

An African Perspective on IMF Special Drawing Rights Rechanneling Proposals: Opportunities and Challenges

Tirivangani Mutazu & Adrian Tanyaradzwa Chikowore

December 2023

EXECUTIVE SUMMARY

The International Monetary Fund (IMF) took a historical decision in August 2021 to allocate USD\$650 billion worth of Special Drawing Rights (SDRs) to its member countries in response to the COVID-19 pandemic. African nations, home to 18% of the global population, received \$33 billion in total, less than 5% of total SDRs allocated. These SDRs originate from an IMF decision to increase international reserve assets. They are not the result of financial gain or wealth creation but are created out of thin air. SDRs have few conditions attached and add nothing to a country's debt. SDR allocations have significantly enhanced financial policy space in IMF member countries¹.

In the two years since the allocation, the majority of African countries have used SDRs mainly for monetary and fiscal purposes. These include supplementing their national budgets, bolstering their foreign reserves, pandemic expenditure, debt servicing, social measures, public investment, and economic recovery. The IMF does not prescribe the use of SDRs. This is a prerogative and sovereign decision of recipient member countries. Countries can exchange their SDRs for freely usable currencies or in operations authorized by the Fund (IMF 2021).

In 2021, the G20 committed to rechannel \$100 billion worth of their SDRs to low-middle - income countries. Such rechanneling is currently going through the two IMF trusts (Resilience and Sustainability Trust (RST) and Poverty Reduction and Growth Trusts (PRGT)). The other rechanneling proposals include the Liquidity and Sustainability Facility (LSF) being proposed by the Economic Commission for Africa (ECA) and the Pacific Investment Management Company (PIMCO), and the African Development Bank (AfDB) Hybrid Capital Instrument (HCI).

G20 countries have shown confidence in using the IMF trusts, despite several limitations presented by the PRGT and RST as shown by this report. The two trusts change the nature of SDRs (reserve asset) into a loan with conditions attached. Borrowing countries then need to execute IMF programs, including austerity measures that have impacted negatively on the people. The programmes have proved to be long and many countries have gone off track.

This policy brief provides an analysis of how the SDRs were used in selected African countries and in general. It critically analyses the SDR rechanneling proposals namely the Resiliency and Sustainability Trust (RST), Poverty Reduction and Growth Trust (PRGT), Liquidity and

¹ United Nations, 2022 - COVID 19 Report CEA-ECLAC Special Drawing Rights (SDRs) and the COVID-19 crisis

Sustainability Facility of the United Nations Economic Commission for Africa (LSF-ECA) and the African Development Bank's Hybrid Capital Instrument (AfDB-HCI). These proposals are put into comparison and assessed as to why might one be preferable to others.

The policy brief recommends SDR Rechanneling through the African Development Bank. This is mainly because it offers an alternative path that avoids onerous conditions and access restrictions presented by the IMF PRGT and RST.

The methodology used in developing this policy brief is a mixed-method approach involving both quantitative and qualitative methods for data collection and analysis. These include document reviews and analysis of relevant literature from International Monetary Fund (IMF), African Development Bank (AfDB), African governments ministries of finance, central banks, think tanks and civil society organizations. Key Informants' Interviews (KIIs) with African civil society and policy makers at national and regional levels were also conducted. To uphold confidentiality and anonymity, names of informants are not presented.

Main findings and conclusions

- IMF Special Drawing Rights (SDR) are a unique and powerful instrument that provided critical emergency financing during COVID 19 health pandemic. SDRs could be issued to fund long-term development goals, such as the African Union Agenda 2063 and the global Sustainable Development Goals.
- Despite low SDR allocations \$33 billion, African countries used their SDRs to finance critical COVID 19 health expenditures, build reserves, and service debts. However, SDRs did not provide a long-term remedy to countries' health, economic and financial problems exacerbated by the COVID 19 pandemic.
- The transparency and accountability mechanisms enshrined in the use of SDRs, saw IMF and member countries agree on clear expenditure allocations for all SDRs and publish them in their program and Article IV documents, mitigate against misuse of SDRs. This usage monitoring should incentivize SDR Rechanneling by rich countries.
- Only larger SDR issuances and rechanneling of rich countries SDRs through the proposed AfDB Hybrid Capital (whose leverage point can multiply access to loans by

at least 3 to 4 times) can contribute towards the attainment of development goals more comprehensively.

- Rechanneling SDRs via the IMF PRGT enables the fund to provide additional conditional loans to low-and middle-income countries. Borrowing from PRGT requires countries to adopt a set of economic conditionalities. This conditionality approach potentially discourages countries from borrowing from the Trust.
- The Resilience and Sustainability Trust (RST) strict entry limit excludes 70% of many low- and middle-income countries facing climate threats and balance-of-payments problems.
- RST loans — similar to PRGT loans — come with IMF policy conditions which have the potential to impede access to the rechanneled SDRs by low-and middle-income countries in Africa. RST eligibility criteria must be broadened to cover all climate-vulnerable nations, regardless of income level, as well as those that do not already participate in an IMF programme.
- There are merits in Rechanneling SDRs through Multilateral Development Banks (MDBs) such as the African Development Bank (AfDB). The bank has requested \$2.5 billion in SDRs to be rechanneled through its Africa Development Fund (ADF). ADF offers concessional funding for programs that promote social and economic development and poverty reduction. Rechanneling via the AfDB avoids onerous conditions and access restrictions presented by the IMF PRGT and RST.
- The African Development Bank has proposed a new tool, the Hybrid Capital Instrument (HCI). The instrument needs to be operationalized. HCI has potential to multiply SDRs by at least 3 to 4 times. The generated resources will contribute more substantially towards the attainment of development goals in low- and middle-income African countries.
- A fundamental reform of the global financial institutions and their systems is needed. The current IMF SDR allocation formula-based quotas give more SDRs to richer

countries and few to the low and middle-income countries that need them the most in times of crises. The allocation formula needs to be reformed through the amendment of the IMF's Articles of Agreement. Additionally, future SDR amounts and allocations should be based on need, while taking account of the impact of future global crises.

TABLE OF CONTENTS

1.	Background to IMF SDRs	9
1.1	Characteristics of SDRs	10
2.	Distribution of the 2021 SDR allocation	11
3.	Usage of Special Drawing Rights in Africa.....	14
	Case Profile: SDR allocation to Egypt.....	18
	Case Profile: SDR Allocation to Zambia	20
4.	Rechanneling Special Drawing Rights (SDRs)	21
4.1	An African Perspective to SDR Rechanneling – Opportunities and Challenges.....	22
4.2	Rechanneling through IMF Poverty Reduction and Growth Trusts (PRGT)	23
4.3	Rechanneling through IMF Resilience and Sustainability Trust (RST)	24
	Case Profile: Rwanda and the RST: Opportunities, Challenges and Lessons Learnt.....	30
4.4	The Liquidity and Sustainability Facility – United Nations Economic Commission for Africa	31
	31
4.5	Bilateral channeling of Special Drawing Rights.....	31
4.6	Rechanneling through Multilateral Development Banks (MDBs) – Case of African Development Bank (AfDB)	33
4.6.1.	The AfDB Hybrid Capital Instrument.....	33
5.	Main findings and conclusions	43

ACRONYMS

ADB	Asian Development Bank
ADF	African Development Fund
AfDB	African Development Bank
CCDR	Climate Change Development Report
CDF	Constituency Development Fund
COVID-19	Coronavirus disease
C-PIMA	Climate Public Investment. Management Assessment
ECB	European Central Bank
ECF	Extended Credit Facility
EIB	European Investment Bank
EU	European Union
FGN	Federal Government of Nigeria
FSP	Food Security Pack
G20	The Group of Twenty (G20), a collection of twenty of the world's largest economies
GDP	Gross Domestic Product
GNI	Gross National Income
HCI	Hybrid Capital Instrument
IDA	International Development Association
IMF	International Monetary Fund
LICs	Low-income countries
LSF	Liquidity and Sustainability Facility
MDBs	Multilateral Development Banks
PIDACC/NB	Programme for Integrated Development and Adaptation to Climate Change in the Niger Basin in Nigeria
PIMCO	Pacific Investment Management Company
PRGT	Poverty Reduction and Growth Trusts
PSPF	Public Service Pension Fund
RCF	Rapid Credit Facility
RST	Resilience and Sustainability Trust
SAF	Structural Adjustment Facility

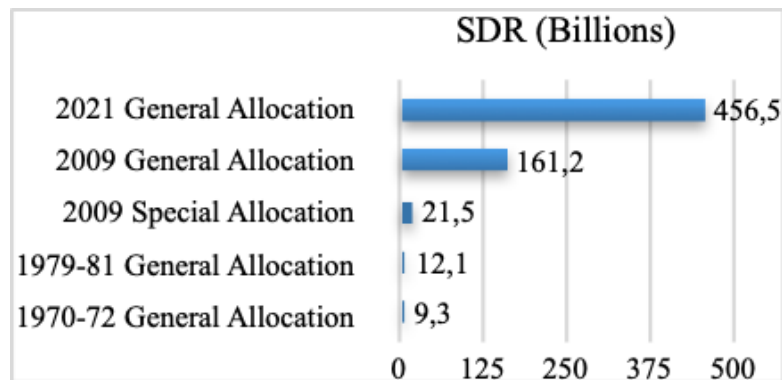
SCF	Standby Credit Facility
SCT	Social Cash Transfer
SDRs	Special Drawing Rights
UNECA	United Nations Economic Commission for Africa
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
WB	World Bank
ZAMMSA	Zambia Medicines and Medical Supplies Agency

1. Background to IMF SDRs

Special Drawing Rights (SDRs) are an international reserve asset, created by the International Monetary Fund (IMF) in 1969 to supplement its member countries' official reserves. The first SDR general allocation was made in 1970 amounting to SDR 9.3 billion². By 2021, a total of SDR 660.7 billion (equivalent to about US\$943 billion) had been allocated. This includes the largest-ever general allocation of about SDR 456 billion (equivalent to about US\$650 billion) approved in August 2021 (see **Figure 1**). This was the fourth and largest allocation since the creation of SDRs in 1969. Out of the total SDRs \$650 billion allocated, African nations received \$33 billion, less than 5% of the total³. SDRs may be kept, exchanged for hard currency, which include the US dollar, Japanese yen, European euro, British pound, and Chinese renminbi⁴.

In the context of the COVID-19 pandemic, the 2021 SDR allocation offered a much-needed balance of payments and fiscal support, with majority of African countries utilizing their SDRs to purchase vaccines and other critical health imports, as well as to boost domestic expenditure⁵.

