Jubilee USA's Executive Committee released a letter sent to IMF Managing Director Kristalina Georgieva about the fund's response to the COVID-19 pandemic.

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Kristalina Georgieva
The International Monetary Fund
700 19th St NW
Washington, DC 20431

> *"Then you will see and be radiant, and your heart will thrill and rejoice; because the abundance of the sea will be turned to you, the wealth of the nations will come to you." --- Isaiah 60:5*

Managing Director Georgieva,

Concerned about the economic impacts of the Covid-19 pandemic on the vulnerable and our world, we write on behalf of our 700 plus faith communities, global religious institutions and national religious denominations.

Economic forecasts warn that a possible financial crisis or depression, spurred by the coronavirus, could be worse than the 2008 financial crisis. Nearly 100 million people, mostly women and children, were pushed into extreme poverty and 22 million jobs were lost worldwide in the 2008 crisis. The International Labor Organization says the numbers of jobs lost could surpass 50 million as a result of a new, deeper financial crisis.

Developing countries will struggle to limit the death toll and boost ill-prepared health systems. In many cases, healthcare exists in a weakened state in many developing countries because of long periods of austerity policy.

Export and supply shocks, subdued demand and falling commodity prices are a chief concern for developing countries. Revenue loss for countries is a significant concern as the pandemic forces work leaves, closes factories and restricts travel and tourism. At the same time, governments must increase spending on social protection measures and to mitigate business loss. For developing countries, all of these effects are compounded because of high-levels of unsustainable debt. Before this pandemic, 40% of low-income countries already faced debt crisis or high risk of debt distress. High debt leaves little space for fiscal and monetary policy interventions. Treasuries also lack billions in lost revenue because of illicit financial flows, corruption and tax evasion and tax avoidance.

A well-designed, globally-coordinated response from the international community can go a long way to prevent and mitigate the impacts of the Covid-19 crisis and move us towards a recovery path. The International Monetary Fund recently announced that it has $50 billion available under rapid

access mechanisms that members can draw upon. In turn, the World Bank announced the deployment of $14 billion on a fast track to help developing countries cope with the health and economic impacts. While welcome steps, the crisis at hand warrants additional vital action.

Jubilee USA Network calls for the following urgent actions:

- Expand debt relief and aid for developing countries impacted by Covid-19 through the Catastrophe Containment and Relief Trust and other processes

Jubilee USA worked with the IMF, the G20, US Treasury and the White House to establish the IMF's ***Catastrophe Containment and Relief Trust*** during the Ebola epidemic in 2014. The trust provides debt relief and grant-like aid, which supported Guinea, Liberia and Sierra Leone to bolster their health systems as the countries wrestled with Ebola. The trust only has about $400 million available and countries can only receive support after a high level of economic damage occurs. To fully realize the potential of this instrument in the Covid-19 crisis response, it is urgent to increase the funding, allow its application to cancel debt stocks and ease the level and conditions of disbursement. The IMF is encouraged to lead the way in other processes that offer debt relief, innovative financing and vehicles to bolster healthcare financing.

- Enhance debt restructuring, issue debt payment moratoriums and create expedient debt reprofiling processes for countries impacted by the Coronavirus

In the face of the budgetary implications of Covid-19, many countries cannot meet debt payments without putting the health of their people at risk. The IMF should lead the way in determining that Covid-19 qualifies as a public health emergency, issue debt payment moratoriums and create a process for fast reprofiling of all its outstanding loans in order to help improve debt sustainability outlooks for borrowing members. By taking this measure, it will also enhance its moral authority to call on private creditors to offer a substantial restructuring of their debt claims. The IMF can play a helpful role in facilitating the process of creditor coordination in the negotiation of debt restructurings.

- Mobilize additional financing resources to support increased needs

As a growing number of countries resort to increased borrowing, market access will likely be too expensive and add to debt burdens. The IMF can lend at below-market rates but will not be adequately equipped to support the increased demand without a substantial resource increase of at least 50 percent over current capacity. Previous crises show that multilateral development banks are primary providers of countercyclical, long-term financing. Their shareholders should commit to additional lending in the amount of $200 billion. This is achievable with a mix of easing conservative lending standards and fast-tracked capital injections. Jubilee USA will work with

IMF and World Bank members to achieve these increases in lendable resources for international financial institutions.

- Advise countries on public budget transparency, financial crisis prevention and raising revenues

While the above immediate short-term actions should be implemented, a coordinated response should empower countries to emerge from the pandemic with new resources to support future resilience and prevent further economic loss. IMF advice to countries should ensure strong, consistent advice on public budget approval and transparency, responsible borrowing, building more robust social protection floors and raising revenues to cushion countries from future crises. Beyond public budget transparency, revenue-raising measures include curbing illicit financial flows, corruption, tax evasion and tax avoidance. In recent years, the IMF adopted the adage, "Fix the roof while the sun is still shining." Unfortunately, it's raining and we haven't fixed the roof. The IMF should encourage countries and global institutions to enact agreements on responsible lending, financial transparency and limiting risky market behavior.

Ms. Georgieva, during this moment when the fragility and sanctity of life is forefront on the global stage - we hold you, all at the Fund and our world in our prayers. We look forward to continue working with you to lift the vulnerable and protect all of us from financial crisis.

Sincerely,

Reverend Steve Herder
Co-Chair

Celeste Drake
Co-Chair

Reverend Aniedi Okure
Executive Officer

Rabbi Matthew Cutler
Executive Officer

Eric LeCompte
Executive Director