

TOSSD



Total Official Support for
Sustainable Development



International Forum on TOSSD

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Agenda Item 9: Special Drawing Rights (SDRs) and Sustainable Development

[Draft for discussion]

After the 2021 general allocation of SDRs, the international community has been exploring possible ways of using them for sustainable development. This paper first describes the key technical features of SDRs to then consider their role in sustainable development and available mechanisms for their monetisation and rechannelling. Finally, it invites the IFT Steering Group to discuss ways in which TOSSD could provide developing countries and the international community with statistical evidence on the volumes and the main characteristics of SDRs that are used for sustainable development.

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Special Drawing Rights and Sustainable Development

1. Introduction

1. Special Drawing Rights (SDRs) were created by the International Monetary Fund (IMF) in 1969 to supplement the official reserves of member countries. Since the 2021 general allocation, they have regained attention as a largely untapped financial resource for developing countries. However, related discussions have often remained theoretical due to a lack of ready-to-use evidence.

2. This paper explores how SDRs are or could be used in the context of sustainable development, as well as possible approaches for tracking their use in TOSSD. It first describes the key technical features of SDRs to then consider their role in sustainable development and available mechanisms for their monetisation and rechannelling. Finally, it invites the IFT Steering Group to discuss ways in which TOSSD could provide developing countries and the international community with statistical evidence on the volumes and the main characteristics of SDRs used for sustainable development.

3. This paper also benefitted from a review by Bruno Cabrillac, Director General of the Foundation for Studies and Research on International Development (FERDI) and former Deputy Director General of Economics and International Relations, Banque de France, as well as consultations with relevant staff of the International Monetary Fund (IMF) and engagements with Pauline Charazac, Advisor on International and Institutional Relations to the Bank of Mauritius. Mauritius also contributed a case study on its use of SDRs for sustainable development (see Annex A).

2. Key features of Special Drawing Rights

4. SDRs serve as an international interest-bearing reserve asset. While SDRs are not a currency as such, they are valued based on a basket of five currencies, namely euro, Japanese yen, pound sterling, renminbi and United States dollar. SDRs can also be converted to these five currencies at par value. On 1 July 2024, 1 SDR was valued at USD 1.31652 (IMF, n.a.^[1]).

5. SDRs are *allocated* to all IMF members, proportionally to their existing quota in IMF structures.¹ The most recent general allocation of SDRs became effective in August 2021, granting additional XDR² 456.5 billion to members of the SDR Department. This brought the cumulative amount of allocated SDRs to XDR 660.7 billion (IMF, 2021^[2]). TOSSD recipients were allocated 29% of these SDRs (XDR 193.2 billion).

6. SDRs may be *held* by countries and prescribed holders.³ Currently, TOSSD recipients hold XDR 155.4 billion, which compares to 24% of all allocated SDRs. Other IMF members, i.e. most high-income countries,

¹ Technically, SDRs are only allocated to members of the IMF SDR Department. However, currently, all IMF members are members of the SDR Department. These include all members of the United Nations except Cuba, Liechtenstein, Monaco and North Korea, plus Kosovo.

² The ISO currency code for SDRs is XDR.