Figure 1: Global SDR Allocation 1970-2021 (top) 2021 SDR Allocation Share (bottom)

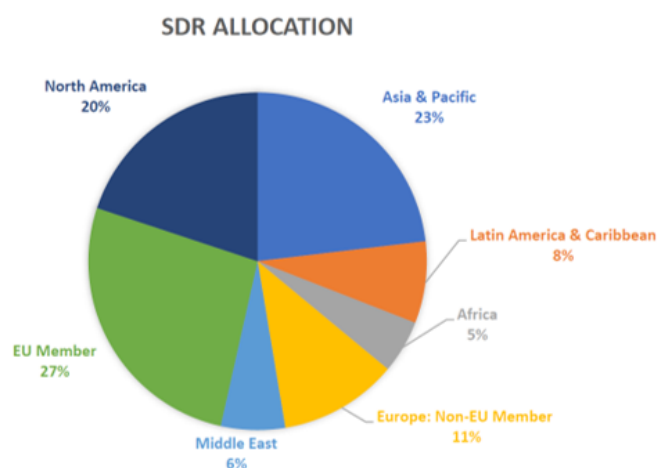


² <https://www.imf.org/external/pubs/ft/finop/2014/pdf/ch4.pdf>

³ African Development Bank. FAQs: What are Special Drawing Rights and why do they matter for Africa? https://www.afdb.org/sites/default/files/documents/sdrs_faq_en.pdf

⁴ IMF. 2022. Special Drawing Rights <https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR>.

⁵ Cashman, K, Andrés A, and Lara, M. 2022. "Special Drawing Rights: The Right Tool to Use to Respond to the Pandemic and Other Challenges." Washington, DC: Center for Economic and Policy Research, April 20. <https://cepr.net/report/special-drawing-rights-the-right-tool-to-use/>



Source: International Monetary Fund (2022)

1.1 Characteristics of SDRs

SDRs are a very useful global financial policy instrument. This is the case of a direct allocation since there are no major downside risks. SDRs have two key characteristics; firstly, they are issued at no costs and conditions and secondly member countries do not have to pay them back, that is, they do not create debt⁶. SDRs, as a reserve asset, play an important role in easing balance-of-payments restrictions, extending fiscal flexibility, and preventing existing risks and the spread of subsequent crises. An increase in a country's reserves can reduce exchange rate risk, improve borrowing conditions, and enable governments to respond more effectively to external shocks such as the current converging food, climate, and health crises. It is worth noting that SDRs can be used immediately to pay off IMF debt without having to convert them to hard currency. Only one advanced economy Greece used its SDRs to pay back its old IMF debts⁷.

The fundamental global debate in the issuance and allocation of SDRs is about its distribution among IMF member nations⁸ and the role of USA politics. The level of the SDR special allocation is largely determined by the USA legal and political context. In accordance with US law, congressional consent is required if the level of the cumulative allocation of SDRs to the

⁶ Cashman, K, Andrés A, and Lara, M. 2022. See 5 above

⁷ K. Cashman, A. Arauz, and L. Merling. (2022). Special Drawing Rights: The Right Tool to Use to Respond to the Pandemic and Other Challenges. Center for Economic and Policy Research. Retrieved 26 August 2022, from <https://cepr.net/report/special-drawing-rights-the-right-tool-to-use>

⁸ De Boissieu, C. 2023. Africa and SDRs. Policy Centre for the New South <https://www.policycenter.ma/publications/africa-and-sdrs>

USA exceeds its quota in the IMF. The 2021 SDRs “technical” proposal by the IMF experts remained below the politically problematic allocation level stipulated by US law⁹. In April 2021, the US Department of Treasury issued a Press Release explaining the political and legal parameters of USA support or non-support of SDRs issuance at the IMF where under the Special Drawing Rights Act, Congress had authorised the Secretary of the Treasury to support an SDR allocation without additional legislation whereby the amount to be allocated to the United States would not exceed the country’s quota in the IMF. The proposed SDR 650 million allocation had been below the U.S quota hence it would approve it and consider an additional SDR allocation in the future if it would be justifiable¹⁰.

2. Distribution of the 2021 SDR allocation

SDRs are distributed among IMF member countries, in proportion to their relative economic size. The current set of IMF rules stipulates that “each Member State receive a share of a new SDR special allocation corresponding to its IMF quota. In a similar manner to the distribution of voting power, the quota is also based on a complex formula the key factor of which is the respective economic power”¹¹. This SDR quota allocation formula gives richer countries more SDRs, compared to low- and middle-income countries, whereas the relative need for SDRs is considerably higher in the low-income countries. Only 3 percent of the \$650 billion SDR went to low-income countries, and only 30 percent went to middle-income countries¹².

The unequal SDRs distribution is also evident on the African continent, where South Africa and Nigeria hold more SDR’s than 23 of the continent’s lowest-income nations¹³. In context, South Africa received \$4.15 billion, while Sao Tome and Principe received approximately \$20 million equivalent. The average allocation for African countries was \$623 million¹⁴.

⁹ <http://uscode.house.gov/statutes/pl/90/349.pdf>

¹⁰ <https://home.treasury.gov/news/press-releases/jy0095>

¹¹ Bodo Ellmers 2021 IMF Special Drawing Rights - Exiting the COVID-19 crisis via a historic cash injection?

¹² Ali Zafar, Jan Muench, Aloysius Uche Ordu October 21, 2021 – Commentary on SDRs for COVID-19 relief: The good, the challenging, and the uncertain

¹³ Warah, R. 2021. SDRs: A shot in the arm for African economies? ONE Africa
<https://www.one.org/africa/blog/special-drawing-rights-sdrs-africa/>

¹⁴ IMF. 2021. 2021 General SDR Allocation. IMF
<https://www.imf.org/en/Topics/special-drawing-right/2021-SDR-Allocation>

Table 1: Distribution of 2021 SDR allocation in African countries

Country	Quota	2021 SDR allocation (Mln SDRs)	SDR allocation as % of total allocation to Africa	2021 SDR allocation (Mln USD\$)
Algeria	0.577	1,878.5	7.91	2675.44
Angola	0.132	709.4	2.99	1010.30
Benin	0.028	118.7	0.50	169.00
Botswana	0.029	189	0.80	269.20
Burkina Faso	0.028	115.4	0.49	164.36
Burundi	0.035	147.6	0.62	210.22
Cameroon	0.085	264.5	1.11	376.76
Cape Verde	0.004	22.7	0.10	32.35
Central African Republic	0.026	106.8	0.45	152.07
Chad	0.026	134.4	0.57	191.39
Comoros		17.1	0.07	24.30
Congo Republic	0.039	155.3	0.65	221.14
Cote d'Ivoire	0.15	623.4	2.63	887.85
Djibouti	0.007	30.5	0.13	43.41
DRC	0.245	1,021.7	4.30	1455
Egypt	0.434	1,952.47	8.23	2780.82
Equatorial Guinea	0.015	151	0.64	215.00
Eritrea		15.2	0.06	21.70

Eswatini	0.023	75.2	0.32	107.16
Ethiopia	0.061	288.2	1.21	140.48
Gabon	0.071	207	0.87	294.86
Gambia	0.014	59.6	0.25	84.91
Ghana	0.17	707.3	2.98	1007.44
Guinea	0.049	205.3	0.87	292.40
Guinea-Bissau	0.007	27.2	0.11	38.77
Kenya	0.125	520.2	2.19	740.97
Lesotho	0.016	66.9	0.28	95.28
Liberia	0.059	247.7	1.04	352.74
Libya	0.517	1,507.8	6.35	2147.56
Madagascar	0.056	234.2	0.99	333.63
Malawi	0.032	133.3	0.56	189.47
Mali	0.043	178.8	0.75	254.73
Mauritania	0.03	123.4	0.52	175.82
Mauritius	0.047	136.3	0.57	194.12
Morocco	0.271	857.2	3.61	1220.94
Mozambique	0.052	217.8	0.92	310.15
Namibia	0.063	183.2	0.77	260.87
Niger	0.03	126.1	0.53	179.65
Nigeria	0.806	2,352.53	9.91	3350.61
Rwanda	0.037	153.5	0.65	218.69
São Tomé and Príncipe		14.2	0.06	20.20

Senegal	0.074	310.1	1.31	441.74
Seychelles	0.004	22	0.09	31.26
Somalia		156.6	0.66	223.06
South Africa	0.859	2,924.44	12.32	4165.16
South Sudan		235.8	0.99	335.81
Sudan		604	2.54	860.28
Tanzania	0.091	381.2	1.61	543.03
Togo	0.034	140.7	0.59	200.40
Tunisia	0.132	522.5	2.20	744.25
Uganda	0.083	346	1.46	492.80
Zambia	0.225	937.6	3.95	1335.33
Zimbabwe	0.163	677.4	2.85	964.85

Source: IMF (2021b) data

3. Usage of Special Drawing Rights in Africa

The 2021 SDRs allocation had significant macroeconomic benefits for African nations. SDRs were used to plug fiscal gaps, meet external debt obligations, and address foreign exchange shortages. African governments disclose how they are using their SDRs through the IMF's SDR Tracker¹⁵. African countries have utilized close to 90% of their SDRs, the highest of any global region. Over fifty percent of African nations have utilized their SDRs to supplement national budgets. Other uses have included bolstering foreign reserves (33.9%), pandemic expenditure (22.6%)¹⁶ debt servicing, social measures, public investment, and economic recovery.

