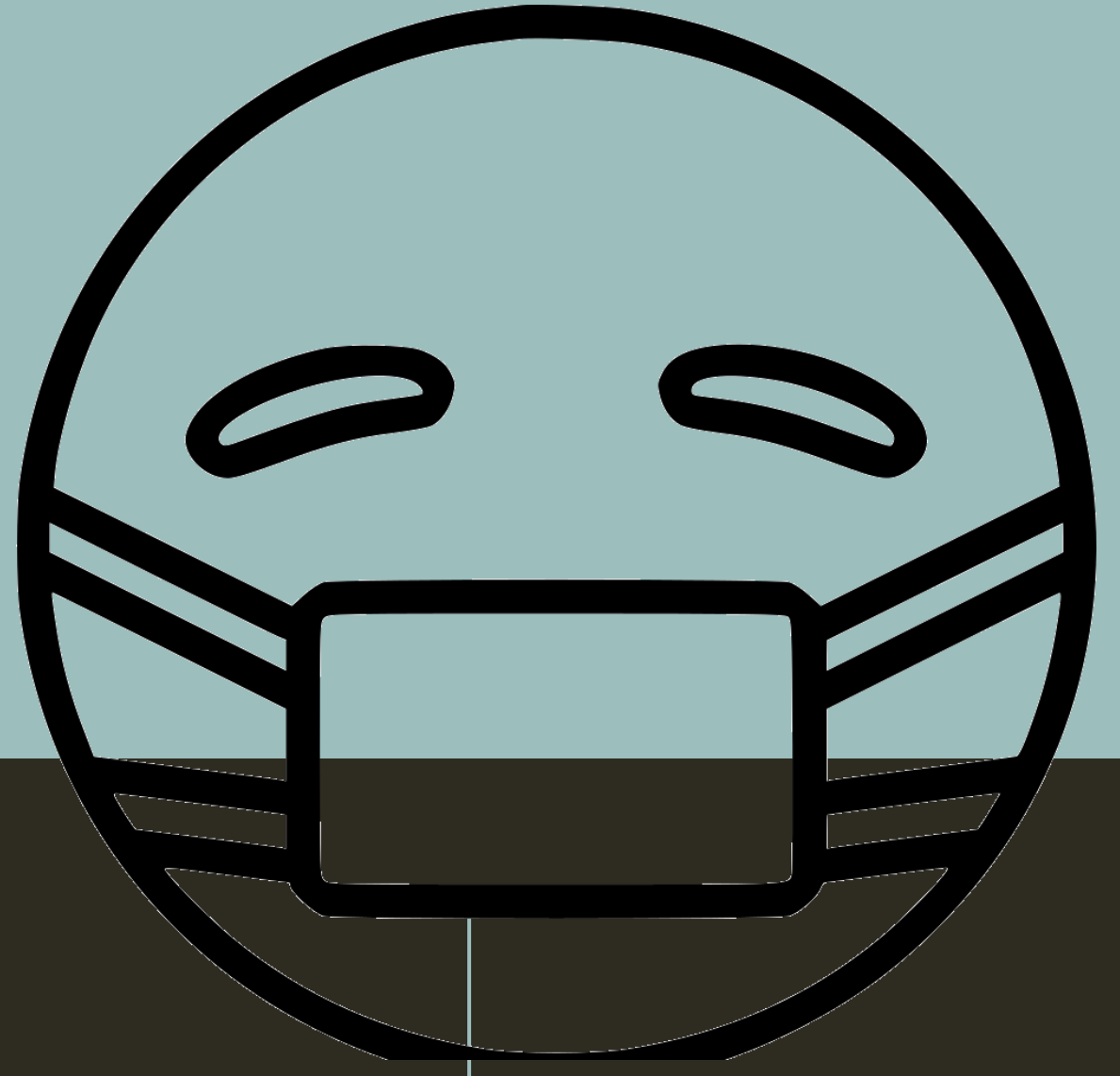


FACE
FUND TO ALLEVIATE
COVID ECONOMICS

INTERNATIONAL SOLIDARITY IN THE FACE OF
THE ECONOMIC AND SOCIAL IMPACT OF
COVID-19



WHAT IS FACE?

FACE is a support fund to be financed by rich countries and administered by multilateral banks (or by one MB), which will provide extraordinary financing to poor and emerging economies.

