues, building on the existing achievements and with a broad participation of developing and developed countries. We look forward to the discussions emerging in several fora, including in the G20, and we will engage constructively with the Brazilian G20 Presidency. Noting the debate launched at the United Nations for shaping a Framework Convention on international tax cooperation, we emphasize the importance of (i) consensus-based decisions to support a stable 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 developing countries.