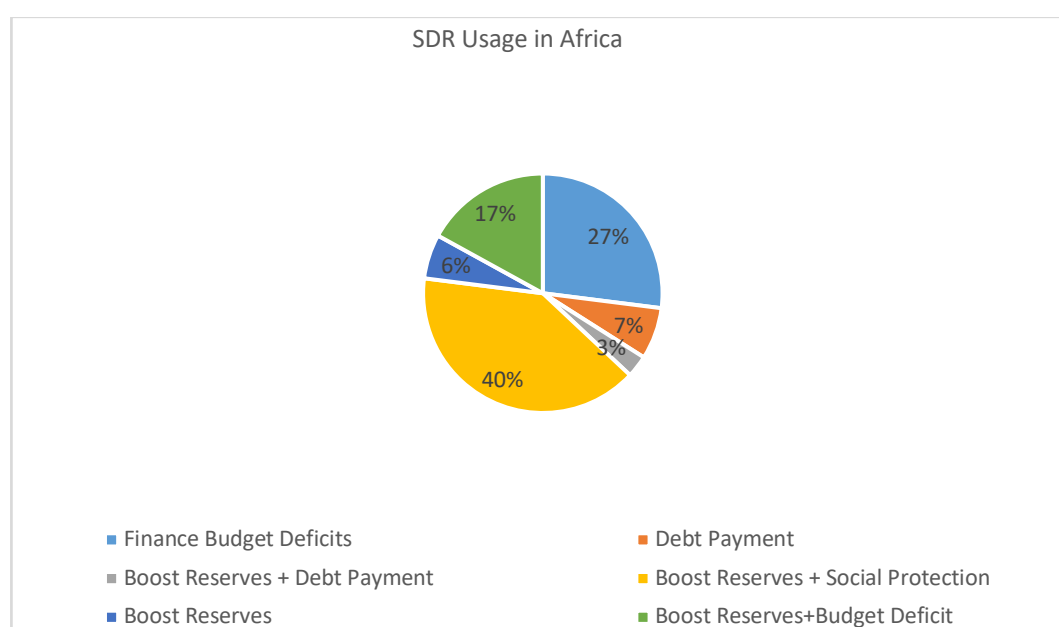
¹⁵ <https://www.imf.org/en/Topics/special-drawing-right/SDR-Tracker>

¹⁶ International Monetary Fund. (n.d.). SDR-Tracker. IMF
<https://www.imf.org/en/Topics/special-drawingright/SDR-Tracker>

“SDR utilization in Nigeria suffers from disregard for fiscal discipline which undermined the purpose the SDRs were earmarked for. Some of the SDR funds are accounted for and some were used in sectors that are less in need of them”¹⁷

The IMF does not prescribe use of SDRs to its membership. It is a prerogative and sovereign decision of countries. SDRs are generally administered by central banks and in some cases by the treasury. Depending on the domestic legislation, central banks can either retain SDRs as international reserves or lend them to their governments. As explained by IMF (2021): “Members enjoy a large degree of freedom in how to manage the SDRs allocated to them, including to what extent central banks are involved in their management and whether the budget can directly use them for budget support”.

Figure 2: Tracking SDR Usage in Africa



Source: AFRODAD 2022

In **Figure 2**, it is evident that a large percentage of SDRs allocated to African countries have been directed towards boosting reserves and financing social protection initiatives. Some of the social protection initiatives include supporting COVID-19 pandemic response, addressing food insecurity issues, education, health, water, and sanitation projects and boost economic

¹⁷ Interview response from a senior member of the Africa Network for Environment and Economic Justice (ANEJ), a civil society in Nigeria – 02 October 2023

recovery post pandemic. Some countries directed their SDRs entirely towards debt payment as is the case in Ghana, Ivory Coast and Burkina Faso¹⁸.

“Ghana did not prioritize direct policy response to covid-19 such as supporting vulnerable households and healthcare expenditures as recommended for countries at the emergency phase at the time of the SDR allocation. The country utilized its SDRs to service its unsustainable debt levels, and finance fiscal deficits.”¹⁹

In 32 African countries, SDRs were largely used to reduce budget deficits, support pandemic response and recovery, settle debt payments and build international reserves, such as in Angola, Botswana, Cabo Verde, and the Democratic Republic of the Congo (Kavanagh, 2021).

Angola used about half of its newly allocated SDRs to finance its budget with a view to accelerating economic recovery efforts, with the remainder used to boost its international reserves, while Cabo Verde used all its SDRs to finance the 2021 and 2022 budgets. Similarly, Equatorial Guinea used a significant portion of its SDR allocation to clear its internal debt arrears. The Comoros used part of its SDRs to provide cash transfers to the poor. Chad used all its SDRs to address food insecurity, and clear domestic and external debt arrears²⁰.

According to the IMF (2023) “the transparency and accountability of the use of SDRs depends on how these assets are held domestically. Because SDRs are typically held by central banks (as international reserve assets) at the outset, shifting the SDRs to the fiscal authority (i.e., Ministry of Finance) to facilitate their fiscal use has had an impact on the attendant transparency and accountability arrangements”²¹. SDRs held by central banks are typically subject to high degrees of transparency and accountability through publishing annual financial statements that are independently audited to provide the necessary levels of accountability²².

In countries where the government agencies are holders of SDRs, the IMF found that there were transparency and accountability shortcomings. These shortcomings include the absence of annual financial statements and financial statements not audited by a reputable external audit firm or the State Audit Body. The IMF stressed the importance of establishing in the Ministry

¹⁸ <https://afrodad.org/data-blog-tracking-the-use-of-sdrs-in-africa/>

¹⁹ Excerpt from Focus Group Response by African Centre for Energy Policy (ACEP) at the AFRODAD 3rd Conference on Debt and Development, 31 August 2023

²⁰ United Nations, 2022 - COVID 19 Report CEA-ECLAC Special Drawing Rights (SDRs) and the COVID-19 crisis

²¹ IMF August 2023: 2021 SPECIAL DRAWING RIGHTS ALLOCATION—EXPOST ASSESSMENT REPORT BACKGROUND PAPER

²² Ibid.

of Finance transparent frameworks governing the use of SDRs for fiscal purposes²³. In countries including Zimbabwe²⁴, Kenya²⁵ and Zambia²⁶ transparency frameworks through SDR Utilization plans were in existence albeit with some challenges in the actual implementation of the plans as exemplified by an interview response below by a Zimbabwean parliamentarian.

‘There is weak or near absence of parliamentary oversight of the use of SDRs. SDRs need to be used under the watch of citizens and be used for long-term investments. Any other SDR purposes should be approved by parliament by a special resolution. Parliament must engage the central banks and ministry of finance in order to monitor and track the use of the SDRs. Ensure that there is wide consultation on SDRs use especially towards funding expenditures on education, health, and other social and development needs.’²⁷

To illustrate SDR use, a regional case sampling of countries that received SDRs in the categories is used to illustrate usage (i) SDR allocation less than USD\$ 1billion, (ii) SDR allocation above USD\$ 1billion but less than USD\$ 2billion and (iii) SDR allocation above USD\$2 billion.

²³ Ibid.

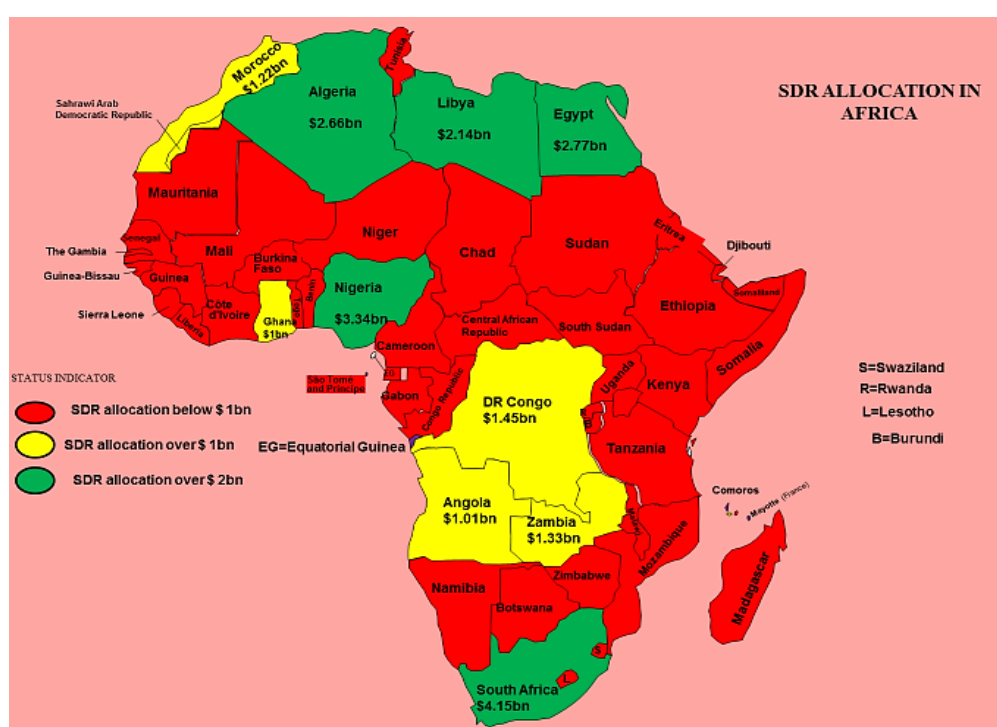
²⁴ https://www.veritaszim.net/sites/veritas_d/files/IMF%20SDR%20Utilisation%20-%20Update%20for%20Parliament%2024%20November%202022.pdf

²⁵ <https://www.ohchr.org/sites/default/files/2022-09/Human-Rights-Based-Analysis-of-Kenya-Budget-2022-23.pdf>

²⁶ Mazuba, R. J. (2022) Assessing the Allocation and use of Special Drawing Rights in Zambia. *Jesuit Centre for Theological Reflection*

²⁷ Interview with Parliament of Zimbabwe official 29 September 2023

Figure 3: Map illustrating countries that received SDRs in categories



Source: Authors' Compilation from IMF (2021) data

Case Profile: SDR allocation to Egypt



In August 2021, Egypt received an allocation of Special Drawing Rights (SDRs) from the International Monetary Fund (IMF), amounting to approximately \$2.7 billion, which represented about 3% of its budget²⁸. While this allocation can be considered relatively modest in comparison to Egypt's substantial development needs, it presented policymakers with critical decisions and policy impacts and led the country into servicing part of its debts, removing subsidies on wheat production thereby leading to its reliance on imports.

Policy Impacts:

- I. **Allocation Dilemma:** Egypt faced a decision regarding the allocation of SDRs. Some analysts recommended adding them to the central bank's reserves to enhance its foreign

²⁸ IMF. (n.d.). Egypt: IMF SDR Allocations and Holdings from January 01, 2022, to March 31, 2022.

exchange position. However, Egypt's legal framework allowed for the use of SDRs for spending purposes, prompting the government to weigh its options²⁹.

- II. **Debt Repayment vs. Economic Investment:** Egypt had to choose between utilizing SDRs to service its foreign debts to the IMF or directing them toward domestic economic investments. The allocation of SDRs enabled the repayment of certain IMF fees but raised questions about how to balance debt servicing and domestic economic priorities.
- III. **Debt Service with SDRs:** Egypt opted to allocate SDRs to cover fees owed to the IMF, with payments made in August and November 2021, as well as in February and May 2022. However, it did not use SDRs to repay principal amounts in November 2021 and January 2022³⁰.
- IV. **IMF Conditionality and Food Subsidies:** Egypt's reliance on IMF support has led to demands for reductions in bread subsidies, even though such reductions could potentially contribute to inflationary pressures and a weaker Egyptian pound. This underscores the country's vulnerability in terms of food security. Egypt heavily relies on food imports while also producing food for export to generate foreign exchange³¹.