1. FACE should amount to at least 3% of the total GDP of recipient countries.
2. FACE will be funded by concessional loans from high-income and liquidity-rich countries, those that generate \$70 trillion of the \$87 trillion of global GDP.
3. FACE will be used to lend an average of 3% of the GDP to poor and emerging economies, those that generate \$17 trillion of the \$87 trillion of global GDP.
4. Generate at least \$516 billion, which is 0.74% of developed countries GDP.
5. Be allocated towards a) mitigating the economic impact on individuals of the pandemic-induced economic recession, b) mitigating the economic impact on the productive sectors of the pandemic-induced economic recession, c) economic recovery once COVID-19 is defeated.

WHAT IS FACE?

6. Disbursement of FACE resources would be fully aligned with the fulfillment of the 2030 Agenda, building resilience and achieving the targets of multilateral environmental agreements, such as countries' NDCs, to accelerate progress towards sustainable development in the Decade of Action.

7. FACE loans would be provided under the following proposed terms: 50-year repayment period, 5-year grace period and a maximum fixed interest rate of 1%.

8. The international financial institutions would continue the dialogues and assessments and insist on agreed targets, according to the pre-crisis macroeconomic and structural conditions of each country.

9. The beneficiary countries, with the support of MDBs, should set up a separate account in order to register the fiscal costs of the pandemic, both direct health costs and costs of the policies listed in point 5 above.

10. The MBs (or the MB) will not charge for receiving and distributing FACE resources or for the corresponding oversight activities. They will gather the contributions and channel the funds by means of a SPV, outside their balance sheets.

CONTRIBUTIONS

Paises	GDP \$ millones	Contribution: GDPx0,0074
USA	21439453	158652
EU	18705132	138418
China	14140163	104637
Japan	5154475	38143
Canada	1730914	12809
Russia	1637892	12120
ROK	1629532	12059
Australia	1376255	10184
Saudi Arabia	779289	5767
Switzerland	715360	5294
Taiwan	586104	4337
Norway	417627	3090
UAE	405771	3003
Israel	387717	2869
Singapore	362818	2685
New Zeland	204671	1515
Qatar	191849	1420
Kwait	137591	1018
Baharin	37750	279
Brunei	13455	100
a Total high income + liquidity rich	70053818	
b World	87265226	
c Total Emerging & Poor	17211408	
d FACE=3%GDP of Poor	516342	
e %GDP Rich=d/a	0,0074	

ONE GLOBAL FINANCIAL MARKET, DIFFERENT INTEREST RATES, ETC

High income and liquidity rich countries:

a-Low interest rates (AAA countries)

b-Big fiscal and monetary push in aggregate demand

c- early vaccination and early ease of economic lock downs

a+b+c → very easy to get debt sustainability $g > r$

Emerging & poor:

d-high interest rates even with lower levels debt/GDP ratios (B&C countries)

e-fiscal contraction to avoid down-ratings and even higher r

f-late vaccination and late economic opening

d+e+f → very difficult to get $g > r$

FACE looks to extend pricing of debt enjoyed by AEs towards emerging and poor for a relatively small amount of debt (\$516 billion)

