



B20-G20 Dialogue: Finance and Infrastructure Task Force “Building coalitions to enable greener and smarter infrastructure development at scale”

Bali, 14 July 2022 – The B20 Finance and Infrastructure Task Force has organized a hybrid dialogue forum with the theme “Building coalitions to enable greener and smarter infrastructure development at scale”, at the occasion of the G20 Finance Ministers meeting in Bali. This dialogue forum was attended by prominent leaders from the Government of Indonesia, private sector, and multilateral financial institutions.

The B20-G20 dialogue forum discussed the policy recommendations on infrastructure finance issued by the B20 Finance and Infrastructure Task Force, namely (i) facilitating the access to affordable and suitable sources of financing; (ii) driving collaboration between countries to accelerate a just transition towards a net-zero world; (iii) accelerating the development and adoption of digital and smart infrastructure; and (iv) improving global financial services regulation to achieve improved balance between growth and stability.

The Chair of B20 Indonesia, Shinta Kamdani said that B20 Indonesia comprehensively addressed the most pressing infrastructure financing issues, especially infrastructure finance gaps, higher risk levels, and lack of affordable financing in developing countries, lower return on investment for green projects and lack of digital connectivity in developing countries, alongside fragmented national financial regulatory regimes. The Chair of the B20 Finance and Infrastructure Task Force, Ridha DM Wirakusumah, said that global infrastructure finance gaps are currently widening, with an estimate USD10.6 trillion among G20 countries and USD14.9 trillion worldwide by 2040, and that investment capacities between countries are also becoming more unequal.

In his remarks, Vice Minister of Finance of the Republic of Indonesia, Suahasil Nazara noted that the Covid-19 pandemic has disrupted the investment flow into infrastructure development which had been in speedy progress in the last five years, creating new challenges for Indonesia to deliver on its infrastructure target of 2050. The disparities to deliver on new, integrated infrastructure projects have enlarged among sub-national governments and between regions, whereas infrastructure development is crucial to achieve the sustainable development goals.

Within this context, Indonesia faces particular challenges, in particular that of financing the phasing-out of coal powered energy sources and accelerating on the development of renewables, an issue that goes beyond the transformation of fossil fuel to electric vehicles, for instance. The government has also undertaken several initiatives to promote Public Private Partnerships and infrastructure financing.

Chairman of Fiscal Policy Agency, Febrio Kacaribu explained that private sector participation in infrastructure investment and that building new coalitions between public and private stakeholders is critical to accelerate sustainable infrastructure investments. Indonesia has set up several instruments and platforms to meet infrastructure needs, broaden

infrastructure social and economic spillovers to mitigate the impacts of the Covid-19 pandemic and move towards net zero development pathways. The development of new domestic sources of infrastructure finance, such as pension funds or carbon credits, is another priority to foster long-term sustainable development. Achieving comprehensive reforms in the financial sector so that it does benefit to the economy in a more inclusive way will require steady and continuous efforts and new forms of public-private dialogue, not only at country level, but also throughout the G20.

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