In summary, Egypt's allocation of IMF SDRs presented policymakers with a complex set of choices regarding debt management, economic development, and social spending priorities. The allocation had the potential to address various policy challenges, including fiscal sustainability, food security, and support for key sectors like education, health, and agriculture. However, these decisions required careful consideration and a balance between immediate debt obligations and long-term developmental objectives. Ultimately, the country exhibits its subservience to IMF conditionalities as it prioritised adherence to the removal of subsidies on wheat and has had to rely on imports whilst it focussed on debt servicing.

²⁹ Reuters. (2022, 21 June). Egypt's Parliament Approves 2022/23 Budget

<https://www.reuters.com/world/middle-east/egypts-parliament-approves-202223-budget-2022-06-21>

³⁰ The Arab Weekly. (2022, 9 May). Egypt's Draft 2022/23 Budget Projects Spending to Rise by 15%

³¹ IMF. (n.d.). Egypt: IMF SDR Allocations and Holdings from January 01, 2022, to March 31, 2022

Case Profile: SDR Allocation to Zambia



The many economic challenges brought by the COVID-19 pandemic and the rising debt in Zambia led to a call to build global economic resilience. For Zambia, the pandemic drove the overall balance of payment into a deficit³² leading to a decline in international reserves to US\$1.2 billion — equivalent to 2.4 months of import cover at the end of December 2020.³³ This caused balance of payment challenges and ultimately hampered COVID-19 recovery and measures. The 2021 SDR allocation to Zambia, although insufficient to address both the balance of payments deficits and covid-19 effects, boosted the country's gross international reserves to US\$2.8 billion, equivalent to 4.2 months of import cover at the end of December in 2021.

The Zambian Government used 50 percent of the SDR allocation to support social sector spending in 2022. Part of these SDRs funded the entire Public Service Pensions Fund (PSPF) budget for 2022. This enabled PSPF to clear outstanding pension arrears and shorten the waiting period for pensioners to receive their money from more than three years to less than a year³⁴ This was necessary to reduce vulnerabilities among senior citizens and provide a level of income security given the high cost of living.

Another part of the SDRs was used to provide financing to the youth and women empowerment fund under the constituency development fund (CDF) and grants to all hospitals in the country. Zambia Medicines and Medical Supplies Agency (ZAMMSA) also received part of the SDRs for the purchase of drugs, medical supplies, equipment, and Covid-19 vaccines.

Other programs that benefited from this SDR allocation include the Food Security Pack (FSP) and the Social Cash Transfer (SCT) program³⁵. In 2022, the Government had increased allocations to SCT by 124 percent, to medical drugs and supplies by 54 percent, and to pensions by 100 percent. Consequently, beneficiaries of SCT were increased from 880,539 in 2021 to 1 million in 2022, while monthly transfer amounts have also been raised from K150 (USD\$7.80)

³² The private sector accumulated a substantial amount of foreign assets leading to a widening financial account deficit which more than offset the surplus in the current and capital accounts resulting in an overall balance of payments deficit.

³³ Bank of Zambia (2020) Annual Report: <https://boz.zm/BankofZambia2020AnnualReport.pdf>

³⁴ Mazuba, R. J. (2022) Assessing the Allocation and use of Special Drawing Rights in Zambia. *Jesuit Centre for Theological Reflection*.

³⁵ International Monetary Fund – Country Report No: 22/292 – Zambia.

to K200 (USD\$10.00) per beneficiary. Beneficiaries of the FSP also increased from 263,000 in 2021 to 290,000 in 2022³⁶. Consequently, the Government's expenditure towards social sectors was to a greater extent aligned to cushion the country's poor and vulnerable. Government made known its intentions to use the other 50 percent of the SDR allocation to finance the 2023 and 2024 national budgets at 25 percent in each year³⁷.

4. Rechannelling Special Drawing Rights (SDRs)

There has been support from the G20 and IMF on various channels and proposals made to rechannel rich countries SDRs to low- and middle-income countries. These include the use of IMF trusts, the Poverty Reduction and Growth Trusts (PRGT) and the Resilience and Sustainability Trust (RST)). Other proposals include the United Nations Economic Commission for Africa - Liquidity and Sustainability Facility (LSF), Bilateral channeling of Special Drawing Rights and The African Development Bank Hybrid Capital Instrument (HCI). The IMF's two trusts are operational, while the AfDB -HCI, ECA-LSF and Bilateral channeling are yet to be operationalised.

Technically SDRs are rechanneled from one IMF member nation to another via a regulatory procedure known as "reallocation". Reallocation is a voluntary procedure by which IMF member countries with an SDR surplus can transfer SDRs to member countries with an SDR deficit. This can be accomplished through a voluntary agreement between the two member countries or through a request to the IMF to facilitate the transaction by one or more-member countries. Reallocation is intended to assist in addressing imbalances in the supply and demand for SDRs among IMF member nations and to encourage the use of SDRs as an international reserve asset. Reallocation is handled by the SDR Department of the IMF and is subject to specific regulations³⁸.

Japan and France have made commitments to rechannel 50% of their allocations³⁹. The G-20 countries committed to rechannel \$100 billion of their SDRs. Many of G20 countries have already started to convert their commitments into disbursements. The IMF set a funding target of \$19 billion for the PRGT and \$44 billion for the climate-focused RST. With the RST and

³⁶ Ministry of Finance and National Planning, 2022 Annual Budget Speech.

³⁷ See Guidance Note for Fund Staff on the Treatment and Use of SDR Allocations, August 2021, [Guidance Note for Fund Staff on the Treatment and Use of SDR Allocations \(imf.org\)](https://www.imf.org/publications/ftd/ftd.aspx?ftd=SDR%20Allocations)

³⁸ To be eligible to receive an allocation of SDRs, a member country must be in good standing with the IMF, which means it must be up to date on its financial obligations to the organization.

³⁹ Stephen Paduano (May 2023) The Finance for Development Lab (FDL) Policy Note - SDR Rechannelling and ECB Rules Why Rechannelling SDRs to Multilateral Development Banks is not always.

PRGT only able to rechannel \$63 billion in SDRs, more rechanneling mechanisms are needed to make use of the remaining \$37 billion of the G-20's commitment⁴⁰.

All the models proposed for rechanneling SDRs have their own merits and demerits from the African perspective.

4.1 An African Perspective to SDR Rechanneling – Opportunities and Challenges

In an African context SDRs Rechanneling mechanisms could be evaluated based on opportunities and challenges they present. In **Table 1: Summary of Pros and Cons for SDRs Rechanneling mechanisms to Africa** is given. For African countries accessing rechanneled SDRs, does boost foreign exchange reserves, providing more liquidity to address balance of payments and financial stability challenges.

SDRs rechanneled through the IMF PRGT or RST, and AfDB, come with specific conditions imposed by SDR donor countries, which can limit the flexibility of African nations to use the funds according to their priorities⁴¹. Relying heavily on SDRs could potentially create dependency and neglect for the need for sound economic policies and structural reforms within African economies.

Table 1: Summary of Pros and Cons for SDRs Rechanneling mechanisms to Africa

Pros for Africa	Cons for Africa
a) Enhanced Liquidity: Receiving additional SDRs through Rechanneling mechanisms can boost the foreign exchange reserves of African countries, providing them with more liquidity to address balance of payments and financial stability challenges.	a) Inadequate Amounts: The reallocated SDRs may not be sufficient to address the vast economic and development needs of the African continent.

⁴⁰ Ibid.

⁴¹https://www.oenb.at/dam/jcr:f2993518-54ba-48ea-8af0-03d0acdf3af2/20230406_addressing_global_challenges_policy-paper.pdf

<p>b) Support during Economic Crisis: SDR reallocation can offer timely assistance during economic downturns or emergencies, helping African nations to weather financial crises and stabilize their economies.</p>	<p>b) Conditionality: Rechanneling mechanisms could come with specific conditions imposed by donor countries or institutions, which might limit the flexibility of African nations to use the funds according to their priorities.</p>
<p>c) Development Financing: If SDRs are used for development projects, they could promote investments in critical sectors such as infrastructure, healthcare, education, and agriculture, fostering economic growth and poverty reduction.</p>	<p>c) Risk of Overreliance: Relying heavily on SDRs could potentially create dependency and neglect the need for sound economic policies and structural reforms within African economies.</p>
<p>d) Reduced Debt Burden: If SDRs are provided to countries facing high debt levels, it can ease their debt burden and create more fiscal space for development initiatives.</p>	<p>d) Market Perceptions: Large-scale reallocation of SDRs might affect market perceptions and could potentially impact the creditworthiness of the donor countries, affecting their borrowing costs</p>

Source: Authors' elaboration

4.2 Rechanneling through IMF Poverty Reduction and Growth Trusts (PRGT)

The PRGT established in September 1999, is the IMF's primary instrument for granting concessional loans to low-income countries. The Extended Credit Facility (ECF), the Standby Credit Facility (SCF), and the Rapid Credit Facility (RCF) are its three credit facilities⁴². It is supported by bilateral loan agreements and an encashment mechanism that accepts both hard currency and SDRs⁴³.

⁴² IMF 2001: IMF Lending to Poor Countries—How does the PRGF differ from the ESAF? <https://www.imf.org/external/np/exr/ib/2001/043001.htm>

⁴³ IMF, 2022. IMF Support for Low-Income Countries. <https://www.imf.org/en/About/Factsheets/IMF-Support-for-Low-Income-Countries>.

The IMF and lending nations sign bilateral agreements in which lending countries commit to transfer SDRs or cash to the trust on demand for on-lending to low- and middle-income countries⁴⁴. SDR contributors will maintain their SDRs on their balance sheets as liquid assets with the assurance that they can be retrieved from the PRGT.

There are two advantages to routing SDRs through PRGT. First, the assets of the lending country are safeguarded by IMF policy conditions and the reserve account. The reserve account serves as collateral for lenders, as its funds can be used to meet obligations if PRGT borrowers miss payments or default. PRGT loan resources, including SDRs, are derived from bilateral agreements with IMF members and accrue interest based on the current SDR rate⁴⁵. Secondly, PRGT-eligible countries do not presently pay interest on borrowed funds. The interest is financed through bilateral contributions from members and the Fund's own resources. PRGT intends to enhance subsidizing resources to keep interest rates at zero percent until 2024. PRGT - Borrowing nations must commit to adopt a set of structural changes which are monetary and fiscal in nature. PRGT's policy conditionality, however, has a potential to discourage countries in need from borrowing from the Trust.