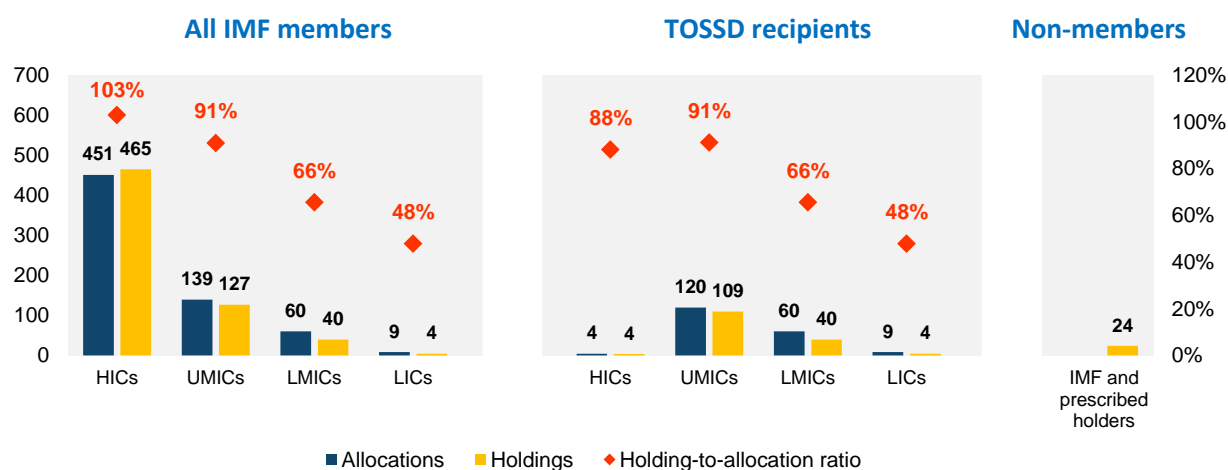
³ Prescribed holders include the following MDBs active in sustainable development: African Development Bank, African Development Fund, Asian Development Bank, Caribbean Development Bank, Development Bank of Latin America, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, International Bank for Reconstruction and Development and the International Development Association and Islamic Development Bank. Other prescribed holders include: Arab Monetary Fund Bank for International Settlements, European Central Bank, Bank of Central African States, Central Bank of West African States, Eastern Caribbean Central Bank, Latin American Reserve Fund, International Fund for Agricultural Development and Nordic Investment Bank

hold XDR 480.3 billion (73%), with the remainder (XDR 23.9 billion; 4%) held by the IMF and prescribed holders (see Figure 1). The majority of SDRs is thus held by countries that need them the least.

7. SDR allocations involve an interest payment (charges) to the IMF whereas SDR holdings generate income to the holders. The SDR rate is calculated based on the five-currency basket, and is regulated. For reference, on 31 December 2023, the SDR annual interest rate stood at 4.014%. On 31 December 2020, it was 0.08%. Consequently, IMF members whose:

- a) Holdings exceed their allocations (“net holders”) receive net income from the IMF.
- a) Holdings are lower than their allocation pay net charges to the IMF. As SDR interest rates have been rather low in recent decades (except the last few years), this scenario is often seen as a less costly alternative compared to standard debt options. See Annex B for SDR holding-to-allocation ratios by country.

Figure 1. Distribution of SDR allocations and holdings, XDR billion



Note: The figures present SDR allocations and holdings on 31 December 2023. HICs stand for high-income countries, UMICs for upper-middle income countries, LMICs for lower-middle income countries, LICs for low-income countries. Venezuela is included in UMICs (based on income levels in 2009-2019) although it has not been classified by the World Bank since 2020.

Source: Authors’ analysis of (IMF, n.a.^[3]), (IMF, 2023^[4]).

8. SDRs have multiple uses, including:

- a) They can be held as a foreign exchange reserve to provide countries with liquidity in times of balance of payment or other crises. They can thus play a critical role in promoting and strengthening macroeconomic stability at both national and global levels.
- b) Once they get converted to one of the five currencies, their holders can use them without any conditionality as they see fit, including to increase fiscal space.
- c) They can also be used to pay quota obligations to the IMF, interest on SDR allocations, amortise IMF loans or pay interest on them.

3. Special Drawing Rights and the 2030 Agenda

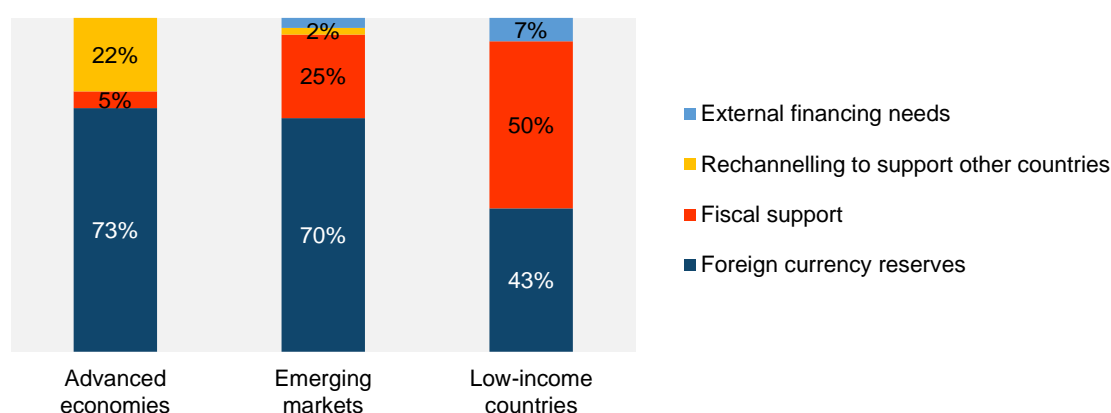
9. The IMF has a unique role in the international financial architecture. Established to reconstruct the post-war international monetary system, the IMF’s mission is to achieve sustainable growth and prosperity through supporting economic policies that promote financial stability and monetary co-operation,

encouraging the expansion of trade and economic growth and discouraging policies that would harm prosperity.

