



2022 G20 Bali Summit Final Compliance Report

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Feedback, as always, is welcome and is kept anonymous.
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Contents

| | |
|---|-----|
| Preface | 3 |
| Research Teams..... | 4 |
| G20 Research Group..... | 4 |
| CIIR G20 Research Team | 4 |
| Introduction and Summary | 5 |
| Methodology and Scoring System | 5 |
| Commitment Breakdown | 5 |
| Selection of Commitments | 5 |
| Interim Compliance Scores | 6 |
| Interim Compliance by Member | 6 |
| Interim Compliance by Commitment..... | 6 |
| Table 1: 2022 G20 Bali Summit Commitments Selected for Compliance Monitoring..... | 7 |
| Table 2: 2022 G20 Bali Summit Interim Compliance Scores | 8 |
| Table 3: 2022 G20 Bali Summit Interim Compliance by Member..... | 9 |
| Table 4: 2022 G20 Bali Summit Interim Compliance by Commitment..... | 10 |
| Table 5: G20 Compliance by Member, 2008-2021 | 11 |
| Conclusions..... | 13 |
| Further Research and Reports | 13 |
| Considerations and Limitations | 13 |
| Appendix: General Considerations | 14 |
| 1. Macroeconomics: Price Stability..... | 15 |
| 2. Macroeconomics: Fiscal Resilience..... | 60 |
| 3. Trade: Open Agricultural Trade..... | 72 |
| 4. Digital Economy: Data Flow with Trust | 82 |
| 5. Crime and Corruption: Bribery..... | 120 |
| 6. Labour and Employment: Gender Equality..... | 199 |
| 7. Development: Common Framework for Debt Treatment..... | 241 |
| 8. Food and Agriculture: Food Security | 262 |
| 9. Health: Global Health Governance | 300 |
| 10. Health: Universal Health Coverage | 344 |
| 11. Energy: Zero- and Low-Emission Power Generation..... | 382 |
| 12. Energy: Energy Access | 419 |
| 13. Environment: Land Protection | 451 |
| 14. Environment: Sustainable Development..... | 486 |
| 15. Climate: Paris Agreement..... | 525 |

2. Macroeconomics: Fiscal Resilience

“We reaffirm our commitment to strengthening the long-term financial resilience of the international financial architecture, including by ... developing local currency capital markets.”

G20 Bali Leaders’ Declaration

Assessment

| | No Compliance | Partial Compliance | Full Compliance |
|----------------|---------------|--------------------|-----------------|
| Argentina | | | +1 |
| Australia | | | +1 |
| Brazil | | 0 | |
| Canada | | | +1 |
| China | | | +1 |
| France | | | +1 |
| Germany | | | +1 |
| India | | | +1 |
| Indonesia | | | +1 |
| Italy | | | +1 |
| Japan | | | +1 |
| Korea | | | +1 |
| Mexico | | 0 | |
| Russia | | | +1 |
| Saudi Arabia | | | +1 |
| South Africa | -1 | | |
| Türkiye | -1 | | |
| United Kingdom | | | +1 |
| United States | | | +1 |
| European Union | | | +1 |
| Average | | +0.70 (85%) | |

Background

At the 2011 Cannes Summit, the G20 Leaders stressed the need to increase the benefits from financial integration and resilience against volatile capital flows to foster growth and development. To pursue these objectives, they endorsed an action plan to support the development and deepening of local currency bond markets and called on the World Bank, regional development banks, the International Monetary Fund (IMF), the United Nations Conference on Trade and Development, the Organisation for Economic Co-operation and Development (OECD), the Bank for International Settlements (BIS) and the Financial Stability Board to work on the delivery of this plan and to report back by the time of the next summit about progress made.²⁹⁵ Previously, on 15 October 2011, the G20 Action Plan to Support the Development of Local Currency Bond Markets was endorsed by G20 Finance Ministers and Central Bank Governors. It provided for measures to scale up technical assistance, improving the data base and develop international financial institutions’ joint annual progress reports to the G20.²⁹⁶

²⁹⁵ Cannes Summit Final Declaration – Building Our Common Future: Renewed Collective Action for the Benefit of All, RANEP (Moscow) 4 November 2011. Access Date: 2 February 2023.