4.3 Rechanneling through IMF Resilience and Sustainability Trust (RST)

The IMF established the Resilience and Sustainability Trust (RST) in April 2022. The RST was designed to bridge the financial gap for low- and middle-income countries facing climate threats and balance-of-payments instability⁴⁶. SDRs from affluent nations are used to provide fresh, conditional loans to low- and middle-income countries. A current IMF program and an income ceiling are required for eligibility. A country is eligible for RST funding if “per capita GNI in 2020 \leq (10 x IDA operational cutoff) i.e., \$12,050 or Population < 1.5 million and per capita GNI in 2020 \leq (25 x IDA cutoff) i.e., \$31,125.95.

Since its establishment, RST has seen a growing number of countries making requests for financing. To date, ten countries (**Table 2** below) (Senegal, Seychelles, Niger, Kenya, Kosovo, and Bangladesh) have formally requested support, and all have been approved. Only four

⁴⁴ Plant, M and Lucas, S. 2022. Does European Tithing of SDRs for Ukraine Make Any Sense? Washington, DC: Center for Global Development. <https://www.cgdev.org/blog/does-european-tithing-sdrs-ukraine-make-any-sense>.

⁴⁵ Andrews, 2021.

⁴⁶ Mariotti, C. 2022. Special Drawing Rights: Can the IMF's Reserve Currency Become a Transformative Financial Resource? Brussels, Belgium: European Network on Debt and Development. <https://assets.nationbuilder.com/eurodad/pages/2897/attachments/original/1649658655/sdr-briefing-apr10-final.pdf?1649658655>.

countries (Rwanda, Barbados, Costa Rica, and Jamaica) have programs with the IMF and have received disbursements⁴⁷.

Table 2: List of Countries accessed RST Loans 2023

Country	Status	Status Text	Total SDRs	Access/ Quota	RST SDR Use
Bangladesh	Board approved	Board approved on 30 January 2023	1000 million	93.80%	Bangladesh will use RST financing to support climate change adaptation and mitigation efforts. Reforms will focus on making infrastructure investment green and resilient, strengthening climate fiscal management, and mobilizing private climate finance as well as enhancing financial sector resilience.
Barbados	SDRs disbursed	First disbursement of SDR 14.175 million approved on 22 June 2023	141.75 million	150%	Barbados will use RST financing to support climate change adaptation and mitigation efforts and transition to a fully renewable-based economy by 2030. Reforms will focus on addressing immediate adaptation needs and resiliency priorities, reducing greenhouse gas emissions, and mitigating transition risks. Barbados will incorporate climate change considerations in the budget process, including by supporting green procurement.
Costa Rica	SDRs disbursed	First disbursement of	554.1 million	150%	Costa Rica will use RST financing to support climate change adaptation and mitigation efforts. Reforms will focus

⁴⁷ <https://data.one.org/data-dives/sdr/#tracking-sdr-channeling-through-the-rst>

		SDR 184.7 million approved on 26 June 2023			on integrating climate risks into fiscal planning, strengthening public and infrastructure resilience, supporting decarbonization, and greening central bank reserves and strengthening financial sector resilience.
Jamaica	SDRs disbursed	First disbursement of SDR 191.45 million approved on 31 August 2023	574.35 million	150%	Jamaica will use RST financing to support climate change adaptation and mitigation efforts. Reforms, based on Jamaica's home-grown climate policy, will focus on building fiscal and physical resilience to natural disasters and climate change, strengthening mitigation, and promoting renewables, and greening the financial sector.
Kenya	Board approved	Board approved on 17 July 2023	407.1 million	75%	Kenya will use RST financing to support climate change adaptation and mitigation efforts. Reforms will focus on integrating climate-related considerations into budget preparation and public investment frameworks, embedding management of climate risks, including in the financial sector, and enhancing early warning systems.
Kosovo	Board approved	Board approved on 25 May 2023	61.95 million	75%	Kosovo will use RST financing to support climate change adaptation and mitigation efforts. Reforms will advance Kosovo's new Energy Strategy for 2023-32 and focus on improving resilience and tackling pollution, protecting, and empowering

					consumers, expanding greener energy generation, and reducing emissions, increasing energy efficiency, strengthening regional cooperation, market competition and functioning, and crisis preparedness and monitoring transition risks.
Niger	Board approved	Board approved on 5 July 2023	98.7 million	75%	Niger will use RST financing to support climate change adaptation and mitigation efforts. Reforms will focus on strengthening the planning and budgeting of climate-related spending, improving the sensitivity of public investment management to climate-related issues, enhancing disaster informed fiscal planning and management, and promoting renewable energy sources.
Rwanda	SDRs disbursed	First disbursement of SDR 73.95 million approved on 24 May 2023	240.3 million	150%	Rwanda will use RST financing to support climate change adaptation and mitigation efforts. Reforms will focus on strengthening and institutionalizing the monitoring and reporting of climate-related spending, integrating climate risks into fiscal planning, improving the sensitivity of public investment management to climate-related issues, strengthening climate-related risk managements for financial institutions, and strengthening the disaster risk reduction and management strategy and operations.

Senegal	Board approved	Board approved on 26 June 2023	242.7 million	75%	Senegal will use RST financing to support climate change adaptation and mitigation efforts. Reforms will focus on mainstreaming climate change considerations into the budget process, including in budget preparation, execution, and monitoring, and help Senegal achieve its National Determined Contribution commitments under the 2015 Paris Agreement.
Seychelles	Board approved	Board approved on 31 May 2023	34.35 million	150%	Seychelles will use RST financing to support climate change adaptation and mitigation efforts. Reforms, based on Seychelles' well-advanced climate agenda, will focus on integrating climate-related considerations in the design of macroeconomic policies and frameworks, enhancing climate-related risk management for financial institutions, strengthening the disaster risk reduction and management framework, and addressing adaptation and mitigation needs.

Source: One Campaign (2023)

Most low- and middle-income nations, however, are ineligible to borrow from the RST. A key characteristic is its strict eligibility limit, which presently excludes around 70% of emerging and developing nations, many of which have high poverty rates and are vulnerable to climate change.

According to research issued by the Task Force on Climate, Development, and the International Monetary Fund, about 143 of the IMF's 153 emerging and developing nations will be potentially eligible to make use of the RST based on income requirements⁴⁸. However, only 38 of the 143 nations have an existing IMF finance program of September 2022, while a few countries have non-financial IMF programs such as the Policy Coordination Instrument. Low-income nations with high poverty rates that are vulnerable to climate-induced shocks, such as Ghana, Nigeria, Côte d'Ivoire, and Malawi, are among those left out⁴⁹. The income-based access limit is a barrier for deeply indebted middle-income nations⁵⁰.

Based on experience with the terms applied to PRGT loans, nations borrowing from the RST might expect potentially damaging and/or pro-cyclical fiscal consolidation and monetary policy tightening. Fiscal consolidation and other IMF-mandated austerity measures have frequently been linked to increasing poverty and inequality in countries where they have been implemented⁵¹. Worldwide assessment of the “deadly policy” of austerity indicates that a decade of cutbacks to and underfunding of public health systems has worsened health inequities and vulnerability to COVID-19 globally⁵². The exclusionary limitations set by RST could impede the Rechanneling of SDRs to low-income countries in Africa.

⁴⁸ Task Force on Climate, Development and the International Monetary Fund. 2022. Designing a Resilience and Sustainability Trust: A Development-Centered Approach. <https://www.bu.edu/gdp/files/2022/02/TF-PB-002-FIN.pdf>.

⁴⁹ Task Force on Climate, Development and the International Monetary Fund. 2022

⁵⁰ Mariotti, C. 2022

⁵¹ Stubbs, T, Alexander K, Rebecca , R, and Kevin P. G. 2021. Poverty, Inequality, and the International Monetary Fund: How Austerity Hurts the Poor and Widens Inequality. GEGI Working Paper 046. Boston, MA: Global Development Policy Center. Boston University. <https://www.bu.edu/gdp/2021/04/02/poverty-inequality-and-the-imf-how-austerity-hurts-the-poor-and-widens-inequality/>.

⁵² Ortiz, I and Cummings, M. 2021. Global Austerity Alert: Looming Budget Cuts in 2021-25 and Alternative Pathways.” New York: Institute for Policy Dialogue, <https://policydialogue.org/files/publications/papers/Global-Austerity-Alert-Ortiz-Cummins-2021-final.pdf>.

Case Profile: Rwanda and the RST: Opportunities, Challenges and Lessons Learnt

Rwanda currently stands as the sole low-income African nation that has received Resilience and Sustainability Trust (RST) funding from the International Monetary Fund (IMF). In a November 2022 application, Rwanda sought RST assistance to facilitate its transition towards a “low carbon growth” trajectory. Subsequently, in December, Rwanda secured an allocation of SDR 240 million (equivalent to \$319 million) earmarked for a new 36-month policy framework⁵³. The RST funding will be primarily dedicated to bolstering climate resilience, emphasizing the critical need to address the adverse effects of climate change. It will focus on enhancing climate-related risk management for financial institutions and strengthening Rwanda’s disaster risk reduction and management framework.

The Rwandan authorities and IMF staff reached a staff-level agreement on policies and reforms under a new 36-month Policy Coordination Instrument (PCI) which is aimed at strengthening and sustaining the implementation of credible fiscal and monetary frameworks whilst the Resilience and Sustainability Facility (RSF), with a requested access of 150 percent of quota (SDR 240.3 million) is geared to assist authorities in the integration of climate considerations in macroeconomic policy framework design⁵⁴. The PCI and RSF will support Rwanda’s RST efforts towards maintaining macroeconomic stability, and advancement of structural reforms, including climate adaptation and mitigation.

While RST and RSF loans are instrumental, their scale is limited in the broader context of climate finance requirements. The scope of the RST, amounting to tens of billions of dollars, is dwarfed by the immense financial resources needed annually to adequately support climate resilience efforts in lower-income countries, which run into trillions of dollars. It is in this context that more comprehensive frameworks for financing resilience be utilized to ensure adequate or more finances as opposed to pathways that attract fewer countries yet signaling limited financing and impact.

