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G24 group says 'no calm after the Covid storm' and calls for scaled-up support

► The coalition urged global financial institutions to be prepared to respond to the present mix of new crises



A man buys bread in Turkey's capital Ankara. Russia's military assault in Ukraine has triggered a commodities super cycle which has exacerbated food inflation across the globe. AP



Alkesh Sharma

Oct 12, 2022



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The Covid-19 pandemic, which upended the [global economy](#) and shuttered many businesses worldwide, is waning but the [economic outlook](#) is severely impacted as multiple compounding crises unfold, the Group of 24 countries said in a statement.

Financial institutions have already stretched their lending to manage the pandemic and they may not be prepared to respond to the present mix of new crises, it added.

Poverty, hunger, water scarcity, cost of living, and food and energy insecurity have increased alarmingly, deepening the existing challenges in the global economy and exacerbating vulnerabilities in fragile states, the G24 group said.

"It's clear there will be no calm after the Covid storm," said Alvaro Gonzalez Ricci, governor of the Bank of Guatemala and chair of G24 countries, which gathered this week to discuss responses to the situation.

"Financial conditions are worsening. Policymakers, especially in advanced economies, have rapidly moved to curb higher than expected inflation by tightening monetary policy with sharp and repeated increases in interest rates, which bring currency depreciations and large capital outflows in emerging markets and developing economies [EMDEs]," Mr Ricci said.

The G24 is a group of countries that work together to co-ordinate the positions of developing countries on global monetary and development issues. It focuses on issues on the agendas of the International Monetary and Financial Committee and the Development Committee, as well as in other relevant international fora.

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The [International Monetary Fund](#) has cut its growth forecast for 2023 and warned of a cost of living crisis as the global economy continues to be affected by the war in Ukraine, broadening inflation pressures and a slowdown in China.

The fund maintained its global economic estimate for this year at 3.2 per cent but downgraded next year's forecast to 2.7 per cent — 0.2 percentage points lower than the July forecast.

The G-24 alliance said the Russian war in Ukraine has compounded the inflation problem by disrupting food supplies, and escalating energy and fertiliser shortages. It has also added to the fiscal pressures and harmed vulnerable economies.

A recession would intensify these challenges, said the G24 group, which urged central banks to co-ordinate inflation responses to avoid adverse economic spillovers on EMDEs.

G24 members called for adequate emergency financing from the IMF, the



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World Bank Group and other international financial institutions to provide liquidity support and development financing, particularly for lower income countries and fragile economies.



Policymakers, especially in advanced economies, have rapidly moved to curb higher than expected inflation by tightening monetary policy with sharp and repeated increases in interest rates

Alvaro Gonzalez Ricci, governor of the Bank of Guatemala and chair of G-24 countries

They called for timely completion of the IMF's 16th general review of quotas to increase the fund's quota resources, which would reduce its dependence on borrowed resources and boost its lending capacity in times of crisis.

"Warning lights are flashing and we must urge proactive efforts to expand their [international financial institutions] lending resources to support a more difficult recovery," Mr Ricci said.

The group asked the World Bank and other multilateral development banks to take steps to manage risks and leverage their capital more effectively while exploring how to increase lending capacity.

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