

Press Statement

G-24 Ministers and Governors Meeting April 19, 2022

Preparing for Turbulence — COVID, Climate and Rising Economic Risks

Economic recovery has gathered momentum globally, but new shocks and risks confront developing countries still struggling through COVID. The potentially turbulent period ahead and the war in Ukraine were the backdrop for a high-level meeting today of the Group of 24 developing countries.

“As we meet, our hearts are deeply saddened by the tragic deaths and devastation in Ukraine. We strongly support international efforts to provide humanitarian support and restore peace and stability and recognize that this crisis intensifies downside risks and undermines economic recovery worldwide,” said Sergio Recinos, President of the Central Bank of Guatemala and Chair of the G-24.

Recinos cautioned that COVID is not defeated. Inflationary pressures are rising, driven by spikes in food, energy and commodity prices and disruptions in supply and trade. And interest rates in advanced countries threaten to drive up rates globally and trigger capital outflows from developing countries, reducing their access to financial markets, and increasing debt vulnerabilities. All of those factors suggest there will be need for significant new resources for countries in distress.

“Extraordinary actions were taken globally to respond to COVID. There is a feeling that we have barely caught our collective breath, but the period ahead will require equally strong action to support vulnerable countries. This confluence of economic risks will put severe pressure on countries who have already exhausted their resources under COVID,” Recinos said.

He noted that countries confront multiple shocks increasing liquidity financing needs. Constrained fiscal space and high debt burdens limit the ability of vulnerable countries to respond. Urgent global action is needed to prevent hunger and food crises among vulnerable countries and poorer households and avert financial distress in highly indebted developing countries. Strong multilateral cooperation is crucial to preserve rules-based trade, secure food and energy, protect financial stability, and ensure increased and sustained financing to developing countries in need.

G-24 members argued that a stronger global response is needed to improve vaccine access, especially in Africa. They said all countries need to act to overcome supply barriers by facilitating cross border flows of vaccine and treatments and by sharing technologies to boost vaccine manufacturing in developing countries. Advanced countries should ensure adequate funding to meet the global goal of 70 percent vaccination coverage in all countries by mid-2022.

The G-24 released a Communiqué calling for additional measures to cope with the coming pressures. It emphasized that the International Monetary Fund will need significant new resources for lending in times of crisis and emerging shocks. G-24 members urged an increase in the IMF’s quota resources to ensure that it is less dependent on temporary borrowed resources to boost its lending capacity in times of crises. At a time of potentially high liquidity needs in developing countries, failure to deliver a quota increase will result in a sharp decline in the IMF’s available resources as temporary borrowing arrangements expire.

The Communiqué called for the World Bank Group (WBG) and other development banks to boost their lending capacity to meet urgent needs to sustain economic recovery.

“We urge the WBG to develop innovative means to assist fragile states that are not eligible to avail of its traditional lending windows but have been severely affected by the pandemic. We welcome the WBG’s timely financial assistance to Ukraine and look forward to its support to other countries harmed by the war. We urge the WBG to extend concessional financing to developing countries experiencing disproportionate migration and refugee flows, including from the impact of the Ukraine war,” the Communiqué stated.

The pandemic and tightening financial conditions increase debt distress for highly indebted countries. The Communiqué called for faster debt restructuring under the G20 Common Framework, greater private sector creditor participation in sovereign debt restructuring, and more concessional financing.

The G-24 discussions noted that developing countries are disproportionately afflicted by climate change and called for a greater global financial commitment to ensure a just transition to a low-carbon world. The Communiqué noted that “financing to invest in climate change has fallen far short of what is, and will be, needed, while financing gaps are amplified by pressing fiscal constraints and the high and increasing cost of capital.”

G-24 members called on advanced countries to deliver on their \$100 billion commitment to support developing countries urgently and significantly increase this target in the years ahead to match investment needs. Going forward, the COP27 climate meeting should aim for an accelerated and ambitious climate finance agenda, a process to track progress in fulfilling financial commitments and the means to bridge financing gaps as needed.

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NOTE: Please refer to www.g24.org for more information. The G-24 October 2021 Communiqué can be found [here](#). G-24 Member Countries are Algeria, Argentina, Brazil, Colombia, Cote d’Ivoire, Democratic Republic of Congo, Ecuador, Egypt, Ethiopia Gabon, Ghana, Guatemala, Haiti, India, Iran, Kenya, Lebanon, Mexico, Morocco, Nigeria, Pakistan, Peru, Philippines, Sri Lanka, South Africa, Syria, Trinidad and Tobago, Venezuela, and China as a special invitee.