In summary, Rwanda’s experience with the RST and RSF initiatives illustrates the growing significance of the IMF as a conduit for long-term climate finance. While climate resilience is

⁵³ Andrew Wainer. 2023. “The Resilience and Sustainability Trust: Early Learning and Challenges from Costa Rica and Rwanda.” CGD Policy Paper 301. Washington, DC: Center for Global Development <https://www.cgdev.org/publication/resilience-and-sustainability-trust-early-learning-and-challenges-costa-rica-and-rwanda>

⁵⁴ <https://www.imf.org/en/News/Articles/2022/10/06/pr22340-rwanda-imf-staff-reaches-staff-level-agreement-rst-program-accompanying-pci>

a paramount concern, it must be carefully balanced with poverty alleviation and other developmental priorities.

4.4 The Liquidity and Sustainability Facility – United Nations Economic Commission for Africa

The Liquidity and Sustainability Facility (LSF) is an initiative by the United Nations Economic Commission for Africa (UNECA) to address liquidity and debt sustainability challenges faced by African countries. The LSF was announced in November 2021 at the 26th United Nations Climate Change Conference (COP26).

The Initiative is no longer an option with huge traction but had aspects that may be worth assimilating in the current SDRs recycling debate and these are discussed below. The LSF aimed to provide financial support to African nations during times of economic crisis and to promote long-term sustainability. The LSF is a Eurobond repurchasing facility (also known as a “repo market”) its goal is to provide liquidity to African sovereign borrowers and improving these borrowers’ attractiveness to international bond markets⁵⁵. The LSF encourages African countries to issue bonds that support green and climate-friendly projects for pandemic recovery and sustainable development.

The LSF also works by giving cash to private creditors who have African bonds, and the creditors use them as collateral⁵⁶. This way, the LSF makes African bonds more attractive and reduces their interest rates. The LSF could help African countries save up to 11 billion USD a year in interest payments⁵⁷.

4.5 Bilateral channeling of Special Drawing Rights

Bilateral channeling of Special Drawing Rights (SDRs) refers to the voluntary transfer of SDRs from one member country of the International Monetary Fund (IMF) to another. This process involves a bilateral agreement between the two countries, where the donor country with excess

⁵⁵ UNECA, 2021, The Liquidity and Sustainability Facility
<https://www.uneca.org/sites/default/files/ACPC/UNECAatCOP26/LSF%20Concept%20Note.pdf>

⁵⁶ Ibid, 2021

⁵⁷ Ibid.

SDR holdings agrees to provide a certain amount of its SDR allocation to the recipient country in need⁵⁸.

In bilateral channeling of SDRs, at least four key steps are followed which include (i) identification of recipient country usually facing economic challenges, balance of payments difficulties, or financial crises or is in need of additional international reserves to support its economy; (ii) the institution of a voluntary agreement that necessitates a transfer arrangement between the donor and recipient country; (iii) negotiation and agreement whereby the terms and conditions of the bilateral channeling arrangement are agreed and (iv) determining the amount of SDRs to be transferred, the timeline for the transfer, and any other specific conditions attached to the arrangement. Once the agreement is reached, the donor country transfers the agreed-upon amount of SDRs to the recipient country. In return, the recipient country typically provides widely usable currencies or other financial instruments to the donor country, which can be used to bolster its foreign exchange reserves or for other purposes. Lastly, the recipient country then activates the transferred SDRs and utilizes them to address its needs e.g., balance of payments or currency stabilisation⁵⁹.

Bilateral channeling is one of the sustainable means of transferring SDRs to countries that are in need as it is characterized by less bureaucratic processes and access costs to the finances themselves are lower than through the IMF. Theoretically, reallocation through bilateral transfer is the fastest way to boost the international reserve of African countries when compared to lengthy procedures needed to deal with IMF Rechanneling instruments⁶⁰. There is however little indication that many SDR donor countries are considering this option. This is partly because greater flexibility resulting from bilateral transfers raises global security concerns among G7 and G20 countries.

⁵⁸ Centre for Economic Policy and Research, 2022, The Case for More Special Drawing Rights: Rechanneling Is No Substitute for a New Allocation, <https://cepr.net/report/the-case-for-more-special-drawing-rights/>

⁵⁹ David Andrews, 2021, Reallocating SDRs to Multilateral Development Banks or other Prescribed Holders of SDRs <https://www.cgdev.org/publication/reallocating-sdrs-multilateral-development-banks-or-other-prescribed-holders-sdrs>

⁶⁰ <https://findevlab.org/wp-content/uploads/2023/05/EN-Options-Paper-for-Channeling-Chinas-SDRs-to-Africa-20230502.pdf>

4.6 Rechannelling through Multilateral Development Banks (MDBs) – Case of African Development Bank (AfDB)

Richer countries SDRs can be rechannelled via the MDBs such as the African Development Bank (AfDB) using a similar approach to the PRGT within the IMF. Loaned SDRs increase the resource lending capacity of AfDB, to low and middle-income African countries. The African Development Bank (AfDB) has requested \$2.5 billion in SDRs to be channeled through its Fund, the African Development Fund (ADF), which offers concessional funding to African countries for programs that promote social and economic development and poverty reduction⁶¹. Rechannelling SDRs via the AfDB has raised interest in France, Japan, the United Kingdom, Saudi Arabia, and Canada⁶².

The IMF sets out a funding target of \$19 billion for the PRGT and \$44 billion for the RST. With the RST and PRGT only able to rechannel \$63 billion in SDRs, more rechanneling mechanisms, such as the use of AfDB, are needed to make use of the remaining \$37 billion of the G-20's \$100 billion commitment.

Currently there are eight global MDBs with prescribed SDRs holders' status⁶³. Rechannelling SDRs to prescribed SDRs holders is relatively easy when compared to other institutions that need an 85 percent approval by the IMF's Executive Board to achieve a similar status. By Rechannelling SDRs through AfDB, the leverage ratio of MDBs enables 100 SDR to generate between 300 and 400 SDR in investments⁶⁴. When SDRs are rechanneled through AfDB, African countries gain access to specialized Bank knowledge and technical assistance in the design and execution of development initiatives. This use of SDRs is not permitted by the IMF's RST and PRGT, whose scope is limited.

4.6.1. The AfDB Hybrid Capital Instrument

The African Development Bank has proposed a new tool called the Hybrid Capital Instrument (HCI). This is the first time an MDB has suggested such a method to recycle SDRs outside of

⁶¹ Centre for Economic Policy and Research (2023) The Case for More Special Drawing Rights: Rechannelling is no Substitution for a New Allocation., <https://cepr.net/report/the-case-for-more-special-drawing-rights/>

⁶² Martin, E. 2022. Japan, UK Keen to Channel IMF Support through Top African Lender. <https://www.bloomberg.com/news/articles/2022-09-22/japan-uk-keen-to-channel-imf-support-through-top-african-lender>.

⁶³ Ali Mansour and Daouda Sembene (December 2021) - AFRICATALYST – Policy Paper 21/01 - Options Paper on SDR Reallocations for Africa

⁶⁴ LAZARD (2022), “Rechannelling SDRs in a responsible and efficient way”, Policy Brief, February

the IMF⁶⁵. This move mirrors a similar move by the IMF in establishing the RST. The IMF agrees that this method is as safe as using its own instruments like the PRGT and the RST⁶⁶.

The IMF has confirmed that SDRs invested in AfDB hybrid capital would count as reserves in the IMF's official statistics⁶⁷. The Rockefeller Foundation also notes that, "in the view of the IMF, the proposed instrument – with the intended number of participants to the HCI meets the criteria for reserve asset status"⁶⁸.

The HCI will enable the Bank to multiply the SDR contributions by three or four times and keep them at the IMF as part of its balance sheet. The Bank will then borrow money in hard currencies from capital markets and lend it to members in their preferred currency. The HCI can benefit middle-income countries, private sector actors and low-income countries.

The HCI model also has advantages for the SDRs contributors. Firstly, they earn interest on their SDRs, unlike when they are donated. Secondly, they do not incur extra costs to their taxpayers, as they do not have to pay interest on the SDRs⁶⁹. The HCI maintains the reserve asset status of the rechanneled SDRs. This is done by having a liquidity backstop and a high credit rating for the HCI. The liquidity backstop allows SDRs contributors to get their money back if they have a balance of payment problem or need more reserves. The credit rating of the HCI is based on the AfDB's strong capitalization, capital management, liquidity frameworks and Preferred Creditor Treatment (PCT). PCT gives AfDB lower default rates and higher recovery rates than commercial lenders on sovereign loans. The HCI will focus on lending for climate and green growth activities and food security.

⁶⁵ AfDB, 2022, Leveraging the power of Special Drawing Rights: how developed countries can help boost Africa's development
<https://www.afdb.org/en/news-and-events/interviews/leveraging-power-special-drawing-rights-how-developed-countries-can-help-boost-africas-development-51910>

⁶⁶ Ibid.

⁶⁷ <https://mdbreformaccelerator.cgdev.org/funding-hybrid-capital-at-the-afdb-is-the-best-deal-for-sdr-donors/>

⁶⁸ Marrakech Meeting on SDRs Rechanneling: Accelerating Development Finance Through Multilateral Development Banks (rockefellerfoundation.org)

⁶⁹ Mark Plant, 2023, Funding Hybrid Capital at the AfDB is the Best Deal for SDR Donors
<https://www.cgdev.org/blog/funding-hybrid-capital-afdb-best-deal-sdr-donors>

Table 3: SDR Channeling Proposals' Pros & Cons

PROPOSAL	CHARACTERISTICS	PROS	CONS
IMF - Poverty Reduction and Growth Trusts (PRGT)	<ul style="list-style-type: none"> - The PRGT is the IMF's primary instrument for granting concessional loans to low-income countries established in 1999. - The Extended Credit Facility (ECF), the Standby Credit Facility (SCF), and the Rapid Credit Facility (RCF) are its three credit facilities. - It is supported with an encashment mechanism that accepts both hard money and SDRs. - Lending countries transfer SDRs for on-lending to low- and middle-income countries 	<ul style="list-style-type: none"> - The SDRs (assets) of the lending country are safeguarded by IMF policy conditions and the reserve account. - PRGT loan resources, including SDRs, accrue interest based on the current SDR rate. - SDRs boosts PRGT Fund - US\$ 20 billion (17 billion in loan resources and 3 billion in subsidy resources). - PRGT loans are interest free until 2024. 	There are policy conditionalities attached to PRGT loans for recipient/borrower countries stocks.

