

Deeper cooperation needed to end COVID-19 economic scarring — Marilou Uy



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.

A statement issued in Accra by Marilou Uy, Director, G-24 Secretariat, said the crisis had strained the health systems and severely hit the economies of developing countries.

It said fast access to affordable vaccines would be crucial for recovery in developing countries.

The statement said access now was heavily constrained by existing supply, which had mostly been purchased by advanced economies.

It said millions of people had fallen into extreme poverty and food insecurity had risen starkly, especially in the poorest countries and those living in fragile and conflict-affected situations.

"COVID-19'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, Mr Abdolnasser Hemmati, Governor of the Central Bank of Iran and Chair of the Group of Twenty-Four (G-24) nations, said in the statement.

Mr Hemmati said the G-24 believed all must recognise the common humanity and work together to defeat the pandemic.

The G-24 members commended swift international economic and health support for the crisis so far, but noted intensified action was needed to end the pandemic and prevent long-term economic damage in vulnerable nations.

It said 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," the statement said.

International assistance for developing countries has fallen short of their estimated \$2.5 trillion in additional financing needs.

The G-24 Nations, therefore, called for increased concessional financing and ensuring sustained positive net transfers from the World Bank and other Multilateral Development Banks (MDBs).

They said it was to avoid prolonged damage to development prospects of vulnerable developing countries.

It also called on 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.

The statement said since advanced countries would receive a major share of the new allocation, the IMF should put in place mechanisms so that countries that did not need the SDRs could use them for the benefit of others.

The 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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