SOLIDARITY AND SELF-INTEREST

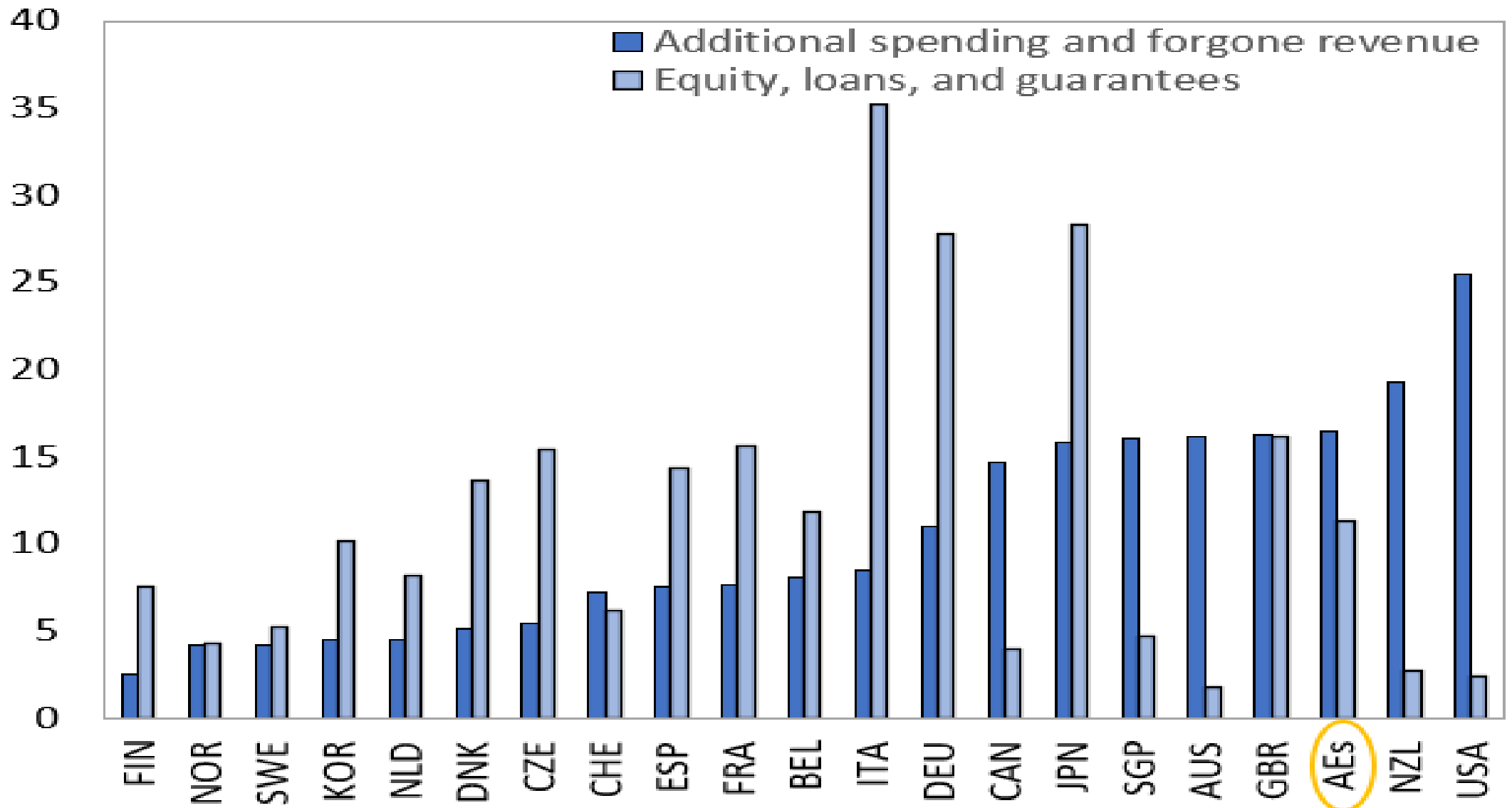
i. Increase in poverty  more migration + more drug trafficking + more money laundering = more crime all over

ii. Recession in emerging economies  less trade + default = problems for rich countries' goods and financial business'

