

Press Statement

No Calm After the COVID Storm October 11, 2022

No Calm After the COVID Storm Developing Countries Urge Attention to Compounding Economic Crises

COVID is waning but the global economic outlook has severely darkened as multiple compounding crises unfold. Global growth is slowing. Poverty, hunger, water scarcity, cost of living pressures and food and energy insecurity have increased alarmingly, deepening the existing challenges in the global economy and exacerbating vulnerabilities in fragile states.

“It’s clear there will be no calm after the COVID storm,” said Alvaro González Ricci, Governor of the Bank of Guatemala and Chair of the Group of 24 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),” González said.

González stressed that war in Ukraine compounds the inflation problem by reducing global food supplies, and sparking energy and fertilizer shortages, disproportionately harming vulnerable economies and the poor, while adding significantly to fiscal and economic pressures. A recession would intensify these challenges on all fronts and raises the need to ensure adequate lending resources are available. G24 members urged central banks to coordinate inflation responses to avoid adverse economic spillovers on EMDEs.

G24 members discussed concerns that international financial institutions have already stretched their lending to manage COVID and may not be prepared to respond to the present mix of compounding crises.

“Warning lights are flashing and we must urge proactive efforts to expand their lending resources to support a more difficult recovery,” González said.

G24 members called for scaled up support, including adequate emergency financing, from the IMF, the World Bank Group and other international financial institutions to provide timely and adequate liquidity support and development financing, particularly for lower income countries and fragile economies. They called for timely completion of the IMF’s 16th General Review of Quotas to increase in the IMF’s quota resources, which would reduce its dependence on borrowed resources and boost its lending capacity in times of crises. The G24 urged correcting the regressive and procyclical character of the IMF’s surcharge policy. The group asked the World Bank and other multilateral development banks to take steps, sooner than later, to manage risks and leverage their capital more effectively while exploring how to increase lending capacity through capital increases or other options.

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For more information or to schedule interviews, contact Angela Hanna (202) 623-6101.

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NOTE: Please refer to www.g24.org for more information. The G-24 October 2022 Communique 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.