Saudi G20 Presidency and the Paris Forum concluded a High-Level Conference on Restoring Sustainable Flows of Capital and Robust Financing for Development

Riyadh, Kingdom of Saudi Arabia, July 8, 2020

The Saudi G20 Presidency and the Paris Forum concluded today a high-level ministerial virtual conference. The conference discussed challenges around international capital flows volatility – as exacerbated in emerging market economies by the unprecedented COVID-19 crisis - and possible policy responses to help restoring sustainable flows of capital and mobilizing robust financing for development.

The conference was co-chaired by Mr. Mohammed Aljadaan, Minister of Finance of the Kingdom of Saudi Arabia, and Mr. Bruno Le Maire, Minister of Economy and Finance of France. The conference brought together Finance Ministers and Central Bank Governors, heads of International Financial Institutions (IFIs), chief executives of private financial institutions and prominent scholars.

In response to the unprecedented health and economic crisis presented by the COVID-19 pandemic, governments and central banks around the world have taken exceptional measures, including unprecedented fiscal, monetary and financial-stability measures. Additionally, the launch of the historic Debt Service Suspension Initiative (DSSI) could provide around $14 billion in immediate and critical liquidity relief by official bilateral creditors alone for the poorest nations in 2020, as estimated by the World Bank Group.

This global response is delivering results; however, the situation remains challenging. Capital outflows from many emerging and developing countries have reached unprecedented levels, and their ability to draw upon an international pool of capital in a robust manner has been called into question. In this context, related to financial resilience, debt sustainability considering progress on Debt Service Suspension Initiative as well as on development finance agenda amid the COVID-19 pandemic.

Speaking at the event, Mohammed Aljadaan, Saudi Minister of Finance, said “In response to COVID-19 pandemic, G20 countries have implemented unprecedented fiscal, monetary and financial stability measures and ensured that international financial institutions can provide critical support to developing and low-income countries. As the crisis remains unfolding, we will coordinate with G20 member countries to promote sustainable financing for developing countries, support the
Bruno Le Maire, Minister of Economy and Finance of France, said, “An unprecedented crisis requires extraordinary decisions. The G20 and the Paris Club took a historic step to address the COVID-19 impact by launching the “Debt Service Suspension Initiative” (DSSI) to the benefit of the poorest countries, in particular in Africa. We need to continue working together to ensure its successful implementation. In the next steps, we also need the right tools to support countries suffering from capital outflows. We cannot let this crisis destroy years of efforts to attract investors and support growth”.

The conference fostered in-depth discussions on key issues through three parallel breakout sessions. The first session, “Sustainable Financing for African Development,” included conversations on the DSSI and explored ways to restore market access for African countries, increase international private flows and support the African private sector, especially SMEs.

The second session, “Policy Options to Tackle the Current Situation and Support the Return of Capital Flows to Emerging Economies,” focused on the outlook for capital flows, exploring tools that can be mobilized to mitigate capital outflow risks, and the role of the IMF in long-term financing. Speaking at the session, Ahmed AlKholiefy, Governor of the Saudi Arabian Monetary Authority emphasized that “Restoring flows of capital is essential to upholding the stability of the global financial system. We are working with G20 countries to better understand the drivers of these volatilities and discuss policy responses to mitigate them.”

The third session, “Building Further Resilience and More Sustainable Sources of Financing for the Future,” explored ways to improve emerging and developing countries' resilience, including through domestic capital markets development, while considering the immediate and medium-term trade-offs between different policies as well as the role of international cooperation.

The conference’s outcomes will feed into the discussion of the G20 Finance Ministers and Central Bank Governors’ meeting to be held virtually on July 18, 2020, under the Saudi G20 Presidency.

Further information about the G20, including the Presidency Agenda and full program of events, can be found at www.g20.org

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