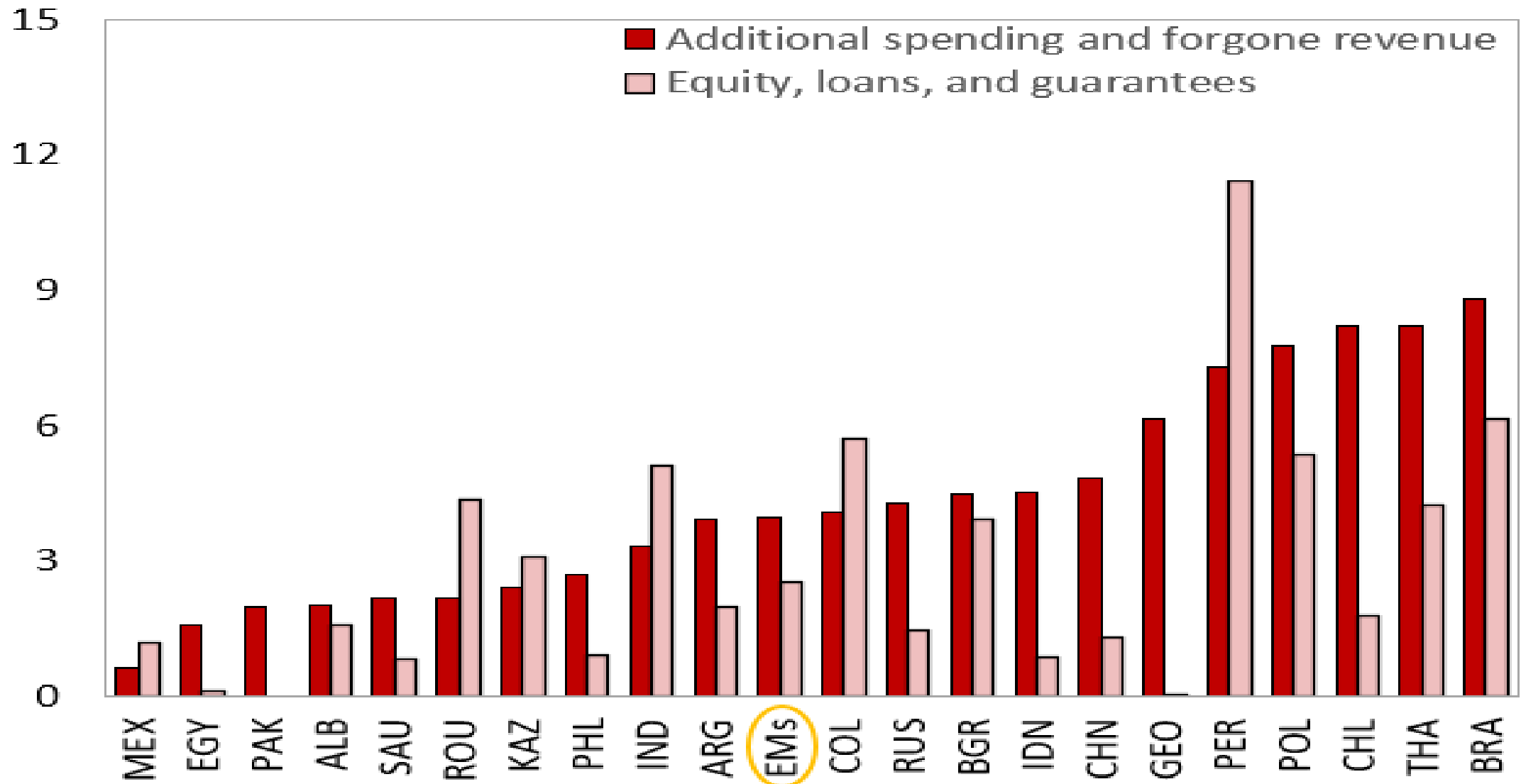
iii. Given globalization, the economic, social and political rationale behind the rescuing of local large corporations is the same (if not weaker) for "rescuing" countries.

iv. Dangers of political instability in the face of an enduring social and economic crisis.

