



INTERNATIONAL MONETARY AND FINANCIAL COMMITTEE

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Statement No. 45-15

**Statement by Mr. Guterres
United Nations**



THE SECRETARY-GENERAL

18 April 2022

Excellencies,

The war in Ukraine, in all its dimensions, is having an alarming impact on a world economy already battered by COVID-19 and climate change. For developing countries, gains achieved over decades in the fight against poverty, hunger, economic inequality, and gender discrimination are being wiped out in the wake of these cascading crises. The global response, already uneven and insufficient before the war in Ukraine, continues to fall short, and the costs of a compound and prolonged crisis continue to accumulate, straining the foundations of our global social and economic systems: food, energy, and finance.

Global food prices have reached an all-time high, pushing 265 million people into hunger and an additional 236 million people into poverty. A global energy crisis is already in motion. Overstretched public finances in the aftermath of the pandemic have left many developing countries on the brink of a downward spiral of insolvency, cuts in critical investments and a meagre economic prospect. Social instability is spreading; people are on the streets in several countries, protesting against food and fuel shortages and the erosion of their purchasing power. These are the first signs of a potential tsunami of debt crises and civil unrest.

In our interconnected world, no developing or developed country is safe from these trends. According to preliminary analysis by the Global Crisis Response Group on the impacts of the war in Ukraine, at least 107 developing economies, home to 1.7 billion people, are severely exposed to at least one of the three global channels of transmission of this crisis – food, energy, and finance. Sixty-nine countries (or 1.2 billion people) are severely exposed to all three. One-third of the people affected by this triple crisis were already struggling with poverty and hunger at the end of 2021. Alarming, Least Developed Countries (LDCs) and Small Island Developing States (SIDS) bear the brunt in this group of “perfect storm” triple exposure countries.

Time is of the essence. The lives and livelihoods of hundreds of millions of people depend on solidarity and working together as a global family to respond to these common threats and achieve our shared goals.

All Members of the International Monetary
and Financial Committee of the International
Monetary Fund

The magnitude of this developmental challenge calls for a commensurate response. Yet, the world faces this crisis with depleted domestic resources and weaker multilateral policy buffers. Government debt in developing countries rose from 58 to 65 per cent of GDP between 2019 and 2021. At least 108 developing countries are facing these new economic shocks with higher government debt levels than in 2019.

While we welcome steps taken by multilateral financial institutions, prominently the International Monetary Fund and the World Bank Group, to adapt their technical advice and lending tools to serve the diverse needs of developing countries in the face of relentless global shocks, much more is needed. The call to action is clear. International Financial Institutions need to:

- Focus on flexibility and speed to ensure the timely provision of emergency concessional financing, including grants, with an emphasis on ensuring net-positive resource transfers to countries experiencing social and economic distress;
- Increase and maintain access limits for rapid financial assistance. Increase the annual access limits to the Rapid Credit Facility and Rapid Financing Instruments to crisis levels and extend the existing cumulative access limit to at least 2024;
- Suspend interest rate surcharges for at least two years;
- Support efforts to increase the pledges for the recycling of Special Drawing Rights including for the Resilience and Sustainability Trust (RST) and the Poverty Reduction and Growth Trust (PRGT), and fast track operationalization of the RST;
- Support available mechanisms for emergency financing and activate the rapid disbursement of funds, while minimizing the use of non-crisis-related conditionalities; and encourage Multilateral Development Banks (MDBs) to use a flexible approach to balance-sheet risk management in order to leverage their emergency lending capacity to its full extent;
- Support new rounds of capital injections for MDBs, including at the regional level; and encourage the channeling of unused Special Drawing Rights through the MDBs;
- Move debt issues higher up the political agenda; mobilize greater political will and international leadership; and provide emergency debt relief to countries in, or at high risk of debt distress. Debt relief is first and foremost an investment tool, and should not be seen as an act of charity;
- Call on the Group of Twenty (G20) to reactivate the multilateral Debt Service Suspension Initiative for two years and reschedule maturity for two to five years;
- Review the G20 Common Framework for Debt Treatment to provide timely debt restructuring to countries in need. This includes clarity on timelines and transparency on what debt should be covered, a debt service payment standstill, clear enforcement of comparability of treatment and the need to include private creditors and expanding country eligibility beyond low-income countries.

The international community has the tools to rise to the occasion in addressing the dangers posed by food insecurity, the energy crisis, and economic instability. The decisions you take in this year's Spring Meetings will have profound implications for global peace and sustainable development for years to come. I urge you to make the right call for humanity.

Please accept, Excellencies, the assurances of my highest consideration.

A handwritten signature in black ink, appearing to read 'António Guterres', with a long horizontal line extending to the right from the end of the signature.

António Guterres