

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

COMMUNIQUÉ

**Chaired by Abdolnaser Hemmati, Governor of the Central Bank of the
Islamic Republic of Iran**

April 5, 2021

1. The global economy is showing signs of recovering from the COVID-19 crisis. The path to broad-based and inclusive recovery is nevertheless fraught with uncertainty about the availability and access to safe and affordable vaccines for all and the strength of external financial support to developing countries. The pandemic has strained the health systems and severely hit the economies of developing countries, which have had limited policy space to respond. Millions of people have fallen into extreme poverty, and food insecurity has risen starkly especially in the poorest countries and those living in fragile and conflict-affected situations. Our urgent priorities are to contain the pandemic, for which scaling up vaccinations will be crucial, and rebuild our economies to avoid a lost decade of development and a major decline in people's well-being.

2. At this critical juncture, international cooperation is essential to secure a better recovery for all countries and promote a strong pace of global convergence of per capita income levels between advanced and developing countries. We will continue to respond with exceptional policy measures, as long as needed and as national circumstances allow it, in order to support economic activity to protect jobs and incomes, provide social protection especially to vulnerable populations, strengthen health systems, accelerate digitalization and maintain financial resilience. Large stimulus packages in advanced countries cushioned the global impact of the pandemic, and we encourage them not to withdraw support prematurely. International assistance for developing countries, however, has fallen short of their estimated \$2.5 trillion in additional financing needs. We call on the IFIs, especially the IMF and the World Bank, in coordination with the international community to ensure the availability, to the fullest extent possible, of the necessary liquidity and fiscal support for all developing countries. Concessional financing and ensuring positive net transfers should be essential parts of the global financial response to avoid prolonged damage to development prospects of low-income countries (LICs) and small vulnerable states. It is crucial for all major economies to work together and use all policy tools available to foster an environment of increased trade and investors' confidence to boost investment growth for all countries.

3. Early availability of, and equitable access to, affordable vaccines everywhere is the most critical public good at this juncture. It is essential to contain the pandemic and secure a broad-based global recovery. We call on advanced countries to boost financing for the COVAX Facility to help more low- and middle-income countries obtain fair and rapid access to affordable vaccines and move toward patent liberalization for COVID-19 vaccines to boost global production. We welcome the African Union's vaccine program that procures vaccines to supplement those acquired through the COVAX Facility. Multilateral development banks (MDBs) must also play an important role in financing and delivering vaccines and support efforts to enable vaccine manufacturing in developing countries. We call on MDBs to enhance international cooperation and uniformly adopt the COVAX vaccine criteria or the World Health Organization (WHO)

Emergency Use List. At this time, developing countries' access to vaccines is constrained by existing supply, which has mostly been purchased by advanced economies. We call on the World Trade Organization and MDBs to seek solutions to scale up the production of vaccines, including addressing intellectual property rules to expand the manufacturing of vaccines and other medical products to effectively deal with the COVID-19 pandemic.

4. We reiterate the importance of a strong global financial safety net, with an adequately resourced, quota-based IMF at its center. We welcome the stronger support in the IMF's Executive Board for a meaningful new allocation of Special Drawing Rights (SDRs) to address long-term global liquidity needs. This must be made alongside commitments from members with strong external positions to voluntarily channel their SDRs, including from the new allocation, to benefit countries in need of liquidity support in these exceptional times. Recycling mechanisms that boost IMF's lending capacity will enable the Fund to increase access limits for borrowers and provide additional support to low- and middle-income countries. Going forward, the IMF should take steps to modernize and enhance the impact of SDRs, including considering a more equitable and just way to allocate SDRs across countries to take account of demand. We urge the IMF to ensure utilization of SDRs in a transparent and accountable manner. We further urge the IMF to ensure the timely completion of the 16th General Review of Quotas by end-2023, and look forward to increased quota resources, reduced reliance on borrowed resources and the implementation of long-awaited governance reforms to increase the quota share of emerging markets and developing countries while protecting the shares of the poorest countries.

5. We commend the swift response of the IMF to support its member countries since the onset of the pandemic. Going forward, it is important for the IMF to flexibly adapt its lending toolkit to the evolving needs of low- and middle-income countries during their recovery. We draw attention to the role of precautionary financing instruments in helping eligible countries deal with tail external risks. Since this is the year for the IMF to review its Access Limits as well as its Surcharge Policy, we urge the Fund to correct the regressive and pro-cyclical character of the Surcharge Policy and consider specific measures, such as suspending surcharges at this time to help countries' economic recovery. We encourage the IMF to further consider a significant permanent reduction in surcharges or their elimination. In addition to seeking new donor resources, we encourage the Fund to explore non-traditional and predictable funding options to boost the Poverty Reduction and Growth Trust's resources as well as to increase the IMF's own resources devoted to capacity development that has been increasingly sought by countries. We urge the IMF to find the means to increase its internal budget resources to ensure that it has the necessary financial and human resources to fulfill its mandate. We look forward to the upcoming review of the IMF's Institutional View on Capital Flows which should aim to help countries reap the benefits of capital flows while managing risks to ensure stability.