<https://www.ranepa.ru/images/media/g20/2011cannes/Cannes%20Summit%20Final%20Declaration.pdf>

²⁹⁶ G20 Action Plan to Support the Development of Local Currency Bond Markets, RANEP (Moscow) 15 October 2011. Access Date: 2 February 2023. <https://www.ranepa.ru/images/media/g20/2011cannes/2011-finance-action-plan-currency-111015-en.pdf>.

At the 2012 Los Cabos Summit, the G20 Leaders reiterated the importance of local currency bond markets (LCBMs) to emerging economies and developing countries and welcomed the relevant interim progress report prepared by the World Bank, regional development banks, IMF, OECD and BIS.²⁹⁷

At the 2013 St Petersburg Summit, the G20 Leaders reiterated that well developed local currency bond markets play an important role in improving the resilience of the domestic economy and financial systems. They welcomed the work of international organizations to implement the G20 Action Plan on the Development of LCBMs, including through the creation of a Diagnostic Framework on LCBM., and encouraged international organizations, other technical assistance providers and country authorities to consider the use of this Framework in identifying and setting reform and capacity building priorities to support LCBM development.²⁹⁸

The issue returned to the G20 Leaders' agenda at the 2016 Hangzhou Summit, where they welcomed further work by the international organizations to support the development of local currency bond markets, including intensifying efforts to support low-income countries.²⁹⁹

In 2020, amid economic constraints put by the Covid-19 pandemic, the G20 leaders highlighted the necessity to provide sustainable capital flows and foster domestic capital markets development to ensure economic recovery and growth after the pandemic is over.³⁰⁰

At the 2021 Rome Summit, the leaders retained the priority of developing local currency capital markets as a means to strengthen long-term financial resilience and support inclusive growth.³⁰¹

At the 2022 Bali Summit, the G20 leaders reaffirmed their previous commitment to strengthen the long-term financial resilience of the international financial architecture, including by promoting sustainable capital flows, and developing local currency capital markets.³⁰²

Commitment Features

This commitment requires the G20 members to develop local currency capital markets. The “capital market” generally refers to “an organized market that provides facilities for dealing in stocks and shares and through which (along with special financial institutions dealing therein) new capital could be raised by the offer of securities to the public.”³⁰³ “Local currency” in this context refers to the domestic market of a particular jurisdiction, which operates using its national currency. “Development” refers to “process in which someone or something grows or changes and becomes more advanced.”³⁰⁴

²⁹⁷ G20 Leaders' Los Cabos Declaration, RANEPА (Moscow) 19 June 2012. Access Date: 2 February 2023.

<https://www.ranepa.ru/images/media/g20/2012loscabos/G20%20Leaders%20Declaration%20-%20Los%20Cabos%2018-19%20June%202012.pdf>.

²⁹⁸ G20 Leaders' Declaration, St Petersburg Summit, RANEPА (Moscow) 6 September 2013. Access Date: 2 February 2023.

https://www.ranepa.ru/ciir/gruppa-dvadtsati/predsedatelstva/sankt-peterburg-2013/Saint_Petersburg_Declaration_ENG.pdf.

²⁹⁹ G20 Leaders' Communique. Hangzhou Summit, RANEPА (Moscow) 5 September 2016. Access Date: 2 February 2023.

<https://www.ranepa.ru/images/media/g20/2016Hangzhou/G20%20Leaders%E2%80%99%20Communique%20Hangzhou%20Summit.pdf>.

³⁰⁰ Leaders' Declaration, RANEPА (Moscow) 22 November 2020. Access Date: 2 February 2023. https://www.ranepa.ru/ciir/gruppa-dvadtsati/predsedatelstva/saudovskoe-predsedatelstvo-2020/G20%20Riyadh%20Summit%20Leaders%20Declaration_EN.pdf.

³⁰¹ G20 Rome Leaders Declaration, RANEPА (Moscow) 31 October 2021. Access Date: 2 February 2023.

<https://www.ranepa.ru/images/media/g20/italyanskoe-predsedatelstvo-2021/G20-ROME-LEADERS-DECLARATION.pdf>.

³⁰² G20 Bali Leaders' Declaration, President of Russia (Moscow) 16 November 2022. Access Date: 2 February 2023.

<http://static.kremlin.ru/media/events/files/en/u82esHnvQFdHOjv25Ajg73rnLGEe8cK6.pdf>.

³⁰³ The Developments of Capital Markets in Africa, with Particular Reference to Kenya and Nigeria, IMF (Washington, D.C.).