	<p>through signing bilateral loan agreements with the IMF.</p> <ul style="list-style-type: none"> - Lending countries maintain their lent SDRs on their balance sheets as liquid assets with the assurance that they can be retrieved from the PRGT. - PRGT Fund is US\$ 20 billion (17billion in loan resources and 3 billion in subsidy resources). 		
--	---	--	--

IMF – Resilience and Sustainability Trust (RST)	<ul style="list-style-type: none"> - Established in April 2022 to bridge the financial gap for low- and middle-income countries facing climate threats, as well as to address balance-of-payments stability. - Rich countries rechannel their SDRs via the RST for on-lending to low- and middle-income countries. - France was the first advocate for this SDR rechanneling and Spain became the first to rechannel its SDRs to the RST. 	<ul style="list-style-type: none"> - The RST is operational and is attracting additional financing. - Demand for the RST is strong with RST country pilots: Costa Rica and Rwanda. - Borrowing countries would be obliged to design a Resilience and Sustainability Strategy or Climate and Environment-Sensitive Development Strategy which fully integrates climate/environmental issues into national development strategies. 	<p>The RST faces the challenges of being too small to foster climate resilience. The IMF sets out funding target of \$44 billion is too small.</p> <p>Borrowing countries are subjected to IMF Fiscal consolidation and austerity measures that contribute to increasing poverty and inequality.</p> <p>The RST does escalate IMF policy influence over borrowing governments on climate issues where it has limited experiences.</p>
--	--	---	---

			<p>For the RST to be scaled up, the IMF will need to develop greater coordination with the World Bank, greater internal institutional capacity around climate issues, and greater familiarity with how to develop RST programs.</p>
--	--	--	---

Liquidity and Sustainability Facility	<ul style="list-style-type: none"> - LSF is an initiative by the United Nations Economic Commission for Africa (UNECA). - It is aimed at providing financial support to African nations during times of economic crisis and to promote long-term sustainability. - It is aimed at providing financial support to African nations during times of economic crisis and to promote long-term sustainability. - Facilitated through Eurobond repurchasing facility (also known as a “repo market”) operated by the United Nations’ Economic Commission for Africa (UNECA) with the goal of providing access to financing 	<ul style="list-style-type: none"> - Addressing Liquidity Challenges: The LSF could provide much-needed liquidity to African countries facing short-term economic difficulties, helping them address balance of payments and foreign exchange reserve challenges. - Strengthening Debt Sustainability: By offering financial assistance and promoting sound fiscal management, the LSF could help countries maintain debt sustainability and reduce the risk of debt distress. - Promoting Economic Stability: Providing financial support during economic crises can contribute to stabilizing economies and supporting efforts 	<ul style="list-style-type: none"> - Significant Funding and Resources Requirements: maintaining the LSF would require significant financial resources. It may face challenges in securing adequate funding from various sources, including international donors. - Conditionalties and Oversight: The LSF imposes conditions by donors or international institutions providing financial support and could limit the flexibility of recipient countries’ economic policies. - Dependency on External Financing: In some cases, the availability of the LSF might create dependency. Lending
--	--	---	---

	<p>to African sovereign borrowers and improving these borrowers' attractiveness to international bond markets.</p> <ul style="list-style-type: none"> - For LSF to work, SDR holders have to sign a Voluntary Trading Arrangement (VTA) with the IMF before engaging in transactions that exchange SDRs with freely usable currencies, including on-lending SDRs to the LSF. 	<p>to achieve sustainable economic growth.</p> <ul style="list-style-type: none"> - African Ownership: The initiative is led by UNECA, which represents African countries' interests, and thus it ensures a sense of ownership and control over the fund's operations and decision-making. - Regional Cooperation: The LSF could foster regional cooperation among African countries, promoting solidarity and collective efforts to address common economic challenges. 	<p>countries rely on external financial assistance without implementing necessary economic reforms.</p> <ul style="list-style-type: none"> - Geo-Political Considerations: The success and effectiveness of the LSF could be influenced by geopolitical factors and the willingness of international donors to provide financial support.
--	---	--	--

Bilateral channeling of Special Drawing Rights	<ul style="list-style-type: none"> - Refers to the voluntary transfer of SDRs from one member country of the International Monetary Fund (IMF) to another. Through a bilateral agreement recipient country then activates the transferred SDRs and utilises them to address its needs that may include balance of payments, currency stabilisation amongst others. 	<ul style="list-style-type: none"> - The recipient country foreign exchange reserves are boosted. - It fosters cooperation among IMF member countries and helps to address global economic imbalances by redistributing reserve assets to countries in need. - Bilateral channelling is one of the sustainable means of transferring SDRs to countries that are in need as it is characterised by less bureaucratic processes as with the IMF and access to the finances themselves are lower. 	<ul style="list-style-type: none"> - There is little indication that many high-income countries are considering this option. Too much flexibility resulting from bilateral transfers might raise concerns among G7 and G20 countries as SDRs can be used by political rivals such as the US and China as a competition tool. The IMF may impose strict transparency requirements to any bilateral transfers conducted.
---	---	---	---

Multilateral Development Banks (MDBs) – African Development Bank (AfDB)	<ul style="list-style-type: none"> - The AfDB called for \$2.5 billion in SDRs to channel through the African Development Fund (ADF), which provides concessional financing to African countries - France, Japan, the UK, Saudi Arabia, and Canada have expressed interest in the proposal. - It is important to note that SDRs channelled through the AfDB would be used for capital, and not directly on-lent. 	<ul style="list-style-type: none"> - Multilateral development banks are registered SDRs holders. - AfDB does not require macroeconomic conditionality as part of its programming. - MDBs align with development and climate goals of borrowing countries. - MDBs have the desired local experience and capacity to scale up. - SDRs maintain their reserve asset status within this proposal. - Rechannelled SDRs would be leveraged 3-4 times 	<ul style="list-style-type: none"> - Resistance - European Central Bank, IMF, and European Union countries cannot rechannel their SDRs to the AfDB or to other multilateral development banks outside the IMF - Recipient/borrower countries whose loan access costs increase and may also inflate existing debt stocks
--	---	--	---

Source: Authors' compilation from IMF & various think tanks (2023)

5. Main findings and conclusions

- IMF Special Drawing Rights (SDR) are a unique and powerful instrument that provided critical emergency financing during COVID 19 health pandemic. SDRs could be issued to fund long-term development goals, such as the African Union Agenda 2063 and the global Sustainable Development Goals.
- Despite low SDR allocations \$33 billion, African countries used their SDRs to finance critical COVID 19 health expenditures, build reserves, and service debts. However, SDRs did not provide a long-term remedy to countries' health, economic and financial problems exacerbated by the COVID 19 pandemic.
- The transparency and accountability mechanisms enshrined in the use of SDRs, saw IMF and member countries agree on clear expenditure allocations for all SDRs and publish them in their program and Article IV documents, mitigate against misuse of SDRs. This usage monitoring should incentives SDR Rechanneling by rich countries.
- Only larger SDR issuances and rechanneling of rich countries SDRs through the proposed AfDB Hybrid Capital (whose leverage point can multiply access to loans by at least 3 to 4 times) can contribute towards the attainment of development goals more comprehensively.
- Rechanneling SDRs via the IMF PRGT enables the fund to provide additional conditional loans to low-and middle-income countries. Borrowing from PRGT requires countries to adopt a set of economic conditionalities. This conditionality approach potentially discourages countries from borrowing from the Trust.
- The Resilience and Sustainability Trust (RST) strict entry limit excludes 70% of many low- and middle-income countries facing climate threats and balance-of-payments problems.

- RST loans — similar to PRGT loans — come with IMF policy conditions which have the potential to impede access to the rechanneled SDRs by low-and middle-income countries in Africa. RST eligibility criteria must be broadened to cover all climate-vulnerable nations, regardless of income level, as well as those that do not already participate in an IMF programme.

- There are merits in Rechanneling SDRs through Multilateral Development Banks (MDBs) such as the African Development Bank (AfDB). The bank has requested \$2.5 billion in SDRs to be rechanneled through its Africa Development Fund (ADF). ADF offers concessional funding for programs that promote social and economic development and poverty reduction. Rechanneling via the AfDB avoids onerous conditions and access restrictions presented by the IMF PRGT and RST.

- The African Development Bank has proposed a new tool, the Hybrid Capital Instrument (HCI). The instrument needs to be operationalized. HCI has potential to multiply SDRs by at least 3 to 4 times. The generated resources will contribute more substantially towards the attainment of development goals in low- and middle-income African countries.

- A fundamental reform of the global financial institutions and their systems is needed. The current IMF SDR allocation formula-based quotas give more SDRs to richer countries and few to the low and middle-income countries that need them the most in times of crises. The allocation formula needs to be reformed through the amendment of the IMF's Articles of Agreement. Additionally, future SDR amounts and allocations should be based on need, while taking account of the impact of future global crises.

REFERENCES

African Development Bank. 2022a. Leveraging the power of Special Drawing Rights: how developed countries can help boost Africa's development.

<https://www.afdb.org/en/news-and-events/interviews/leveraging-power-special-drawing-rights-how-developed-countries-can-help-boost-africas-development-51910>.

African Development Bank. 2022b. Special Drawing Rights and Reallocation for Low Income Countries – The African Development Bank and IMF Special Drawing Rights.

<https://www.afdb.org/en/documents/special-drawing-rights-and-reallocation-low-income-countries-african-development-bank-and-imf-special-drawing-rights>.

African Development Bank. 2022. Leveraging the power of Special Drawing Rights: how developed countries can help boost Africa's development.

<https://www.afdb.org/en/news-and-events/interviews/leveraging-power-special-drawing-rights-how-developed-countries-can-help-boost-africas-development-51910>.

African Development Bank. (n.d.). FAQs: What are Special Drawing Rights and why do they matter for Africa?

https://www.afdb.org/sites/default/files/documents/sdrs_faq_en.pdf.

African Development Bank. (n.d.). About the ADF.

<https://www.afdb.org/en/about-us/corporate-information/african-development-fund-adf/about-the-adf>.

Andrew, W, 2023. The Resilience and Sustainability Trust: Early Learning and Challenges from Costa Rica and Rwanda. CGD Policy Paper 301. Washington, DC: Centre for Global Development.

<https://www.cgdev.org/publication/resilience-and-sustainability-trust-early-learning-and-challenges-costa-rica-and-rwanda>.

Andrews, D., 2021a. Reallocation SDRs to Multilateral Development Banks or other Prescribed Holders of SDRs.

<https://www.cgdev.org/publication/reallocation-sdrs-multilateral-development-banks-or-other-prescribed-holders-sdrs>.

Andrews, D, 2021b. Financing a possible expansion of the IMF's support for LICs, Centre for Global Development Note.

<https://www.cgdev.org/publication/financing-possible-expansion-imfs-support-lics>.