6. It is crucial to support developing countries in managing their worsening debt vulnerabilities to avoid a debt crisis that retards development progress and enable countries to accelerate growth and regain debt sustainability. The G20's Debt Service Suspension Initiative (DSSI) has provided short-term breathing space for many LICs, more than half of which are under high risk of debt distress or in distress. Debt treatments may be needed for some countries to put them on the path to achieve debt sustainability. In this regard, we welcome the G20's Common Framework for Debt Treatments (CF) beyond the DSSI. We look forward to fair, meaningful and

expeditious sovereign debt treatments, with participation of private creditors, within the CF. We encourage the IMF and the World Bank Group (WBG) to support the implementation of the CF in line with their mandates, provide exceptional financial support to strengthen the capacity of countries to undertake debt treatments when sought and enhance debt management frameworks, including transparency of debtor and creditor countries and reporting standards. Realistic debt sustainability assessments are necessary to determine the depth of the financing needed. We encourage MDBs to support low- and middle- income countries in need of debt relief, including through innovative instruments to reduce debt burdens and ensuring significant positive net transfers. The effective implementation of the CF in a way that moderates market and credit rating agency reactions could encourage eligible countries to seek timely debt treatment, when needed. We reiterate our call for increased multilateral efforts to improve the architecture for sovereign debt resolution to facilitate expeditious debt treatments.

7. Severe fiscal constraints and heightened debt vulnerabilities imperil our ability to contain the pandemic and invest to build back our economies in an inclusive, resilient and sustainable manner. The WBG and other MDBs should use the strength of their balance sheets to scale up financial support to both low- and middle-income countries. We commend the WBG's frontloaded International Development Association (IDA) lending program. We look forward to the successful completion of IDA20 replenishment in end-2021. The WBG should strengthen its financial support for middle-income countries and consider waiving front-end and commitment fees to help countries recover. We urge the WBG to explore options to stretch its balance sheets to the fullest extent possible to boost their medium-term lending capacity, including greater flexibility in implementing individual country lending limits. Shareholders should monitor and address constraints to MDBs' lending capacity in a timely way.

8. Developing countries will need to explore all sources of financing to rebuild fiscal buffers as their economies recover and ensure effective use of resources. Countries should explore avenues to ensure that taxes can contribute to raise revenues, address inequality, improve health outcomes and promote a sustainable recovery. We urge the IMF and the WBG to further strengthen support for capacity building for domestic resource mobilization and public debt and expenditure management. We call on the IMF and the WBG to enhance their support to address the challenges faced by small states, fragile and conflict-affected states and countries hosting refugees and experiencing significant migration influx. We urge the WBG and other MDBs to explore innovative and effective solutions, including de-risking instruments, to leverage more private financing in sustainable energy and other infrastructure investments as well as initiatives to support small and medium enterprises.

9. We call for multilateral cooperation to reform international tax rules and practices to prevent further erosion of our tax bases. On the taxation of the digital economy, we look forward to a fair and equitable multilateral solution that addresses concerns of developing countries and the taxation challenges of digitalization. We seek a solution that yields meaningful and sustainable revenues for developing countries by enabling them to tax their fair share of the profits of multinationals in this digital age. The solution should be simple to implement and comply with. Additionally, we urge the IMF and the WBG to deepen their work to measure, monitor, and contain illicit financial flows.

10. We welcome the stronger international support for an inclusive and sustainable recovery. Delivering on climate finance by the global community is a critical and fair way to assist developing countries to implement their Nationally Determined Contributions to meet climate goals. Advanced countries should fulfill their commitment, under the 2009 Climate Accord, to provide \$100 billion annually by 2020 at the earliest possible time. It is critical to scale up currently meager amounts of concessional resources and finance for adaptation. Adequate financing and technical assistance from MDBs and climate-related funds will be crucial to support sustainable investments, especially infrastructure and energy, and leverage more private financing.

11. The Bretton Woods Institutions play important roles in assisting developing countries rebuild better and contribute to global climate goals. As they strengthen climate actions in programs, we ask that they tailor their assistance to the diverse circumstances of developing countries. We ask the WBG and other MDBs to support borrower countries pursue paths to a more sustainable recovery that consider countries' current economic structures. These should result in a balanced integration of climate objectives with the achievement of the sustainable development goals. In this regard, MDBs should also strengthen their work on approaches to increase productivity, diversify economies and foster job-creating inclusive growth. We urge the MDBs and the IMF to articulate better the elements of their assistance strategies, within their comparative advantages and in line with their mandates, to support developing countries of diverse circumstances transition to more inclusive and sustainable economies.