Access Date: 2 February 2023. https://www.elibrary.imf.org/view/IMF024/14861-9781451947335/14861-9781451947335/14861-9781451947335_A006.xml?language=env

³⁰⁴ Cambridge Dictionary. Access Date: 2 February 2023. <https://dictionary.cambridge.org/dictionary/english/development>

To comply with this commitment, the G20 members are required to take actions that make their domestic capital markets stronger or contribute to the development of other countries' local currency capital markets. As proposed by the BIS,³⁰⁵ possible actions in this regard may include, but are not limited to:

- Strengthening legal and judicial systems for investor protection. For example, easing access to legal recourse; lowering litigation costs; promoting well defined property and contracting rights; giving minority shareholders more information and access to information, etc.
- Enhancing regulatory independence and effectiveness, which implies strengthening legal foundations to raise operational independence; ensuring adequate staffing and resources; raising disclosure and accounting standards, etc.
- Deepening the domestic institutional investor base. This aspect refers to provision of tax benefits for institutional investors; increasing transparency and investors education to facilitate effective choices among investment options, etc.
- Pursuing bi-directional opening to international participation while preparing for spillovers that implies lifting barriers to foreign participation; implementation of policies aimed at reduction of spillover risks, etc.

To register full compliance a G20 member must take strong actions contributing to the development of local currency bond markets in line with the BIS recommendations cited above. For strong actions, a G20 member would have to initiate a program or new law, and/or contribute financial or technical resources to develop local currency capital markets in line with at least one of the aforementioned action areas.³⁰⁶ Actions for partial compliance (weak actions) can include verbal reaffirmation of the commitment or attending meetings to discuss relevant issues.

Scoring Guidelines

| | |
|----|--|
| -1 | A G20 member has not taken any actions to develop local currency capital markets |
| 0 | A G20 member has taken only weak actions to develop local currency capital markets |
| +1 | A G20 member has taken strong actions to develop local currency capital markets |

*Compliance Director: Alexander Ignatov
Lead Analyst: Andrey Shelepov*

Argentina: +1

Argentina has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 23 January 2023, President Alberto Fernandez and Brazilian President Luiz Inácio Lula da Silva published a joint article noting that sharing their countries' currencies could help boost regional trade.³⁰⁷ They also mentioned the decision “to advance discussion of a common South American currency that can be used for financial and commercial transactions, reducing operational costs and our external vulnerability.”

On 9 March 2023, the Argentinean Government swapped ARS4.34 trillion (USD21.66 billion) in domestic debt (around 64 per cent of loans due to mature through June 2023) as a step to ease the fears of a debt

³⁰⁵ Establishing viable capital markets, Bank for International Settlements (Basel) 23 January 2019. Access Date: 2 February 2023. <https://www.bis.org/publ/cgfs62.pdf>

³⁰⁶ Compliance Coding Manual for International Institutional Commitments, G7 and G20 Research Groups (Toronto) 12 November 2020. Access Date: 2 February 2023. http://www.g7.utoronto.ca/compliance/Compliance_Coding_Manual_2020.pdf

³⁰⁷ Brazil and Argentina Are Discussing Whether to Combine Currencies, Bloomberg (New York) 23 January 2023. Access Date: 10 April 2023. <https://www.bloomberg.com/news/articles/2023-01-22/brazil-and-argentina-discuss-common-south-american-currency>.

default.³⁰⁸ According to government officials, the swap exchanged old debt for new bonds maturing in 2024 and 2025. Argentina had initially hoped to swap around half of its total debt due.

Argentina has improved investment options at the local capital market. Argentina has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

Thus, Argentina receives a score of +1.

Analyst: Andrey Shelepov

Australia: +1

Australia has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 27 March 2023, the Pacific Private Sector Development Initiative (PSDI) announced its decision to support the Securities Commission of Papua New Guinea (SCPNG) to develop a new 10-year Capital Markets Development Strategy aiming to attract investment and create new jobs.³⁰⁹ PSDI's work program with SCPNG is facilitated by the earmarked funding of AUD1.3 million from the Government of Australia.

Australia has provided financing for developing local currency capital market in Papua New Guinea. Australia has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

Thus, Australia receives a score of +1.