Arauz, A. 2022. New IMF Trust Shows the Path Toward SDR Rechanneling Through Development Banks. Washington, DC: Centre for Economic and Policy Research.

<https://cepr.net/new-imf-trust-shows-the-path-toward-sdr-rechanneling-through-development-banks/>.

Bank of Zambia. 2020. Annual Report.

<https://boz.zm/BankofZambia2020AnnualReport.pdf>.

Cashman, K, Andrés A, and Lara, M. 2022. Special Drawing Rights: The Right Tool to Use to Respond to the Pandemic and Other Challenges. Washington, DC: Centre for Economic and Policy Research.

<https://cepr.net/report/special-drawing-rights-the-right-tool-to-use/>.

Centre for Economic Policy and Research., 2022. The Case for More Special Drawing Rights: Rechanneling Is No Substitute for a New Allocation.

<https://cepr.net/report/the-case-for-more-special-drawing-rights/>.

Christian de Boissieu. 2023. Policy Brief - Africa and SDRs. Policy Centre for the New South.

<https://www.policycenter.ma/publications/africa-and-sdrs>.

Development Reimagined., 2023. Options Paper for Channelling China's SDRs to Africa.

<https://findevlab.org/wp-content/uploads/2023/05/EN-Options-Paper-for-Channeling-Chinas-SDRs-to-Africa-20230502.pdf>.

Finance for Development Lab, 2023a. SDR Rechanneling and ECB Rules.

<https://findevlab.org/sdr-rechanneling-and-ecb-rules/>.

Finance for Development Lab., 2023b. Why Rechanneling Special Drawing Rights (SDRs) to Multilateral Development Banks is Not Always and Everywhere Monetary Financing.

<https://findevlab.org/sdr-rechanneling-and-ecb-rules/>.

Georgieva, K. 2022. Stepping Up with and For Africa: Remarks by IMF Managing Director Kristalina Georgieva at the EU-AU Summit Roundtable on Financing for Sustainable and Inclusive Growth in Africa.

<https://www.imf.org/en/News/Articles/2022/02/18/sp021822-stepping-up-with-and-for-africa>.

Group of Seven (G7). 2021. Our Shared Agenda for Global Action to Build Back Better. Carbis Bay G7 Summit Communiqué. Council of the EU and the European Council.

<https://www.consilium.europa.eu/media/50361/carbis-bay-g7-summit-communique.pdf>.

Holzmann R, 2023, Addressing global challenges – should the IMF refocus its activities and the role of SDRs?

https://www.oenb.at/dam/jcr:f2993518-54ba-48ea-8af003d0acdf3af2/20230406_addressing_global_challenges_policy-paper.pdf.

IMF. 2023. Special Drawing Rights.

<https://www.imf.org/en/Topics/special-drawing-right>.

IMF August 2023: 2021 Special Drawing Rights Allocation—Ex-post Assessment Report Background Paper.

IMF 2022a. Proposal to Establish a Resilience and Sustainability Trust.

<https://www.imf.org/-/media/Files/Publications/PP/2022/English/PPEA2022013.ashx>.

IMF. 2022b. Special Drawing Rights.

<https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR>.

IMF. 2022c. Country Report No: 22/292 – Zambia.

<https://www.elibrary.imf.org/view/journals/002/2022/292/002.2022.issue-292-en.xml>.

IMF, 2022d. IMF Support for Low-Income Countries.

<https://www.imf.org/en/About/Factsheets/IMF-Support-for-Low-Income-Countries>.

IMF 2022e. 2022 Review of Adequacy of Poverty Reduction and Growth Trust Finances. Policy Paper No. <https://www.imf.org/en/Publications/Policy-Papers/Issues/2022/04/21/2022-Review-of-Adequacy-of-Poverty-Reduction-and-Growth-Trust-Finances-517091>.

IMF 2022f. 2022 Review of Adequacy of Poverty Reduction and Growth Trust Finances. Policy Paper.

<https://www.imf.org/en/Publications/Policy-Papers/Issues/2022/04/21/2022-Review-of-Adequacy-of-Poverty-Reduction-and-Growth-Trust-Finances-517091>.

IMF 2022g. SDR Valuation.

https://www.imf.org/external/np/fin/data/rms_sdrv.aspx.

IMF 2022h. Resilience and Sustainability Facility (RSF).

<https://www.imf.org/en/About/Factsheets/Sheets/2022/resilience-and-sustainability-facility-rsf>.

IMF. 2021a. 2021 General SDR Allocation. IMF.

<https://www.imf.org/en/Topics/special-drawing-right/2021-SDR-Allocation>.

IMF. 2021b. IMF Managing Director announces the US\$650 billion SDR Allocation Comes into Effect. Press Release No. 21/248. August 23.

<https://www.imf.org/en/News/Articles/2021/08/23/pr21248-imf-managing-director-announces-the-us-650-billion-sdr-allocation-comes-into-effect>.

IMF. 2010. Articles of Agreement of the International Monetary Fund.

<https://www.imf.org/external/pubs/ft/aa/index.htm>.

International Monetary Fund. (n.d.). SDR-Tracker.

<https://www.imf.org/en/Topics/special-drawingright/SDR-Tracker>.

IMF Financial Operations. 2014, Special Drawing Rights

[imf.org/external/pubs/ft/finop/2014/pdf/ch4.pdf](https://www.imf.org/external/pubs/ft/finop/2014/pdf/ch4.pdf).

Jesuit Justice and Ecology Network Africa. 2022. Policy Brief: Rechannelling the United Kingdom's Allocation of Special Drawing Rights (SDRs) for Climate Finance in Sub-Saharan Africa.

<https://jenafrica.org/policy-brief-rechanelling-the-united-kingdoms-allocation-of-special-drawing-rights-sdrs-for-climate-finance/>.

K. Cashman, A. Arauz, and L. Merling. (2022). Special Drawing Rights: The Right Tool to Use to Respond to the Pandemic and Other Challenges. Center for Economic and Policy Research. Retrieved 26 August 2022.

<https://cepr.net/report/special-drawing-rights-the-right-tool-to-use>.

LAZARD. 2022, Rechannelling SDRs in a responsible and efficient way, Policy Brief.

<https://www.lazard.com/media/fobbh2rg/20220208-lazard-white-paper.pdf>.

Mariotti, C. 2022. Special Drawing Rights: Can the IMF's Reserve Currency Become a Transformative Financial Resource? Brussels, Belgium: European Network on Debt and

Development.

<https://assets.nationbuilder.com/eurodad/pages/2897/attachments/original/1649658655/sdr-briefing-apr10-final.pdf?1649658655>.

Mario Valencia LATINDAD 2021 - LEARNING LESSONS: HOW IS THE USE OF SDR'S GOING IN LATIN AMERICA?

Martin, E. 2022. Japan, UK Keen to Channel IMF Support through Top African Lender. <https://www.bloomberg.com/news/articles/2022-09-22/japan-uk-keen-to-channel-imf-support-through-top-african-lender>.

Matthew Martin and David Waddock. September 2022. A Nordic Initiative to Resolve The New Debt Crisis. Debt Relief International.

<https://www.kirkensnodhjelp.no/contentassets/c1403acd5da84d39a120090004899173/a-nordic-solution-to-the-new-debt-crisis-sep22.pdf>.

Mazuba, R. J. 2022. Assessing the Allocation and use of Special Drawing Rights in Zambia. Jesuit Centre for Theological Reflection.

<https://repository.jctr.org.zm/handle/20.500.14274/1730>.

Ministry of Finance and National Planning. 2022. Annual Economic Report 2021.

<https://www.mofnp.gov.zm/?wpdmpromo=2021-annual-economic-report>.

Ministry of Finance and National Planning. 2021. 2022 Annual Budget Speech.

https://www.parliament.gov.zm/sites/default/files/images/publication_docs/BUDGET%20SP EECH%20_%202022.pdf.

Ortiz, I and Cummings, M. 2021. Global Austerity Alert: Looming Budget Cuts in 2021-25 and Alternative Pathways.” New York: Institute for Policy Dialogue.

<https://policydialogue.org/files/publications/papers/Global-Austerity-Alert-Ortiz-Cummins-2021-final.pdf>.

Plant, M., 2023. Funding Hybrid Capital at the AfDB is the Best Deal for SDR Donors.

<https://www.cgdev.org/blog/funding-hybrid-capital-afdb-best-deal-sdr-donors>.

Plant, M. 2022. The EU, Africa, and SDRs: More Can Be Done.

<https://www.cgdev.org/blog/eu-africa-and-sdrs-more-can-be-done>.

Plant, M., and Lucas, S. 2022. Does European Tithing of SDRs for Ukraine Make Any Sense? Washington, DC: Centre for Global Development.

<https://www.cgdev.org/blog/does-european-tithing-sdrs-ukraine-make-any-sense>.

Stephen Paduano (May 2023) The Finance for Development Lab (FDL) Policy Note - SDR Rechanneling and ECB Rules Why Rechanneling SDRs to Multilateral Development Banks is not always and everywhere monetary financing.

Stubbs, T, Alexander K, Rebecca, R, and Kevin P. G. 2021. Poverty, Inequality, and the International Monetary Fund: How Austerity Hurts the Poor and Widens Inequality. GEGI Working Paper 046. Boston, MA: Global Development Policy Centre. Boston University. <https://www.bu.edu/gdp/2021/04/02/poverty-inequality-and-the-imf-how-austerity-hurts-the-poor-and-widens-inequality/>.

Task Force on Climate, Development and the International Monetary Fund. 2022. Designing a Resilience and Sustainability Trust: A Development-Centered Approach.

<https://www.bu.edu/gdp/files/2022/02/TF-PB-002-FIN.pdf>.

Warah, R. 2021. SDRs: A shot in the arm for African economies? ONE Africa.

<https://www.one.org/africa/blog/special-drawing-rights-sdrs-africa/>.

UN-OSSA., 2022. Africa Fiscal Space, Fragility and Conflict.

https://www.un.org/osaa/sites/www.un.org.osaa/files/4._lyla_latif_is_africas_fiscal_space_un_dermined_by_debt_related_illicit_financial_flows_osaa.pdf.

United Nations Development Programme (UNDP). 2021. 2021 Global Multidimensional Poverty Index (MPI): Unmasking Disparities by Ethnicity, Caste and Gender.

<https://hdr.undp.org/content/2021-global-multidimensional-poverty-index-mpi#/indicies/MPI>.

UNECA, 2021. The Liquidity and Sustainability Facility.

<https://www.uneca.org/sites/default/files/ACPC/UNECAatCOP26/LSF%20Concept%20Note.pdf>.