10. Bearing in mind this unique role, recent discussions have been considering how the IMF tools and mechanisms, such as the SDRs, could contribute to the sustainable development agenda (Cabrillac, 2022^[5]), (Plant, 2022^[6]). The Addis Ababa Action Agenda on Financing for Development (AAAA) and the 2030 Agenda both recognise the value of IMF mechanisms in sustainable development:

- a) The 2030 Agenda introduced 17 Sustainable Development Goals (SDGs) that present priority areas for global sustainable development, including specific targets on macroeconomic stability (target 17.13) and debt sustainability (17.4). SDRs can be critical in promoting both targets – not only can they be used as foreign exchange reserve assets, but they can also help manage countries’ debt servicing (as long as the SDR interest rate is below that of domestic or international debt). When converted to hard currencies, they can also be used for a range of development objectives (Cabrillac, 2022^[5]).
- b) The AAAA called for mobilising financing from any sources available to support sustainable development of countries in need. Mentioning the SDRs, paragraph 107 of the AAAA acknowledges the role of IMF as a global systemic player and calls on the IMF to provide adequate levels of financial support to developing countries that pursue their sustainable development (UN, 2015^[7]).⁴

Figure 2. Uses of the 2021 SDR allocation as of April 2023, in per cent of total use



Source: (IMF, 2023^[4]).

11. On this basis, SDRs could be seen as a resource for developing countries to address their SDG needs particularly in counter-cyclical contexts. Indeed, the 2021 general SDR allocation took place in the light of the global COVID-19 pandemic and the need to support developing countries’ response and recovery. It was expected to “benefit all members, address the long-term global need for reserves, build confidence, and foster the resilience and stability of the global economy. It [would] particularly help our most vulnerable countries struggling to cope with the impact of the COVID-19 crisis” (IMF, 2021^[2]).

12. According to IMF staff reports and the ex-post assessment report on the 2021 SDR allocation (IMF, 2023^[4]) and the SDR Tracker (IMF, n.a.^[8]), SDRs have indeed helped developing countries access financial resources to implement the SDGs:

⁴ https://sustainabledevelopment.un.org/content/documents/2051AAAA_Outcome.pdf

- a) Vulnerable countries have used their SDRs to service IMF debt, while keeping liquid hard currencies working for their sustainable development.
- b) SDRs converted to freely usable currencies have also been used to repay external debt obligations. As an example, Guinea-Bissau converted XDR 27.2 million of its allocation to amortise non-concessional loans from the West African Development Bank (BOAD) that were due up to 2022. Rwanda used 30% of its allocation to retire the remaining Eurobond amount maturing in 2023 (see “external financing needs” in Figure 2).
- c) Countries have also monetised their SDRs to support their national budgets (see “fiscal support” in Figure 2) in times of emergencies or other resource shortages, including in the context of declining budgets of development finance providers. This has been particularly the case for low-income countries which used half of their SDR allocations for fiscal support (against a quarter in emerging market economies, and 5% in advanced economies). To illustrate, Bosnia and Herzegovina, Gambia, Guinea-Bissau, North Macedonia, Paraguay, São Tomé and Príncipe and Senegal used their SDR holdings to finance various health-related expenditures during the COVID-19 pandemic, be it the vaccines, medical infrastructure improvements or household subsidy schemes (IMF, 2023^[4]). To give other examples, Democratic Republic of the Congo committed approximately USD 203 million from its SDR sales to a new component of the local development programme devoted to rural electrification. South Sudan used USD 150 million from its SDR sales to finance government expenditures, mostly to reduce salary arrears. Iraq sold the bulk of its SDR allocation (XDR 1.6 billion) in 2021 to compensate for difficulties in mobilizing other budgeted sources of financing in the first half of that year (IMF, n.a.^[8]).

