



## Media Statement

### **Economic Scarring, Funding, Fair Access to COVID Vaccine, Dominate Developing Country Discussions**

Acute funding shortages, sharp economic downturn and access to a COVID vaccine dominated discussions among developing countries, gathered this week for the meeting Group of 24 nations. Members are focused on emergency response but deep, long-term funding problems are emerging as countries run short of revenue and debt accumulates.

“We are being squeezed in an economic vise as a consequence of COVID. Real productive capacity has been lost. Revenues and remittances are down whilst capital flight has increased, but we must spend to fight this pandemic and vigorously restart our economies. Sovereign debt distress is growing while International Markets are constraining. The prospect of a lost development decade is very real,” said Ken Ofori-Atta, Minister for Finance of Ghana and Chairman of G-24.

Unlike 2008's recession, which mainly hit the financial sector in advanced economies, this crisis is hitting harder in less developed countries. An estimated 100 million people have been thrown into poverty, and workers in lower-middle income countries have lost 15 percent of their income. Economic recovery is expected to be protracted with likely scarring damage to productive capacity.

Recovery critically depends on the timely distribution of affordable vaccines to all countries on the basis of need. 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.

Extraordinary fiscal measures to invest in health, protect jobs, and provide social protection in EMDCs has significantly increased deficit-to-GDP ratios, and public debt levels have surged. Economies remain depressed in many emerging markets with vital sectors like tourism deeply affected. IFIs have responded with emergency support, but external financial assistance still falls short of what is needed in these extraordinary times.

“We need to see a fierce urgency for change from all actors, with all options on the table. Now is not the time for the world's great economic powers to turn inward. We must use this opportunity to build back better and greener and effect a tectonic shift of the global financial architecture” Ofori-Atta said.

The G24 urged greater debt transparency, and the extension of the G20 Debt Service Suspension Initiative beyond FY20. G24 nations also asked the G20, IMF, and WBG to work on putting in

place a framework and mechanisms to foster timely, orderly and adequate debt resolution -- involving all public and private creditors.

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