Analyst: Andrey Shelepov

Brazil: 0

Brazil has partially complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 23 January 2023, President Luiz Inácio Lula da Silva and Argentinean President Alberto Fernandez published a joint article noting that sharing their countries' currencies could help boost regional trade.³¹⁰ They also mentioned the decision "to advance discussion of a common South American currency that can be used for financial and commercial transactions, reducing operational costs and our external vulnerability."

On 14 July 2023, the National Treasury of Brazil announced it would monitor market conditions for possible issuance of bonds denominated in the national currency.³¹¹

Brazil has partially complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets. Brazil has verbally supported the importance of developing local currency capital markets.

³⁰⁸ Argentina swaps \$21.7 billion in domestic debt, dimming default risk, Reuters (Toronto) 9 March 2023. Access Date: 10 April 2023. <https://www.reuters.com/world/americas/argentina-swaps-217-billion-domestic-debt-dimming-default-risk-2023-03-10/>.

³⁰⁹ PSDI supports development of new 10-year PNG Capital Markets Development Strategy, The Pacific Private Sector Development Initiative (Port Moresby) 27 March 2023. Access Date: 10 April 2023. <https://www.pacificpsdi.org/news-and-insights/new-releases/read/psdi-supports-development-of-new-10-year-png-capital-markets-development-strategy>.

³¹⁰ Brazil and Argentina Are Discussing Whether to Combine Currencies, Bloomberg (New York) 23 January 2023. Access Date: 10 April 2023. <https://www.bloomberg.com/news/articles/2023-01-22/brazil-and-argentina-discuss-common-south-american-currency>.

³¹¹ International LatAm Bond Issuers On the Rise Again as High Rates Persist, Bloomberg (New York) 16 July 2023. Access Date: 20 August 2023. <https://www.bloomberglina.com/english/international-latam-bond-issuers-on-the-rise-again-as-high-rates-persist>.

Thus, Brazil receives a score of 0.

Analyst: Andrey Sheleпов

Canada: +1

Canada has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 23 March 2023, the Canadian Securities Administrators published advance notice of adoption of rules requiring market participants to use a new national filing and information system. The new system called SEDAR+ would create a modern, user-friendly platform reducing the time and cost of securities regulatory compliance in Canada.³¹²

Canada has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets. Canada has taken regulatory actions to develop local currency capital markets.

Thus, Canada receives a score of +1.

Analyst: Andrey Sheleпов

China: +1

China has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 19 December 2022, the China Securities Regulatory Commission (CSRC) and the Hong Kong Securities and Futures Commission (SFC) agreed that the Mainland and Hong Kong stock exchanges would further expand the scope of eligible stocks under the Stock Connect system.³¹³

On 17 February 2023, the CSRC released new regulations for the filing-based administration of overseas securities offering and listing by domestic companies.³¹⁴ The regulations came into effect on 31 March 2023. The set of regulations included the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and 5 supporting guidelines. The Trial Measures, inter alia, eased currency restriction for overseas fund raising and dividend payment, with a view to meeting demands to raise funds overseas. The Trial Measures are expected to provide stronger support for domestic companies to list and offer securities on overseas markets and make lawful use of both domestic and overseas market resources.

On 17 February 2023, the CSRC and the SFC signed a Memorandum of Understanding (MoU) with respect to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies that came into effect on 31 March 2023.³¹⁵ The MoU clarifies the arrangements and procedures for share issuance and listing, cross-boundary enforcement, supervision of intermediaries, and exchange of information between the CSRC and the SFC.

China has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets. China has taken regulatory actions to develop local currency capital markets.

³¹² Canadian securities regulators announce rules to support new SEDAR+ filing system, Canadian Securities Administrators (Montreal) 23 March 2023. Access Date: 10 April 2023. <https://www.securities-administrators.ca/news/canadian-securities-regulators-announce-rules-to-support-new-sedar-filing-system/>.

³¹³ Joint announcement of the China Securities Regulatory Commission and the Hong Kong Securities and Futures Commission, China Securities Regulatory Commission (Beijing) 19 December 2022. Access Date: 10 April 2023. http://www.csrc.gov.cn/csrc_en/c102030/c6917403/content.shtml.

³¹⁴ CSRC Releases New Regulations for Filing-based Administration of Overseas Offering and Listing, China Securities Regulatory Commission (Beijing) 17 February 2023. Access Date: 10 April 2023. http://www.csrc.gov.cn/csrc_en/c102030/c7125865/content.shtml.