4. Monetisation of Special Drawing Rights to hard currencies for vulnerable countries

13. There are several mechanisms through which SDRs are used to respond to the financial needs of developing countries. Most notably, SDRs are *sold* for hard currencies through *bilateral arrangements* (section 4.1) or the *Voluntary Trading Arrangements* (section 4.2), or *rechanneled* to countries in need through dedicated vehicles or prescribed holders (section 4.3). Moreover, they can generate net income for net holders of SDRs (section 4.4).

4.1. Bilateral trading arrangements

14. SDRs can be traded across countries and prescribed holders through bilateral arrangements. However, bilateral sales and purchases of SDRs have been rather insignificant thus far. During 2019-22, country participants or prescribed holders conducted over 30 transactions per year, with annual transaction volumes ranging between XDR 24 – 463 million. Still, there has been an increase most recently, with XDR 1.8 billion traded between September 2022 and August 2023 (IMF, 2023^[9]). **More work, including with relevant parts of the IMF, is required to understand which countries or prescribed holders were involved in these transactions, and what purposes the monetised SDRs served.**

4.2. Voluntary Trading Arrangements

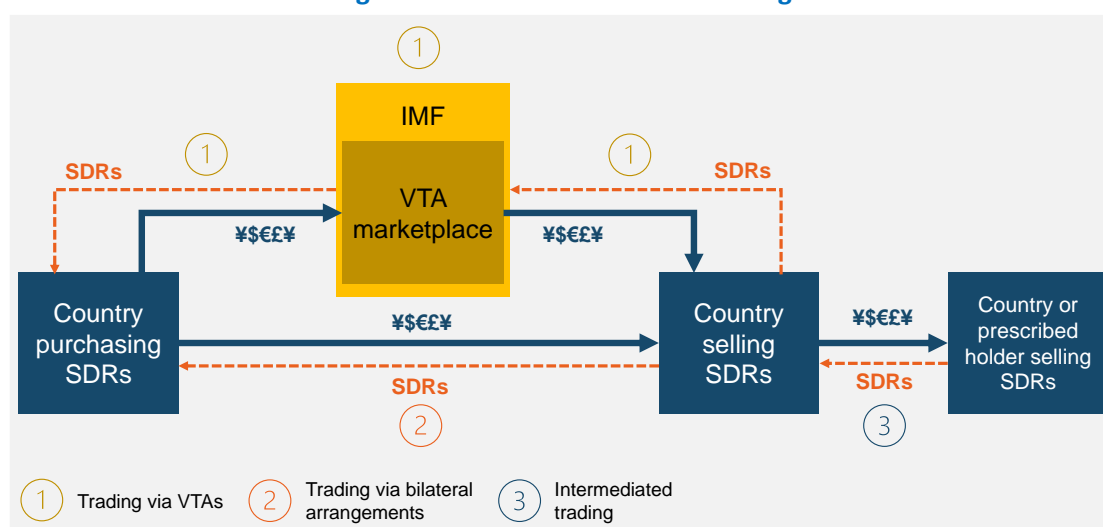
15. Voluntary trading arrangements (VTAs) are arrangements among certain SDR holders, intermediated by the IMF. SDR holders voluntarily enter in bilateral arrangements with the IMF to sell or purchase SDRs for hard currencies. The VTAs are also used to monetise SDRs rechanneled through the Poverty Reduction and Growth Trust (PRGT) and the Resilience and Sustainability Trust (RST), both

administered by the IMF (see section 4.3 and Figure 5). Under specific circumstances, IMF can designate a participant with a strong balance of payments position to mandatorily provide hard currency in exchange for SDRs. The designation mechanism has not been used since 1987 though.

16. In the present, there are 40 participants in the VTAs who can trade their SDRs as and when they wish, yet within the limits of the sale and purchase capacities of the SDR market. They include:

- a) 34 high-income countries, i.e. 29 OECD members, plus Cyprus, Malta, Oman, Saudi Arabia and Singapore.
- b) 5 other countries, namely Algeria, Brazil, People’s Republic of China, Mauritius and Mexico.
- c) 1 prescribed holder, namely the European Central Bank.

Figure 3. Mechanisms for SDR trading



Source: Authors.

