Comunicato n. 200

# G20 to channel 45 billion US dollars to help vulnerable countries, aiming for 100 billion globally

The G20 and guest countries pledged close to USD 45 billion from their recent Special Drawing Rights (SDRs) allocation towards vulnerable countries, as a step towards a total global ambition of USD 100 billion of voluntary contributions. More G20 countries are considering additional contributions. All contributions are subject to domestic approval.

Italy contributes to this effort with a pledge of 20 per cent of its SDR allocation, which is equivalent to USD 4 billion. As part of this pledge, 1 billion of SDR (1.4 billion US dollars) will be channelled to scale up the lending capacity of the IMF's Poverty Reduction and Growth Trust (PRGT) that provides concessional lending to most vulnerable countries.

These pledges follow the new general allocation of SDRs equivalent to USD 650 billion, implemented by the International Monetary Fund (IMF) last August with strong G20 support. This new SDR allocation, the largest in the history of the IMF, will help address the long-term global need for reserves, to support the response to the COVID-19 crisis.

The new general allocation makes available SDRs equivalent to USD 275 billion to emerging and developing economies, the Finance Ministers and Central Bank Governors of the G20, at their last meeting in October, appreciated the progress made by the IMF towards providing actionable options for members to voluntarily channel a share of their own SDRs. These options include the significant scaling up of the lending capacity of the IMFs' PRGT, as well as the establishment of a new Resilience and Sustainability Trust by the IMF, to provide affordable long-term financing to reduce macroeconomic risks, including those stemming from pandemics and climate change.

The general SDR allocation and their channelling are part of a broader package of support to vulnerable countries agreed on by the G20 in response to the COVID-19 pandemic. This package includes the G20 Debt Service Suspension Initiative (DSSI), which is estimated to have granted at least USD 12.7 billion in total debt service deferred between May 2020 and December 2021, benefitting 50 countries, the Common Framework for Debt Treatment Beyond the DSSI, to address debt vulnerabilities on a case-by-case basis through a more structural approach, and the recently launched Independent Review of the Multilateral Development Banks (MDBs) Capital Adequacy Framework, which will help maximise the development impact of MDB resources.

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