³¹⁵ CSRC and SFC enter into an MoU on regulatory cooperation, China Securities Regulatory Commission (Beijing) 17 February 2023. Access Date: 10 April 2023. http://www.csrc.gov.cn/csrc_en/c102030/c7125023/content.shtml.

Thus, China receives a score of +1.

Analyst: Andrey Shelepov

France: +1

France has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 5 April 2023, the French Development Agency announced the signing of three agreements worth a total of EUR22 million in grants with the Djibouti's Finance Ministry.³¹⁶ The Djibouti Financial Sector Reform Support Project worth EUR8 million aims to develop and strengthen the banking and financial system so that it contributes more significantly to the development of the country's productive sector. Particular steps include improving credit risk management and strengthening the anti-money laundering and anti-terrorist financing measures in the financial system.

France has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets. France has helped Djibouti in developing local currency capital markets.

Thus, France receives a score of +1.

Analyst: Andrey Shelepov

Germany: +1

Germany has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

During the compliance period, the German Development Cooperation Agency implemented its Green Financial Market Regulation and Green Bonds (FiBraS) project in Brazil.³¹⁷ The project worth EUR3.4 million aims to improve the framework conditions for scaling up local green financial markets in Brazil.

Germany has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets. Germany has helped Brazil in developing local currency capital markets.

Thus, Germany receives a score of +1.

Analyst: Andrey Shelepov

India: +1

India has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 25 January 2023, the Government launched its first-ever Sovereign Green Bond issuance. Bonds were worth INR80 billion (USD1 billion).³¹⁸ On 9 February 2023, the auction for the second issuance took place and raised an equivalent amount, for a total of INR160 billion, or USD2 billion. The bonds were issued under the Sovereign Green Bond Framework, launched by the Indian Government on 9 November 2022. The framework specifies the project categories for which the proceeds of green investments will be used. Project categories under the framework include increasing energy efficiency; clean transport; reduction in carbon emissions and greenhouses; promoting climate change adaptation; improving natural biodiversity; and water and waste management.

³¹⁶ Bolstering Healthcare, Energy Efficiency And The Financial Sector In Djibouti, French Development Agency (Paris) 5 April 2023. Access Date: 10 April 2023. https://www.afd.fr/en/actualites/bolstering-healthcare-energy-efficiency-and-financial-sector-djibouti?origin=/en/actualites?field_type_target_id=All&field_theme_target_id=1663&items_per_page=5.

³¹⁷ Green Financial Market Regulation And Green Bonds (FiBRAS) II, German Development Agency (Bonn) 2022. Access Date: 10 April 2023. <https://www.giz.de/projektdaten/exportDetail.action?documentId=202122711&infotypeSource=projects>.

³¹⁸ India raises \$2bn in first Sovereign Green Bond issuances, Lexology 27 February 2023. Access Date: 10 April 2023. <https://www.lexology.com/library/detail.aspx?g=ca51d752-c0fe-4f22-9957-75fc17e512d8>.

India has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets. India has launched new financial instruments at the local currency capital market.

Thus, India receives a score of +1.

Analyst: Andrey Shelepov

Indonesia: +1

Indonesia has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 15 December 2022, Parliament ratified the Financial Sector Development and Strengthening Reform Bill (P2SK) into law. This law aims to “balance consumer protection with the dynamic growth of the financial industry.” The P2SK would improve oversight of Indonesia’s financial industry by reforming its authority structure and strengthening coordination between government financial institutions, such as the Central Bank of Indonesia, Financial Services Authority and Deposit Insurance Cooperation.³¹⁹

Indonesia has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets. Indonesia has taken regulatory actions to develop local currency capital markets.

Thus, Indonesia receives a score of +1.

Analyst: Andrey Shelepov

Italy: +1

Italy has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 17 March 2023, the Commissione Nazionale per le Società e la Borsa, the public authority responsible for regulating the Italian financial markets, launched a public consultation on the implementing provisions of Article no. 4-septies.2 of Legislative Decree no. 58, with relation to Securitizations, introduced by Legislative Decree n. 131 of 3 August 2022.³²⁰ It establishes specific rules for securitization sales to retail customers and introduces enhanced investor protection safeguards. Specific due diligence obligations are also established for institutional investors investing in securitizations.

