Emergency Funds to Fight the Pandemic

COVID-19 is disproportionately impacting poor and vulnerable people. In 2020, global growth contracted 3.5% and nearly 100 million people entered extreme poverty. As many as 251 million people could be driven into extreme poverty by 2030. Low- and middle-income developing countries have been hit the hardest, with fewer resources to protect their citizens from COVID-19 or to begin an economic recovery. The United Nations Development Programme estimates developing countries will lose $220 billion or more in income because of the pandemic.

Developing countries desperately need increased resources to respond to the coronavirus. They do not have access to the finance or medicines needed. Special Drawing Rights are one way to increase resources for developing countries to bolster their health and social safety net spending.

What are Special Drawing Rights?

Special Drawing Rights (SDRs) are an emergency currency created by the IMF. SDRs can be allocated and then exchanged for money in times of crisis. The value of an SDR is based on several major currencies. SDRs are created by all IMF member states but are primarily allocated to rich countries in proportion to their economic size. SDRs are not debt and can be donated by wealthy nations to poorer ones.

Historic SDR creation

On August 23, 2021, the IMF released $650 billion in SDRs – approximately $230 billion go directly to developing countries. This is the most aid we have won in 25 years of campaigns on debt relief and disaster assistance. But more is needed. Wealthy countries received more than $400 billion. They don’t need these reserve funds and should donate them to developing countries that can use them for pandemic response.
What is still needed

Jubilee USA is advocating for the IMF to create new SDR allocations, in addition to the US$650 billion already distributed. We are also calling on the US and other wealthy nations to commit to channeling their SDRs to countries that need them, and to urge other rich nations to do so too.

- See our letter with the US Conference of Catholic Bishops to President Biden: https://tinyurl.com/4hkyfbsp
- See our joint letter on rechanneling SDRs: https://tinyurl.com/5wvvjmw

How you can help

1. Contact your Senators and Representative. Ask them to support the creation of additional SDRs and the donation of the US SDRs to support vulnerable countries that need them. Call the US Capitol switchboard at (202) 224-3121 and ask to be connected to your senators and then your representative. You will need to call three times to reach all of them.
   Sample call script:
   My name is _______. I am a constituent from [city, state]. Please support a new creation of Special Drawing Rights reserves because developing countries need increased resources to fight the pandemic. This won’t cost taxpayers anything and won’t increase debt in vulnerable countries. Please also ask the Treasury Department to donate its share of SDRs to countries in need and encourage other wealthy countries to do the same.

2. Sign our urgent G20/IMF petition calling for more resources to support vulnerable countries impacted by the pandemic.
   https://tinyurl.com/7vhjktttn

3. Facilitate a discussion group using the materials in this packet.

4. Spread the word about how SDRs can be a part of a global response to the COVID-19 crisis.

For more information, go to www.jubileeusa.org or email Communications and Operations Manager Olivia Engling at olivia@jubileeusa.org.