

G-24: All hands on deck to fight COVID-19

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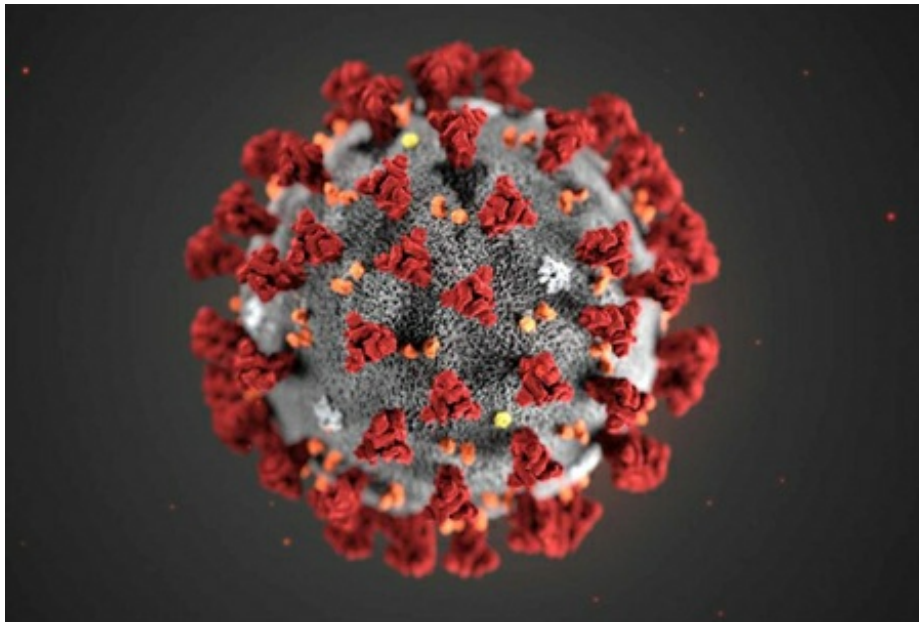
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Washington – The Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24) Tuesday called on the major economies to work together and use all policy tools available to foster a supporting environment to help countries striving to contain the pandemic and restore an inclusive economic growth.

Trinidad and Tobago and Haiti are the only two Caribbean Community (CARICOM)

member states within membership in the G-24, which was established in 1971 as a chapter of the Group of 77 in order to help coordinate the positions of developing countries on international monetary and development finance issues.

In a statement issued at the annual World Bank-International Monetary Fund (IMF) annual meeting, the G-24 said that the novel coronavirus (COVID-19) pandemic has spread rapidly around the world and in many emerging markets and developing countries (EMDC) over the past six months.

It said 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 [gross domestic product] 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.”

The G-24 group said that its members continue to face a highly uncertain economic outlook, noting that 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.”

The group said that it is encouraged at this critical juncture by the efforts of the G20, World Health Organisation, World Trade Organisation, 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.

It said it also welcomed the World Bank Group’s (WBG) proposed US\$12 billion initiative that would help developing countries procure COVID-19 vaccines to treat up to one 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.”

But it said it was calling 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.”

The G-24 said it was reiterating the importance of a strong Global Financial Safety Net, with a quota-based and adequately resourced IMF at its center, adding that completion of the 16th 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,” it said adding that 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.

It said 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.

“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,” according to the statement. **(CMC)**

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