Italy has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets. Italy has taken regulatory measures to develop local currency capital markets.

Thus, Italy receives a score of +1.

Analyst: Andrey Shelepov

Japan: +1

Japan has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 27 November 2022, Deputy Governor of the Bank of Japan Amamiya Masayoshi mentioned that the Bank was strengthening its efforts to promote investment in climate-related financial products such as green

³¹⁹ Indonesian Parliament Ratified Financial Reform Bill into Law, Edelman Global Advisory (Washington) 21 December 2022. Access Date: 10 April 2023. <https://www.edelmanglobaladvisory.com/insights/indonesian-parliament-ratified-financial-reform-bill-law>.

³²⁰ Launch Of The Public Consultation On The Securitization Regulation In Implementation Of Article No. 4-Septies.2, Of Legislative Decree N. 58 Of 24 February 1998 (17 March 2023), Commissione Nazionale per le Società e la Borsa (Rome) 17 March 2023. Access Date: 10 April 2023. https://www.consob.it/web/consob-and-its-activities/news-in-detail/-/asset_publisher/kcxlUuOyjO9x/content/public-consultation-on-the-securitization-regulation-17-march-2023/718268.

bonds, with the aim of fostering the development of financial markets.³²¹ Besides, the Bank had long been investing in the Asian Bond Fund for the purpose of supporting the development of local currency-denominated bond markets in Asia. In July 2021 it was agreed to expand the scope of investment in the Asian Bond Fund in order to catalyze a further deepening of local currency-denominated green bond markets in the region, and this had been implemented since March 2022. However, no concrete actions taken during the compliance period were mentioned.

On 28 July 2023, the Bank of Japan pledged to “conduct yield curve control with greater flexibility, regarding the upper and lower bounds of the range as references, not as rigid limits, in its market operations”.³²² Thus, the bank would offer to purchase 10-year government bonds at 1 per cent through fixed-rate operations, effectively raising its tolerance by 50 basis points.

Japan has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets. Japan has taken regulatory measures to develop local currency capital markets.

Thus, Japan receives a score of +1.

Analyst: Andrey Shelepov

Korea: +1

Korea has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 8 February 2023, Second Economy and Finance Vice Minister of Korea Sangdae Choi visited FTSE Russell in London, United Kingdom, to introduce Korea’s efforts to improve market regulations, and request cooperation for Korea’s joining the FTSE World Government Bond Index.³²³ Vice Minister Choi highlighted the Korean government’s intention to further improve the investment environment of Korean government bonds for foreign investors. He mentioned some key policies designed to improve the investment environment. First, starting from 1 January 2023, Korea has implemented tax exemption for interest income and capital gains derived from foreign investment in Korean government bonds and Monetary Stabilization Bonds. Second, in 2023 Korea will initiate the operation of omnibus accounts of international central securities depositories such as Euroclear for investment in Korean government bonds. Third, on 25 January 2023, the Korean Government announced the revision of the market regulation that requires the issuance of Investment Registration Certificate for foreign investors.

Korea has taken regulatory measures to develop local currency capital markets. Korea has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

Thus, Korea receives a score of +1.

Analyst: Andrey Shelepov

Mexico: 0

Mexico has partially complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

³²¹ Climate Change and Finance. Speech at the Japan Society of Monetary Economics, Bank of Japan (Tokyo) 27 November 2022. Access Date: 10 April 2023. https://www.boj.or.jp/en/about/press/koen_2022/ko221127a.htm.

³²² Statement on Monetary Policy, Bank of Japan (Tokyo) 28 July 2023. Access Date: 20 August 2023. https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2023/k230728a.pdf.

³²³ 2nd Vice Minister Visits FTSE Russell and MOEF hosts Investors Roundtable in London, Ministry of Economy and Finance of Korea (Seoul) 8 February 2023. Access Date: 10 April 2023. <https://english.moef.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=5498>.

On 28 April, the Senate of Mexico approved an amendment to the Securities Market Law and the Investment Funds Law.³²⁴ The proposal modifies the securities market regulations to create the simplified securities registration scheme, in order to encourage the arrival of more broadcasters, in addition to investment funds to create hedge funds in Mexico. The project focuses on incorporating a new simplified securities registration procedure, which allows small and medium-sized companies to participate in the stock market, through the public offering of debt or equity representative securities to obtain the necessary financing for boosting their growth.

