



# General Assembly

Distr.: General  
14 August 2020

Original: English

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## Seventy-fourth session

Agenda items 9, 17, 18, 19, 20, 22, 23, 25, 71 and 123

### Report of the Economic and Social Council

#### Macroeconomic policy questions

#### Follow-up to and implementation of the outcomes of the International Conferences on Financing for Development

#### Sustainable development

#### Globalization and interdependence

#### Eradication of poverty and other development issues

#### Operational activities for development

#### Social development

#### Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance

#### Strengthening of the United Nations system

## Letter dated 30 July 2020 from the Representative of Guyana to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the statement by the Group of 77 and China on the COVID-19 pandemic and debt dated 22 July 2020 (see annex).

On behalf of the Group of 77 and China, I would appreciate having the present letter and its annex circulated as a document of the General Assembly, under agenda items 9, 17, 18, 19, 20, 22, 23, 25, 71 and 123.

(Signed) Neil Pierre  
Ambassador of the Cooperative  
Republic of Guyana to the United Nations  
Chair of the Group of 77



## **Annex to the letter dated 30 July 2020 from the Representative of Guyana to the United Nations addressed to the Secretary-General**

### **Statement by the Group of 77 and China on COVID-19 pandemic and debt**

**New York, 22 July 2020**

1. The Group of 77 and China is deeply concerned that the spread of the COVID-19 Pandemic has disrupted lives, livelihoods and economies and challenged health systems all over the world. This has been particularly acute for the most vulnerable amongst us. The COVID-19 Pandemic has emerged as the biggest global public health emergency in decades and the greatest economic crisis since the Great Depression of 1930, which has the potential to reverse the development gains achieved over the past decades and exacerbate existing inequalities and vulnerabilities. The Group also notes with concern that the economic recession triggered by the Pandemic is certain to go beyond 2020 for many developing countries.
2. The Group underlines that the adverse socio-economic effects of the COVID-19 Pandemic present increased and unforeseen challenges for all developing countries, including the most vulnerable countries and those facing specific challenges, and further aggravates their structural weaknesses that have been internationally recognized. The compounding of inadequate public health and medical infrastructure, limited social safety nets, high levels of economic informality and inequality, high debt burdens, reduced fiscal revenues, capital outflows, and lack of adequate and sufficient access to financial markets, reduces the fiscal space needed by many developing countries to fight against the COVID-19 Pandemic and achieve sustainable development.
3. The Group underscores that prices and demand for commodities, a majority of which is produced by developing countries for export, have fallen precipitously as well as a collapse of service industries upon which many developing countries are heavily dependent. Furthermore, the decrease in remittances, drop in travel and tourism revenue, increase in debt, low creditworthiness, higher borrowing costs, currency devaluation, and capital outflows, have hampered the ability of developing countries to maintain adequate foreign exchange reserves that constitute a key buffer to face financial vulnerabilities and external shocks.
4. The Group is gravely concerned that in 2020, in connection with COVID-19, most developing countries are expected to lose nearly \$800 billion in export revenue, a contraction of the tourism sector by 20% to 30%, resulting in a fall in GDP of up to 16%, while the total amount of sovereign debt payments due in 2020 is \$1.62 trillion and \$1.08 trillion in 2021, of which \$562 billion is owed by governments in low and middle-income countries. This is in a context where the total debt of the developing countries had already reached 193% of their combined GDP by the end of 2018, as indicated by UNCTAD. We are also concerned by the downward pressure of -5% to -15%, on Foreign Direct Investment (FDI) in the wake of declining Official Development Assistance (ODA), which fell by 4.3% in 2018.
5. The Group is deeply concerned about the impact of unsustainably high debt levels faced by many developing countries, the most vulnerable countries and those facing specific challenges, which severely compromise their ability to withstand the impact of the COVID-19 shock and to invest in the implementation of the 2030 Agenda. Therefore, the Group encourages the World Bank, the IMF, multilateral and regional development banks, bilateral creditors and other commercial and private creditors, to provide immediate and substantial debt relief, as well as other support measures to developing countries, to make available necessary fiscal space and

liquidity and help them manage the unfolding crisis caused by the COVID-19 Pandemic while achieving sustainable development. The Group also urges donor countries to meet their ODA commitments and to reinforce their efforts to achieve what was agreed in the Addis Ababa Action Agenda on Financing for Development.

6. The Group notes the steps announced by the IMF, the World Bank, and the G20 so far, and commends, in particular, the initiative by the IMF and the World Bank to suspend the bilateral debt service payments for 2020, owed by the poorest countries within the International Development Association (IDA). The Group further encourages the IMF to facilitate its emergency lending tools, accelerate technical support, and increase its total lending capacity to respond to the increasing number of countries requesting emergency funds in order to save lives, sustain economic activity, protect jobs and incomes, and alleviate liquidity constraints. The Group stresses the importance for private creditors to join the IMF and World Bank's debt suspension initiative so that official sources of debt relief may not be used to pay-off private sector debt.

7. The Group stresses that a moratorium on debt service payments should cover a sufficient period to ensure immediate "breathing space" for all developing countries that request forbearance, as well as support to the countries that still have market access. The Group believes that beyond the immediate crisis response, appropriate measures, including targeted public, private, bilateral and multilateral debt relief, will be needed to address risks of debt vulnerabilities in developing countries, as the impact of COVID-19 has compounded already high debt levels and rising debt costs as well as unmet financing needs for the SDGs, existing before the pandemic. The Group also suggests the need to explore innovative financial instruments, such as debt swap mechanisms, that provide long-term and comprehensive solutions towards debt sustainability.

8. The Group believes that there is need for a global consensus on resolving the debt problems of developing countries. In this regard, the Group stresses that the UN provides a forum for an informal and inclusive dialogue, especially the Financing for Development Forum, calling on the international community in enhancing the capability and resilience of developing countries to maintain debt sustainability and achieve sustainable development in its three dimensions, with technical details discussed at the relevant specialized forums, inter alia, the IMF, World Bank Group, and multilateral and regional development banks.

9. The Group believes that debt relief and support measures or additional financing to developing countries should not be tied to any conditionality and should not impose undertaking some sets of economic policy reforms, such as austerity measures, particularly in the context of the COVID-19 Pandemic.

10. The Group commends the Secretary-General for issuing the Policy Brief on Debt and COVID-19, and supports his call on the international financial institutions, the multilateral development banks and the UN for debt relief that is not based on levels of income but on vulnerability. The Group takes note of the call for a Global Initiative for Debt Relief to promote a comprehensive and long-term solution to the debt issue and financing for sustainable development.

11. The Group commends those donor partners and institutions that have initiated special measures to assist and cooperate generously with developing countries in their efforts to combat the pandemic. It calls on those that have not yet done so, including commercial and private creditors, to take urgent steps in this direction.

12. The Group shares the view of the United Nations Secretary-General that unity and cooperation must prevail, so that the international community can work together in solidarity to stop this virus and its shattering socioeconomic consequences.

13. The Group stresses that the current challenges posed by the COVID-19 Pandemic cannot be resolved by means of isolated national solutions, and therefore acknowledges the leading role of the United Nations in these endeavours, including the World Health Organization. Our common problems require comprehensive, inclusive and coordinated global solutions, derived with the full participation of the international community and relevant stakeholders. There is urgent need to set aside all political ideologies and exclusions, in our collective response to the pandemic.

14. The Group calls on all members of the international community to strengthen international solidarity, joint efforts, multilateral cooperation and partnership with all developing countries, including in the area of capacity building and technical assistance, to fight and stop a disease that is our common enemy and demonstrate our capability to work together in solidarity.

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