

Ukrainian and Global Civil Society Requests that G7 countries urgently channel part of their unused SDRs to Ukraine

In 2021, G7 countries received approx. USD 280 bn of the USD 650 bn issues of the SDRs, which were distributed on a free-of-charge basis to support the economies during the pandemic times, bringing the total combined holdings of SDRs to USD 415 bn by the G7 countries. According to the IMF, Russia's war in Ukraine became an essential crisis, which hampers the development of 140 countries. Taking into account the substantial SDRs allocation made by the IMF in 2021, we urge G7 countries to donate or lend (on concessional terms) a part of the SDRs allocations received by the countries to Ukraine. This will help Ukraine stop the Russian aggression, prevent even more human tragedies, solve the humanitarian crisis, provide for Ukraine's economic resilience, and prevent devastating effects on the global economy and trade, including food supplies to the poorest countries of the world.

On February 24, 2022, Russia started the full-scale invasion of Ukraine with heavy bombing and shelling of Ukrainian cities. Already many have recognized this war is a genocide of Ukrainians. The loss of human life in the war, the suffering of civilians in besieged cities, and the massive displacement of people are at the core of the humanitarian crisis in Ukraine. The UN estimates that the number of refugees is approaching 5 million people, while the number of internally displaced people is about 7 million. The damage of Russia's war to Ukraine's economy is enormous. According to different estimates, the drop in real GDP in 2022 may reach 45% followed by a painfully slow recovery.

According to the Ministry of Finance of Ukraine, the current estimates of damaged civilian and military infrastructure account for about USD 300 bn, but this is not a final estimate. Ukraine faces a substantial fiscal gap as its economy shrank and, thus tax revenues dropped. The gap was close to USD 3bn in March 2022 and might reach monthly USD 5-7 bn in April and May each.

International assistance is currently required for Ukraine to win the war, prevent an even deeper humanitarian crisis, and avoid the state debt trap.

The undersigned organizations appreciate all the support G7 countries have provided to Ukraine in the form of financial and military aid. But Ukraine urgently needs more to cover emergency spending during the war. One way for G7 countries to help Ukraine is through the donation of its unused SDRs, including through mechanisms that may distribute them in the form of grants or concessional loans. These can include donations of unused SDRs either directly to Ukraine or to the newly established *IMF Multi-Donor Administered Account for Ukraine*.

In particular, in 2021 G7 countries received 44.6% of the total USD 650 bn of the new Covid-19 related SDR issue. As a result, total SDR holdings by G7 countries reached USD 415 bn. If G7 countries provide Ukraine with 10% of these holdings, they would help Ukraine largely cover the fiscal gap the country faces in 2022. These funds are important for financing the defense effort, creating social safety nets for IDPs and people that lost their jobs, and improving Ukraine's capacity to export grain to prevent the global food crisis.

We would really encourage you to consider the donation of SDRs to Ukraine in a manner that best preserves its unique reserve status and does not add to its debt burden. If you decide to donate SDRs in a manner that converts them to loans, Ukrainians request very **concessional** terms: at a minimum, long maturities (above 20 years) with low yields and a grace period of at least 10 years.

Ukrainian and global civil society calls on G7 countries to pledge immediate support for the provision of financial assistance to Ukraine.

Signatures

1. *Institute for Economic Research and Policy Consulting, Kyiv, Ukraine*
2. *Centre for Economic Strategy, Kyiv, Ukraine*
3. *DiXi Group, Kyiv, Ukraine*
4. *Institute of Analysis and Advocacy, Poltava, Ukraine*
5. *NGO European Pravda, Kyiv, Ukraine*
6. *Reanimation Package of Reforms Coalition, Ukraine*
7. *VOX Ukraine, Kyiv, Ukraine*
8. *Advanter Group, Kyiv, Ukraine*
9. *CASE Ukraine, Kyiv, Ukraine*
10. *Centre for Policy and Legal Reform, Kyiv, Ukraine*
11. *Ilko Kucheriv Democratic Initiatives Charitable Foundation, Kyiv, Ukraine*
12. *KSE Institute, Kyiv, Ukraine*
13. *Agency of Efficient Solutions, Kyiv, Ukraine*
14. *NGO "Parents for Vaccination", Kyiv, Ukraine*
15. *Committee of Voters of Ukraine, Kyiv, Ukraine*
16. *NGO "Detector media", Kyiv, Ukraine*
17. *NGO "CID"*
18. *Civil Society Institute, Ukraine*
19. *NGO The Club of Economists, Ukraine*
20. *Public union «Ukrainian association for excellence and quality», Ukraine*
21. *ISET Policy Institute, Tbilisi, Georgia*
22. *Ibsu, Tbilisi, Georgia*
23. *Institute for European Policies and Reforms (IPRE), Chişinău, Moldova*
24. *Local Democracy Agency, Moldova*
25. *Association for Participatory Democracy "ADEPT", Moldova*
26. *Georgian Institute of Politics*
27. *Center for Liberal Modernity, Berlin*
28. *Eco-TIRAS International Association of River Keepers, Moldova*
29. *National Union of Cinematographers of Ukraine*
30. *AO ECOTOX*
31. *Legal Resources Centre from Moldova*
32. *Expert-Grup, Moldova*
33. *NGO " Rivne interregional medical cluster", Ukraine*
34. *WatchDog.MD Community*
35. *Transparency International - Moldova*
36. *Association of Independent Press (API), Moldova*
37. *European Policy Centre*