Mexico has partially with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

Thus, Mexico receives a score of 0.

Analyst: Andrey Shelepov

Russia: +1

Russia has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 29 December 2022, the Government adopted the Strategy of the Russian Financial Market Development up to 2030 drafted together with the Bank of Russia.³²⁵ The Strategy provides for incentives for investors from friendly countries to invest in Russian financial assets. In particular, the authorities plan to simplify the work of Russian financial intermediaries with foreign issuers and investors, create favorable tax conditions for brokerage and management services to non-residents, as well as to stimulate the issuance of securities in Russia by issuers from friendly jurisdictions.

Russia has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets. Russia has taken regulatory measures to develop local currency capital markets.

Thus, Russia receives a score of +1.

Analyst: Andrey Shelepov

Saudi Arabia: +1

Saudi Arabia has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 5 December 2022, the Saudi Arabia Capital Market Authority approved new regulations and procedures regarding market making, proposed by the Saudi Stock Exchange.³²⁶ The new Regulations of Market Making and Market Making Procedures focus on regulating securities market makers. The law covers activities related to the placement of buy or sell orders at market openings to guarantee liquidity for relevant stock market instruments. The approval was considered as another step by the Saudi regulator to fully exploit the potential of the Saudi investment industry by increasing its liquidity and volume.

On 24 January 2023, Saudi Minister of Investment Khalid Al-Falih announced the work on a new comprehensive Investment Law that will replace the existing foreign investment law. The new law will be aimed at protecting the rights of local and foreign investors. It will also bring down the Kingdom's need to

³²⁴ Avala el Pleno del Senado reforma a Ley del Mercado de Valores, 28 Abril, Senado de la República coordinación de comunicación social. Access Date: 28 June 2023. <https://comunicacionsocial.senado.gob.mx/informacion/comunicados/5877-avala-el-pleno-del-senado-reforma-a-ley-del-mercado-de-valores>

³²⁵ Government Decree of 29 December 2022 No 4355-r, Official Internet portal of legal information (Moscow) 29 December 2022. Access Date: 10 April 2023. <http://publication.pravo.gov.ru/Document/View/0001202212310037?index=0&rangeSize=1>.

³²⁶ Saudi Arabia CMA Greenlights Regulations for Market Making, Finance Magnates (Limassol) 5 December 2022. Access Date: 10 April 2023. <https://www.financemagnates.com/institutional-forex/saudi-arabia-cma-greenlights-regulations-for-market-making/>.

enter investor protection agreements with other countries. The law is likely to be issued by the second quarter to the third quarter 2023 after obtaining the approval of the Government.³²⁷

Saudi Arabia has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

Thus, Saudi Arabia receives a score of +1.

Analyst: Andrey Shelepov

South Africa: -1

South Africa has not complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

No facts of South African actions aimed at developing local currency capital markets have been registered during the compliance period.

Thus, South Africa receives a score of -1.³²⁸

Analyst: Andrey Shelepov

Türkiye: -1

Türkiye has not complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 7 April 2023, the Turkish Central Bank introduced an obligation for lenders to buy seven percentage points of additional lira-denominated government bonds if their deposits fall under the 60 per cent level.³²⁹ The Central Bank would exempt lenders from holding some lira-denominated government bonds if lira deposits make up 60 per cent or more of their total deposit.

Türkiye has implemented capital market – related measures to support its currency's exchange rate. However, no facts of Türkiye's actions directly aimed at developing local currency capital markets have been registered during the compliance period.

Thus, Türkiye receives a score of -1.³³⁰

Analyst: Andrey Shelepov

United Kingdom: +1

The United Kingdom has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 10 February 2023, Financial Sector Deepening (FSD) Africa, a special agency backed by the Foreign, Commonwealth and Development Office, announced it had held talks with potential green-bond issuers across Africa to raise at least USD400 million for climate-linked projects in 2023.³³¹ FSD Africa would be

³²⁷ Saudi Arabia to introduce new Zakat Collection Law and Comprehensive Investment Law, Saudi Gazette (Jeddah) 24 January 2023. Access Date: 10 April 2023. <https://saudigazette.com.sa/article/629193>.

