

EMERGING MARKETS OCTOBER 13, 2020 / 12:10 PM / UPDATED 9 DAYS AGO

## Emerging to developed economies: time to step up

By Reuters Staff

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NEW YORK (Reuters) - Developing countries urged their richer counterparts on Tuesday to provide more debt relief to help them through the COVID crisis and guarantee equal access to a vaccine, warning that otherwise they faced a damaging “lost decade.”

Emerging market economies continue to suffer disproportionately from the spread of COVID-19, compounded by their reliance on hard-hit industries such as tourism and on commodity exports.

“We need to see a fierce urgency for change from all actors, with all options on the table,” said Ken Ofori-Atta, Ghana’s finance minister and G24 chairman. “Now is not the time for the world’s great economic powers to turn inward.”

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Given the large effect of battling the pandemic in these economies, a recovery “critically depends on the timely distribution of affordable vaccines to all countries on the basis of need,” the G24 statement said.

In its most recent estimates released earlier on Tuesday, the International Monetary Fund revised its growth expectations for the world and for advanced economies higher, while emerging and developing countries were revised lower. Excluding China, EM economies are seen contracting 5.7% this year versus a June estimate of -5.0%.

“The prospect of a lost development decade is very real,” said Ofori-Atta.

The G24 said countries running out of cash face long-term funding problems and the G20 alongside the IMF and World Bank should “work on putting in place a framework and mechanisms to foster timely, orderly and adequate debt resolution -- involving all public and private creditors.”

Five hundred of the world’s leading charities and social groups recently sent the IMF a letter warning that its support programs were condemning many countries to years of austerity.

The EM block also urged developed economies to extend their Debt Service Suspension Initiative (DSSI) beyond the current year.

G20 governments are expected to extend the DSSI, which has frozen around \$5 billion in debt payments of the poorest countries, for six months. The IMF and World Bank are pushing for a one-year extension.

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