

## **A stronger and more urgent call on Special Drawing Rights (SDR) at the Extraordinary Session of the AU Specialized Technical Committee (STC) on Finance**

### **Distinguished Honorable Ministers of Finance,**

We acknowledge your efforts in mobilizing liquidity to Africa as the continent faces additional financing needs of \$285 billion through 2025

just to respond to the pandemic, and at least \$500 billion to get back on track to pre-Covid-19. We further recognize that the world is finally coming together around a coherent strategy to end the crisis. The historic general allocation of Special Drawing Rights (SDR) equivalent to \$650 billion to address the immediate and long-term impacts and aftershocks of the pandemic is welcome. However, Africa's allocation of \$33 billion falls significantly short of our financing needs to build forward together out of the pandemic.

Therefore, we support the call by African leaders for an initial recycling or channeling of \$100 billion to low- and middle-income countries to help close their financing gaps. As civil society organizations working to support the recycling of SDRs to countries that need them most, we recommend that a stronger and more urgent call be made by the Ministers at the Extraordinary session of the AU STC on Finance coming up on 15-17 December 2021, to show African solidarity on scale, scope, speed and openness.

**Scale** - To this end, we recommend a collective call to recycle an initial target of \$100 billion in SDRs to support COVID-19 response and recovery in low- and vulnerable middle-income countries. This, together with more inclusive participation of **all creditors** in the G20 Common Framework, will ensure better value for utilisation of the SDRs.

**Scope** - We recommend a call for all countries that are able to do so (particularly the advanced economies) to voluntarily channel SDRs to support recovery efforts in vulnerable countries through existing and new funding mechanisms.

**Speed** - We call on you to highlight the urgency of recycling SDRs, given the fiscal constraints and tough choices that vulnerable countries have to manage, and the debt service levels that have made domestic budget management a critical challenge.

**Openness** - We also call on you to recognize that the additional liquidity from recycled SDRs must be prudently used to fully maximize the benefits to our citizens and to support a quicker recovery. We therefore recommend a commitment to open and transparent processes that will allow citizens and civil society organizations, as well as the legislature, to clearly follow the use of such resources, including publicly disclosing plans on how the allocated SDRs are used, periodically publishing a progress report, and conducting an assessment of how the implemented activities and results align with the objectives of the plans. We call on Ministers to establish an African Accountability Mechanism on Debt Relief and Economic Recovery to support these efforts, that is African led and implemented under the auspices of the African Union.

As civil society organizations, we commit ourselves to amplify these calls, further pressure advanced economies in the media and on global fora, and partner with the citizens of these countries to hold their leaders to account for all commitments made.

We look forward to this unique partnership in support of a quicker recovery for the African continent and its people.

**Signed By:**

1. ONE Campaign
2. The African Forum and Network on Debt and Development (AFRODAD)
3. International Budget Partnership (IBP)
4. FollowTaxes
5. BudgIT Foundation
6. Civil Society Legislative Advocacy Centre (CISLAC) Nigeria
7. Jesuit Justice and Ecology Network - Africa (JENA)
8. Tax Justice Network Africa (TJNA)
9. Africa Network for Environment and Economic Justice (ANEEJ)
10. Nawi - Afrifem Macroeconomics Collective
11. Southern and Eastern Africa Trade Information and Negotiations Institute (SEATINI) Uganda
12. Tanzania Coalition on Debt and Development (TCDD)
13. TrustAfrica
14. Zimbabwe Coalition on Debt and Development
15. Caritas Africa
16. African Women's Development and Communication Network (FEMNET)
17. African Centre for Leadership, Strategy and Development (CentreLSD)
18. Centro para Democracia e Desenvolvimento (CDD) - Mozambique
19. Fórum de Monitoria do Orçamento (FMO) - Mozambique