³²⁸ This score of non-compliance is awarded after searching on the following websites: National Treasury <https://www.treasury.gov.za/ministry/>; South African Reserve Bank <https://www.resbank.co.za/en/home>; Financial Sector Conduct Authority <https://www.fsca.co.za/Pages/Default.aspx>; South African Government <https://www.gov.za/>; the Presidency <https://www.thepresidency.gov.za/>

³²⁹ Turkey Tightens FX Deposit Rules in New Move to Support Lira, Bloomberg 7 April 2023. Access Date: 10 April 2023. <https://www.bloomberg.com/news/articles/2023-04-07/turkey-tightens-rules-on-fx-bank-deposits-in-new-move-to-support-lira>.

³³⁰ This score of non-compliance is awarded after searching on the following websites: Bank of Türkiye <https://www.tcmb.gov.tr/wps/wcm/connect/en/tcmb+en>; Ministry of Treasury and Finance <https://en.hmb.gov.tr/>; Capital Market Board of Türkiye <https://cmb.gov.tr/>; the Presidency <https://www.tccb.gov.tr/en/>; Borsa Istanbul <https://www.borsaistanbul.com/en>

³³¹ FSD Africa Targets to Back \$400 Million of Green Bonds This Year, FSD Africa (Nairobi) 10 February 2023. Access Date: 10 April 2023. <https://fsdafrica.org/news/fsd-africa-targets-to-back-400-million-of-green-bonds-this-year/>.

a transaction adviser on the deals it expects to come from Tanzania, Zambia, Nigeria and Morocco. The amount to be raised will be about 70 per cent higher than what FSD Africa helped to mobilize in climate- and gender-related financing in 2022.

The United Kingdom has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets. The UK has taken measures to help African countries in developing local currency capital markets.

Thus, the United Kingdom receives a score of +1.

Analyst: Andrey Shelepov

United States: +1

The United States has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 18 January 2023, the US Agency for International Development (USAID) announced the launch of the Enterprises for Development, Growth, and Empowerment (EDGE) Fund.³³² USAID would work with Congress to provide USD50 million for the Fund dedicated to launching partnerships that leverage business capabilities and influence commercial operations to advance development objectives. Among the first projects to receive resources through the EDGE Fund is a Green Guarantee Company: USAID would finance the projects along with the UK Government, the Green Climate Fund, and Prosper Africa. The Company would become the world's first credit guarantor dedicated to climate solutions in the developing world and would help systematically de-risk and effectively unlock private investments in climate solutions.

The United States has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets. The US has taken measures to help poorer countries in developing local currency capital markets.

Thus, the United States receives a score of +1.

Analyst: Andrey Shelepov

European Union: +1

The European Union has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

On 24 May 2023, the European Commission adopted a Retail Investment Package that aims to empower retail investors (i.e. "consumer" investors) to make investment decisions that are aligned with their needs and preferences, ensuring that they are treated fairly and duly protected.³³³ The package includes such measures as improving the way information is provided to retail investors about investment products and services, increasing transparency and comparability of costs, protecting retail investors from misleading marketing etc.

On 20 July 2023, the Council and the European Parliament reached a provisional agreement on new rules to improve European capital markets and strengthen investor protection in the EU.³³⁴ The provisional agreement reviews the alternative investment fund managers directive. It also modernises the rules in the framework for undertakings for collective investment in transferable securities.

³³² USAID to Launch New Fund to Tap Into Private Sector's Competitive Edge To Solve Global Challenges, USAID (Washington DC) 18 January 2023. Access Date: 10 April 2023. <https://www.usaid.gov/news-information/press-releases/jan-18-2023-usaid-launch-new-fund-tap-private-sectors-competitive-edge-solve-global-challenges>.

³³³ Retail investment strategy, European Commission. Access Date: 29 June 2023. https://finance.ec.europa.eu/publications/retail-investment-strategy_en

³³⁴ Capital markets union: provisional agreement reached on alternative investment fund managers directive and plain-vanilla EU investment funds, Council of European Union (Brussels) 20 July 2023. Access Date: 23 August 2023. <https://www.consilium.europa.eu/en/press/press-releases/2023/07/20/capital-markets-union-provisional-agreement-reached-on-alternative-investment-fund-managers-directive-and-plain-vanilla-eu-investment-funds/>

The European Union has fully complied with the commitment on strengthening the long-term financial resilience of the international financial architecture, including by developing local currency capital markets.

Thus, the European Union receives a score of +1.

Analysts: Andrey Shelepon and Ksenia Dorokhina