



## **JOIN STATEMENT BY ARGENTINA AND MEXICO ON A PROMPT, INCLUSIVE AND SUSTAINABLE RECOVERY**

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In the context of the G20 Finance Ministers and Central Bank Governors meeting, it is imperative to assess the impact of the pandemic, as well as the scope and reach of the new support mechanisms, currently being discussed, to promote the economic recovery of Low as well as, Middle-Income Countries (MICs).

Global growth of debt levels in practically every country is a clear result of the pandemic, due either to increased expenditure to provide economic stimuli, increased health expenses, or as a consequence of a substantial decrease in revenues.

This situation brings forward diverse scenarios. For some countries, with historically low –or even negative interest rates–, this has not been particularly challenging. On the other hand, the poorest require the support of the international community, such as the Debt Service Suspension Initiative and recently through a new SDR allocation.

However, forgotten between these extremes lay MICs, whose challenges do not represent a minor issue, given that they account for 75% of the world population and 62% of the world's poor. The World Bank estimates that 120 million people fell back into extreme poverty by the end of 2020; it is expected that most of the new extreme poor in the world, will precisely come from these countries, accounting for 94 million.

MICs tend to have –albeit sometimes intermittently– access to capital markets, but not at low interest rates. For this reason, it is crucial to a) Consider new mechanisms in which the new proportionally-allocated SDRs can benefit MICs in need; and to b) Analyze, without precluding bilateral or other mechanisms to make use of the upcoming SDR allocation, the possibility of creating a specific fund within the International Financial Institutions, that would favor more orderly debt restructuring of distressed MICs or the improvement of their financing conditions.



This will prevent the health and the economic crisis from turning into a debt crisis in the medium term, allowing the vast majority of the world's population not to transition into the forgotten majority.

The Ministries of Finance of Argentina and Mexico will continue working during the World Bank Group and the International Monetary Fund's Spring Meetings, to generate a broader consensus and will also continue adding actions that will allow us to have a prompt, inclusive and sustainable recovery.