

## **Media Statement**

### **Deeper Cooperation Needed to End COVID-19, Economic Scarring**

Economic recovery from the COVID-19 pandemic has begun in some parts of the world but many vulnerable nations remain in recession with rising infection rates and affordable vaccines in short supply. The crisis has strained the health systems and severely hit the economies of developing countries. 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.

“COVID’s destruction is global and will only be overcome with a strong global response that ensures fair distribution of vaccines and sustained support to vulnerable developing countries,” said Abdolnasser Hemmati, Governor of the Central Bank of Iran and Chair of the Group of Twenty-Four (G-24) nations, which gathered virtually today to coordinate response efforts.

“The G-24 believes we all must recognize our common humanity and work together to defeat this pandemic,” Hemmati said.

G-24 members commended swift international economic and health support for the crisis so far but noted intensified action is needed to end the pandemic and prevent long-term economic damage in vulnerable nations. Members noted that COVID severely disrupted economic activity in many developing nations and intensified their fiscal and debt problems. Recovery to pre-pandemic levels could be protracted where countries lack the revenues or borrowing capacity needed to stimulate their economies.

International assistance for developing countries has fallen short of their estimated \$2.5 trillion in additional financing needs. The G-24 communique called for international financial institutions, “especially the IMF and 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.”

The G-24 welcomed stronger support for a proposal for new allocation of IMF Special Drawing Rights (SDRs), which could help support country liquidity

needs. Since advanced countries will receive a major share of the new allocation, the IMF should put in place mechanisms so that countries that do not need the SDRs could use them for the benefit of others. G-24 nations also called for increased concessional financing and ensuring sustained positive net transfers from the World Bank and other multilateral development banks (MDBs) to avoid prolonged damage to development prospects of vulnerable developing countries.

Fast access to affordable vaccines will be crucial for recovery in developing countries. Access now is heavily constrained by existing supply, which has mostly been purchased by advanced economies. G-24 members called 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 needed to treat those infected by COVID-19.

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