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[Emerging Markets Debt](#)

## Slower global recovery seen at IMF meeting as well as an expanded agenda

By: [Emerging Markets Debt Team](#) | May 3, 2021

**Boston** - Thousands of investors, government officials, nongovernment executives and Eaton Vance's emerging markets debt team attended the recent virtual spring meeting of the IMF. Over the three-week period, the team attended an exhaustive number of meetings. Here are some of the macro themes and country-specific highlights we gathered:

**Mandates shifted to social concerns:** The IMF meeting's agenda revealed that social concerns such as climate change, vaccine distribution and an equitable recovery are a higher priority than fiscal and monetary policy. While the shift in focus this year by the IMF and the World Bank is understandable, it is a departure from the core mandates of both institutions since their creation in 1944. It could be a source of concern if the shift were prolonged, as monetary and fiscal issues could potentially be overlooked.

**2021 will not be the year for recovery:** The meeting also revealed fading hopes among many countries for a strong recovery this year, with most expectations for the rebound pushed into next year and beyond. Monetary and fiscal policies are also being adjusted according to that view, mostly in the form of a delay in tighter conditions.

**Emerging markets remain idiosyncratic:** A number of countries were notably absent, and/or did not send delegates — a sign that they had no successful reform measures to tout or positive updates. The extent of reforms varied widely, and it appears some are using the lag in the global recovery as an excuse for lack of progress. Fortunately, there are many emerging markets (EM) countries that we are excited about that are implementing necessary reforms.

Among the emerging markets discussions, two countries stood out:

**Sudan** — Several positive developments caught our attention. The country was removed from the U.S. terrorism list in 2019 following the popular ousting of former leader Omar al-Bashir. Leaders have expressed free-market policy ambitions — the country is opening up for business and looking to the private sector for growth.

**Egypt** — The country garnered praise for its accomplishments, including a planned second round of reforms, such as reducing the state's role in the economy, privatization of state- and military-owned enterprises, and reducing structural impediments to private sector investment.

**Bottom line:** The IMF agenda underscored the idiosyncratic nature of EM countries — the pandemic may have changed some dynamics, but due diligence and fundamental country analysis are more important than ever for capitalizing on the significant potential that we see in the asset class.



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