

**INTERGOVERNMENTAL GROUP OF TWENTY-FOUR ON INTERNATIONAL  
MONETARY AFFAIRS AND DEVELOPMENT**

**COMMUNIQUÉ**

**Chaired by Kenneth Ofori-Atta, Minister of Finance of Ghana**

**October 13, 2020**

1. COVID-19 has spread rapidly around the world and in many emerging markets and developing countries (EMDCs) over the past six months. While countries are in different stages in containing the spread of the virus, several are still experiencing high levels of infection and deaths. While the global economy remains in recession, the global outlook has improved slightly as the economic decline in some major economies has been less severe than projected earlier. The economic impact of the global contraction and national measures taken to contain the pandemic, while varying across countries, has been severe for EMDCs overall. For the first time in decades, GDP growth in EMDCs, as a group, is expected to be negative this year. The pandemic is also exacerbating inequality, with millions of people losing their livelihood and falling into poverty.

2. We continue to face a highly uncertain economic outlook. Securing economic recovery is expected to be protracted with likely scarring damage to productive capacity. Recovery could be set back by recurring surges of infections as social distancing measures are eased. In addition, risks to financial stability remain, which present potential headwinds for recovery. Increased downside risks imperil hard-won development gains and make the achievement of sustainable development goals even harder. Nevertheless, we remain optimistic about the potential for effective and accessible vaccines and treatments that could overcome the pandemic and therefore hasten the resumption of economic activity.

3. At this critical juncture, we are encouraged by the efforts of the G20, World Health Organization, World Trade Organization, and International Financial Institutions (IFIs) to deepen global cooperation to support all countries – in solidarity – confronting the inter-related health, social and economic crises brought about by the COVID-19 pandemic. We take note of the G20's collective support for the development, manufacture and equitable distribution of affordable vaccines and treatments, which are critical global public goods, to contain the pandemic. All countries, without exception, should have timely and affordable access to these public goods on the basis of need, and also for humanitarian reasons. We also welcome the WBG's proposed \$12 billion initiative that would help developing countries procure COVID-19 vaccines to treat up to 1 billion people as soon as effective drugs become available. We also welcome the COVID-19 Vaccine Global Access (COVAX) Initiative and urge major economies to provide the necessary financial support to ensure timely and affordable access for all countries, without exception.

4. We call on the major economies to work together and use all policy tools available to foster a supporting environment to help countries striving to contain the pandemic and restore an inclusive economic growth. They should continue to facilitate international trade and investment and build the resilience of supply chains to support growth and development. We continue to respond with exceptional policy measures, as national circumstances permit, to manage the pandemic's impact. The sharp decline in our major sources of revenues along with capital outflows

have depleted fiscal resources and reserve buffers at a time when they are most needed. IFIs have responded with emergency support, but external financial assistance still falls short of what is needed in these extraordinary times. We call on the international community and IFIs to step up, to the fullest extent possible, their liquidity and fiscal support to assist EMDCs in limiting the loss of lives, provide social protection and support economic recovery.

5. We reiterate the importance of a strong Global Financial Safety Net, with a quota-based and adequately resourced IMF at its center. Completion of the 16<sup>th</sup> General Review of Quotas within the agreed timeframe is, therefore, essential to reduce the IMF's reliance on temporary resources and to implement long-awaited governance reforms. We support continued global discussions on a meaningful new SDR allocation alongside mechanisms to channel unused SDRs to vulnerable countries. These will substantially boost the liquidity of many EMDCs at little cost to the international community. We seek further expansion of major central banks' swaps and repo lines to more EMDCs and support for initiatives to scale up affordable market financing.

6. Increasing concessional financing should be given a higher priority in the global community's response to the economic and social impact of the pandemic to avoid substantial and prolonged damage to the development prospects of low-income developing countries. To complement EMDCs' efforts at mobilizing domestic resources, multilateral cooperation is essential to contain illicit financial flows and reform international tax rules and practices that erode our tax bases, such as by designing a multilateral solution to tax digital activities that takes into account the concerns of EMDCs. The role of MDBs, which can leverage their shareholders' capital multiple times, is particularly important. They can and should find effective means to stretch their balance sheets to boost their lending capacity. Moving forward, potential constraints to the MDBs' medium-term lending capacity need to be monitored and appropriately addressed.

7. It is crucial to support developing countries manage their worsening debt vulnerabilities to avoid a debt crisis that seriously sets back development progress. We welcome the G20's Debt Service Suspension Initiative (DSSI) and encourage advanced economies as well as emerging markets with fiscal space to extend DSSI support beyond 2020. We encourage MDBs to find effective ways, including the net transfer of resources, to support developing countries that need a debt standstill. Private creditors should assume their global social responsibility of sharing the burden of alleviating debt distress. Furthermore, the risks of downgrades by Credit Rating Agencies that affect market access impinge on sovereign decisions to seek the necessary debt relief, which is an area that requires more work to implement effective debt standstills. We support greater debt transparency and the assistance of the IMF and the WBG in strengthening debt management and fiscal management capacities.

8. We welcome the G20's ongoing discussions on a structured framework for debt treatments, beyond the DSSI, to support countries achieve debt sustainability. Such a framework should include mechanisms for debt restructuring and reduction when they are necessary to restore debt sustainability. We call on the IMF, WBG and other development partners to consider ways to support countries undergoing debt restructuring with the needed exceptional financing, and work urgently on mechanisms to foster fair, meaningful and timely sovereign debt resolution. The recent experiences of the Governments of Argentina and Ecuador demonstrate the challenges of private

creditor coordination to reach agreement expeditiously with private creditors on the restructuring of sovereign debt.

9. We appreciate the efforts of the IMF and WBG to support EMDCs over the past six months.
- For the IMF, we commend the timely emergency lending to more than 80 countries and urge the IMF to facilitate support to all member countries seeking urgent financial assistance. We welcome the temporary increase in annual limits on overall access to the Fund's resources by member countries. We welcome the six-month extension of the higher access limits under the Fund's emergency facilities. We appreciate ongoing efforts to boost the resources of the Poverty Reduction and Growth Trust (PRGT) and call for additional contributions to the PRGT and the Catastrophe Containment and Relief Trust. We urge the IMF to continue working expeditiously to explore options to reform its lending toolkit and advisory support and adapt them to the evolving needs of countries through this crisis and economic recovery.
  - For the WBG, we welcome its lending program of US\$160 billion over a period of 15 months and commend the Bank Group's efforts to frontload part of this lending and deliver a substantial increase in its lending in the fourth quarter of FY20. We encourage the WBG to continue to respond flexibly to requests for support for new financing. The need for exceptional financing by EMDCs will persist beyond FY21 given the adverse impact of COVID-19 on productivity growth, poverty reduction and inequality, and the WBG needs to be prepared to respond with continued exceptional support beyond FY21.

10. We are confronting a long road to achieving sustained economic recovery. A decade of progress in reducing poverty could be lost, and scars from this recession weigh on our development prospects. We need to build economies that are more resilient, harness digitalization, and address longstanding challenges of job-creation, reducing high levels of inequality, climate change and other environmental concerns while providing adequate access to affordable and reliable energy and infrastructure services, particularly in the health sector whose fragility after COVID-19 was evident. Sufficient, timely and effective external assistance will be needed to complement our diminished domestic resources. International cooperation is more important than ever to boost development financing and ensure that the international financial architecture will make financing work for all.