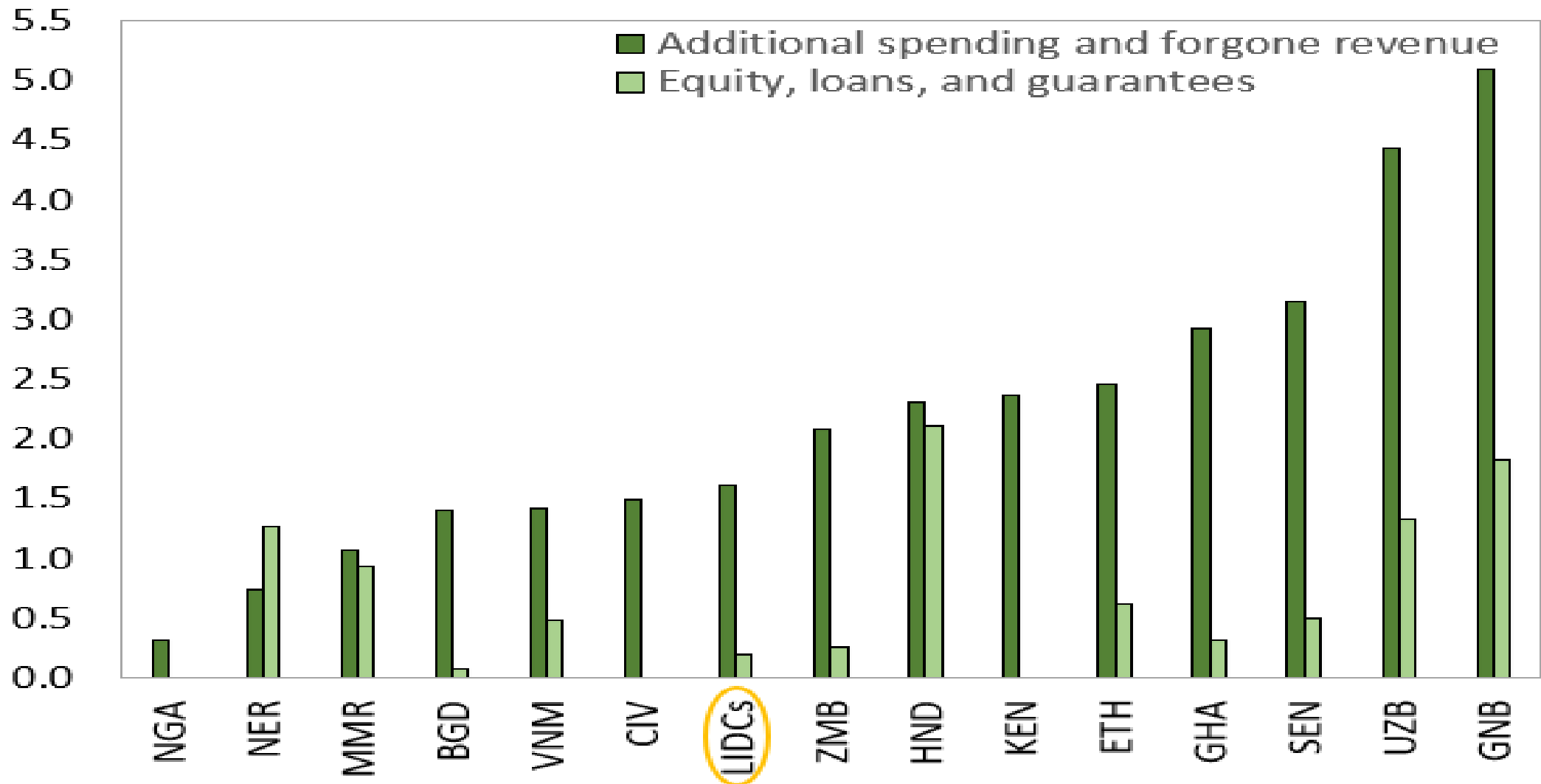
THE WORLD OF **ANTICYCLICAL** POLICIES

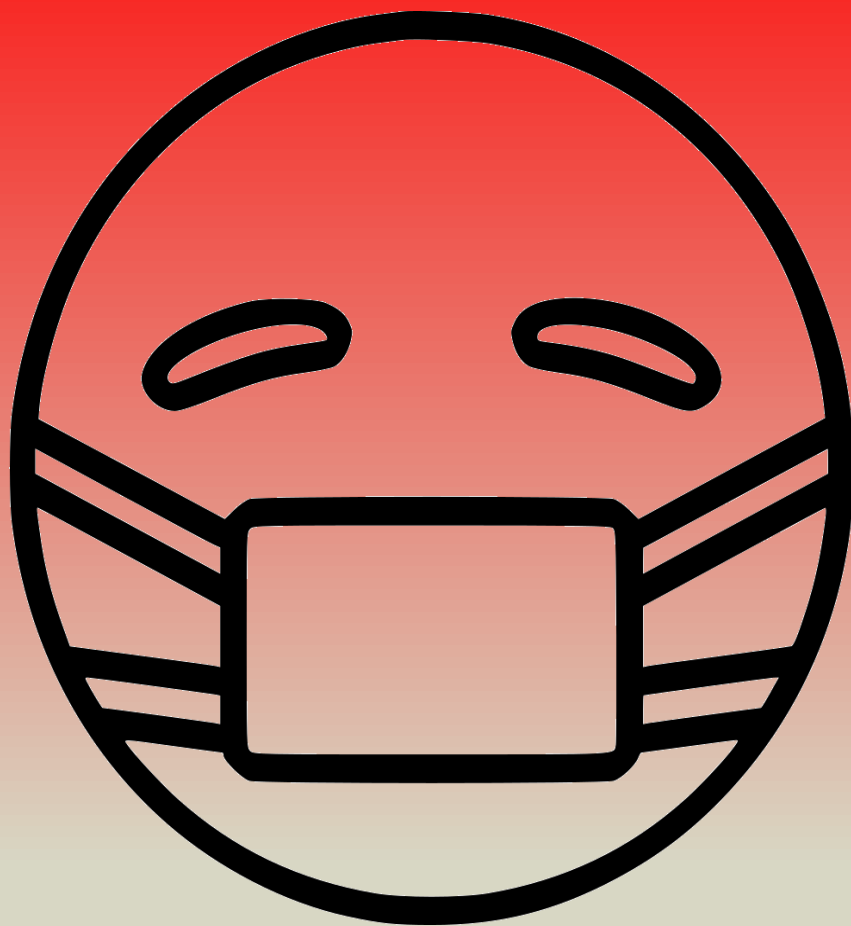


THE WORLD OF **MACRONEUTRAL** POLICIES



THE WORLD OF **PRO**CYCLICAL POLICIES





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PÚBLICO