

THE WORLD NEEDS MORE Special Drawing Rights Now



The world is facing a perfect storm of crises. A new issuance of the International Monetary Fund's (IMF) Special Drawing Rights (SDRs) is urgently needed for global relief.

What are SDRs?

SDRs are international reserve assets issued by the IMF. Countries can use their SDRs to pay debts, bolster foreign reserves, or fund critical purchases like vaccines and food supplies by exchanging their SDRs for hard currency. In times of crisis, the IMF can issue more SDRs to its members, providing immediate global relief at virtually zero cost.

A Record of Success During Global Crises

The IMF has issued major new SDR allocations twice in recent years:

2009

\$250 billion issued in response to the Great Recession

2021

\$650 billion issued in response to the COVID-19 pandemic

These allocations helped boost the global economy and provided crucial support to countries in need. In the first year following the 2021 issuance:

104 developing countries made use of their SDRs, many using the entirety of their share in within a year or less, demonstrating the urgent need and appetite for SDRs.

41 out of 45 countries in Sub-Saharan Africa used their SDRs in some way, showing their particular importance to low-income and African nations.

SDRs were used to buy vaccines, to fund public health and social needs in response to the pandemic, to pay back IMF debt, to supplement existing reserves, and more.

Why More SDRs are Needed Now

Soaring poverty and hunger

According to UN Secretary-General António Guterres, rising food and energy prices as a result of the war in Ukraine “could throw up to 1.7 billion people — over one-fifth of humanity — into poverty, destitution and hunger on a scale not seen in decades.” If you think we’ve got hell on earth now,” [warned](#) World Food Programme head David Beasley, “you just get ready.”

A looming debt crisis

Even before the war in Ukraine, the developing world stood on the brink of a debt crisis. As the Federal Reserve and other central banks hike interest rates, and developing nations [burn through](#) their foreign reserves, the world will soon be [pushed over the edge](#). Without action, we risk a repeat of the calamitous debt crises of the 1980s — or worse.

A (still) raging pandemic

The COVID-19 pandemic is far from over. The United States recently hit the tragic milestone of one million COVID-19 deaths. Meanwhile, [less than one-fifth](#) of people in low-income countries have received even a single dose of a COVID vaccine. Resources are urgently needed to address supply chain disruptions triggered by lockdown measures, in addition to funding national vaccination measures.

A global economy in trouble

The IMF [warns](#) of a sharp global economic downturn, with growth predictions for 2022 dropping to 3.2% — down nearly half from 2021. “For many countries, recession will be hard to avoid,” reported World Bank president David Malpass. “Even if a global recession is averted,” he added “the pain of stagflation could persist for several years.”

By providing countries with fiscal space for social spending, the ability to import more COVID-19 vaccines and food supplies, and resources to repay debts and avert balance of payments crises, a new SDR issuance is key to addressing this entire suite of crises.

“ Developing countries urgently need financial support from international financial institutions....Unless there is a strong effort....countries will continue to struggle to pay their food and energy import bills, service their debt and increase spending in social protection....We need a new emission of Special Drawing Rights from the International Monetary Fund.

— UN SECRETARY-GENERAL ANTÓNIO GUTERRES —

SDRs are good for the US

The 2021 SDR allocation helped boost global demand and create US export jobs that had been lost as a result of the COVID-19 crisis.

A new issuance would similarly support US export sectors. Support for a new issuance would also bolster US global leadership, including on climate, at virtually no cost to US taxpayers.

Sanctioned Countries Don't Benefit from SDRs

Some US lawmakers have stated that SDRs can be used by US “enemies.” Yet in it is nearly impossible for countries facing broad economic sanctions to use SDRs. Afghanistan, Belarus, Iran, Myanmar, Russia, Sudan, Syria, and Venezuela have collectively used zero SDRs since last year's allocation. China, meanwhile, does not need its SDRs, and is unlikely to ever use them. There is [no evidence](#) to support claims that SDRs benefit US adversaries.

What Are We Waiting For?

The US House of Representatives has twice [passed](#) legislation supporting a 2 trillion SDR issuance (around \$2.6 trillion worth, at the current rate). But while congressional authorization is pending, Treasury has the authority to act on its own right now to support a new SDR issuance of \$650 billion — equal to that of last year.

The US has the power to help provide immediate, global relief to developing countries facing an unprecedented combination of crises, benefitting the US and the world at zero cost. We must act now to support a new issuance of Special Drawing Rights.

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Allies, Lawmakers, and Civil Society Groups Want SDRs Now

African Union and finance ministers

The [African Union](#) and [African finance ministers](#) are pushing for a new SDR issuance to help survive the COVID-19 and hunger crises.

International Chamber of Commerce

The International Chamber of Commerce, which represents more than 45 million companies in over 100 countries, [supports](#) a new \$650 billion issuance.

UN Global Crisis Response Group on Food, Energy, and Finance

In a [recent report](#) on the global impact of the war in Ukraine, the UN Global Crisis Response Group on Food, Energy, and Finance finds that “A new emission of Special Drawing Rights, as well as more pledges to recycle them from countries with strong foreign reserve positions, is urgently needed.”

Ukraine Finance Minister Marchenko

Ukraine has used nearly the entirety of its 2021 SDR allocation and the Finance Minister Marchenko [described](#) SDRs as the main financing instrument that Ukraine needs, above other forms of loans and grants.

Economists, civil society and US officials

Nearly [150 civil society organizations](#) from around the world — including the AFL-CIO, Oxfam International, Partners in Health, and more — as well as [leading economists](#), and many [US lawmakers](#) have called for a new major SDR allocation to help provide global economic relief.