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# Covid-19 and developing countries

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STIH GSYRXVMIW... IGSRSQMIW QE] WXE VX F] XLI IRH SJ  
ERH VIZIVFIVEXI XS HIZIPSTMRK GSYRXVMIW MX MW  
EPWS TSWWMFPI XLEX XLMW QE] FI XLI WXE VX SJ XLI [SVWX  
IGSRSQMG HS[RXYVR WMRGI<sup>3</sup>XLI +VIE X (ITVIWWMSR  
%GGSVHMRK XS XLI -03 XLI GVMWMW GSYPH [MTI  
SYX XLI IUYMZEPIRX XS QMPPMSR JYPP XMQI NSFW  
KPSFEPP] MR NYWX XLI WIGSRH UYEVXIV SJ  
8LMW LEW JIH MRXS ¼RERGM EP QEVOIXW ZSPEXMPMX]  
  
1SWX HIZIPSTMRK GSYRXVMIW EVI EPVIEH] I\TIVM  
IRGMRK E WMKRM¼GERX WLSGO )RXMVI WIGXSVW LEZI  
GSIQIKX 9VE WYHHR WXST WYTTP] GLEMRW LETI aRm% `

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6 W p `

# Policy responses

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While this remains, for now, a liquidity crisis in most countries, it may quickly become a

solvency issue. -X MW YRGPIEV [LIXLIV SV [LIR  
HIZIPSTMRK GSYRXVMIW [MPP VIXYVR XS XLI WEQI PIZIP  
SJ I\TSVXW ERH XIVQW SJ XVEHI EW FIJSVI XLI TER  
HIQMG 'SYRXVMIW QMKLX FI SR E PS[IV IGSR SQMG  
KVS[XL XVENIGXSV] KSMRK JSV[EVH EJJIGXMRK EGGIWW  
XS ¼RERGM EP QEVOIXW JSV ]IEVW XS GSQI XLVSYKL RS  
JEYPX SJ XLI

Initial estimates indicate that  
%JVMGE QE] FI MR MXW ¼VWX VIGIWWMSR MR XLI PEWX  
years, while Latin America and the Caribbean is facing the worst recession ever. Similar decelerations are affecting many countries in the world, including in Asia and the Arab Region.

We commend the IMF, the World Bank, the G20 and others for responding to developing countries needs in these extraordinary times.

Debt relief should not be based on level of income but on vulnerability.

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RIGIWWEV] ,S[IZIV JSGYWMRK SRFALHIFSSVPMW MW TVSZMHIH TVMZEXI ERH  
GSYRXVMIW EPSRI [MPP RSX WY 3/4 QE]XJE GHOYRWWT KILYRMPEXIVEP HIJEYPXW  
KPSFEP WGEPI SJ XLI GLEPPIRKI BSRKVVGFMMWIRWHIJEWPX ERH GSRXMRYIH H  
FIIR MRHMWGVMMQREXI MR MXW M QTCB XW FW R FQMRK E [EZI SJ HMWSVHIVP]  
LEVH EPP GSYRXVMIW EPMOI (IZI B HSRKH GSPYRTE]QIRXW EKVIIH XS FIX[II  
XVMIW EVI GEPPMRK JSV EHHMXM SBYR XWMTS ERH XLIMV PIRHIVW SRGI X  
WMXYEXMSR MQTVSZIW -X MW MR XLIM  
IWTIGMEPP] GVIHMXS VW XS WEJIKYEVH MRX  
QEVOIXW EX VMWO SZIV E TSXIRXMEP [I

8S IJJIGXMZIP] LEPX E HIFX GVMWW [I RIIH XS  
QSZI UYMGOP] ;I TVSTSWI E JVEQI[SVO XLEX



> PHASE 2:&IJSRH XLI MQQIHMEXI GVMWMW  
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KIXIH HIFX VIPMIJ [MPP PMOIP] FI RIIHIH EW XLI  
MQTEGX SJ '3:-( LEW GSQTSYRHIH LMKL  
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XLI 7(+W IZIR FIJSVI XLI TERHIQMG LMX

> PHASE 3:%HHVIWWMRK WXVYGXYVEP MWWYIW  
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Coordination will be more important now than ever, especially given the increased exposure of developing countries to non-traditional bilateral creditors and to private creditors and international capital markets.

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7 I G S R H + Y P J ; E V



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21 LXXTW HIZIPSTQIRX¼RERGI YR SVK JWHV

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# Recommended Actions

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A comprehensive approach across three phases, involving all relevant creditors and all countries facing liquidity and solvency issues due to the crisis is required.

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## PHASE 1

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HZIPSTMRK ~~GLYRXVW~~ WRS EGGIWW XS  
JM ~~RGM Q~~ EVOR ~~IKME~~ ESX WIVZMGI XLIMV HIFX

8S WXE VX SJJMGMEP FMPEXIVEP GVIHMXSVW WLSYPH  
MQQIHMEXIP] MRWXMXYXI ER IQIVKIRG] HIFX  
TE]QIRX QSVEXSVMYQ SR WSZIVIMKR HIFX FMPR` €H\$\*Ä! :14MGI