17. Historically, the VTAs were mostly used to support the lending capacity of the IMF General Resources Account (GRA). As shown in Figure 5, more than 70% of annual SDR sales were used for those purposes in 2016-19, with a yearly average at XDR 3.1 billion. The remainder of the sales mostly served the PRGT lending and liquidity, with direct sales by VTA participants averaging at relatively modest volumes (XDR 209 million).

18. Since the 2021 general allocation, this trend changed dramatically, largely to the benefit of TOSSD recipients. Direct sales by VTA participants reached XDR 9 billion in 2021 to then grow to XDR 13.2 billion in 2022. In parallel, transactions in support of PRGT and the new RST reached XDR 3.3 billion in 2022 and continued rising over 2023. TOSSD recipients did not only benefit from these SDR trading arrangements through the IMF trusts but also through the direct sales. According to the IMF ex-post assessment report on the 2021 SDR allocation (IMF, 2023^[41]), one-third (XDR 8.3 billion) of all SDR sales via the VTAs during August 2021 - June 2023 were carried out upon request by low-income countries. This is also illustrated by their SDR holding-to-allocation ratio, standing at merely 48% (see Figure 1 and Annex B).

Figure 4. Participants in the 4.2. Voluntary Trading Arrangements (VTAs)



Source: (IMF, 2023^[9]).

Figure 5. SDR trading via VTAs in 2016-August 2023, XDR billion



Note: Direct requests concern trading requests by VTA participants or prescribed holders.
 Source: Authors' analysis of (IMF, 2023^[9]) and (IMF, 2021^[10]).

19. While some VTA participants enter the SDR market to trade “their own” SDRs, others intermediate such trading for other countries (see Figure 3) – such a mechanism combines the VTA marketplace with bilateral arrangements. An example of this modality of SDR monetisation, provided by the Bank of Mauritius, can be found in Annex A. In brief, Mauritius sold a share of its SDRs through the VTA, the proceeds of which were used to purchase SDRs from eight TOSSD recipients, mostly LMICs. Overall, while the transaction constituted in principle minimal cost to Mauritius, it facilitated receipts of XDR 17 million on the side of other TOSSD recipient countries.

4.3. SDR rechanneling

20. Following the general allocation of SDRs in 2021, the G20 leaders pledged to voluntarily channel USD 100 billion of their SDRs to vulnerable countries (Government of Italy, 2021^[11]). To do so, they agreed to use

the expanded Poverty Reduction and Growth Trust (PRGT) and the new Resilience and Sustainability Trust (RST). Both trusts extend resources to developing countries in the form of budget support to address their sustainable development needs, including balance of payment liquidity and other emergency needs. Concessional financing from the trusts can also help developing countries build debt sustainability.

21. The trusts are financed through grants and concessional loans – both in cash or SDRs - from IMF members, and income from deposits and investments. In the past, the PRGT was also supported by sales of reserve assets held by the IMF. The grant and loan contributions can be provided in SDRs, which are subsequently converted to hard currencies when needed and then extended to the countries in need. Most, if not all such conversions are organised via the VTA market (see section 4.2).

22. As part of the 2021 fundraising round 41 countries pledged to support the PRGT with XDR 2.3 billion in SDR donations plus additional XDR 14.7 billion through loans (IMF, n.a.^[12]). These providers do not only include high-income countries but also six emerging market countries, namely Botswana, People’s Republic of China, Mauritius, Morocco, Philippines and Thailand. Similarly, the RST has been pledged XDR 35.8 billion by 16 countries (IMF, n.a.^[13]) - see Annex A for a case study on Mauritius’ SDR rechannelling efforts. Going beyond pledges, between 2018 and August 2023, the VTAs liquidated XDR 8.7 billion in support of the PRGT lending and liquidity needs, and XDR 3.5 billion for the RST (see Figure 5). These transactions (XDR 8.1 billion) were primarily arranged after the 2021 general allocation (IMF, 2023^[4]), (IMF, 2023^[9]).⁵

23. Furthermore, as per the authorisation of the IMF Executive Board in May 2024, countries can use their SDRs to acquire hybrid capital securities emitted by MDBs that are prescribed holders without modifying the reserve status of the SDRs (IMF, 2024^[14]). This modality of capital increases is currently considered by the African Development Bank, Inter-American Development Bank and possibly other MDBs. In the present, however, such novel approaches could be adopted by a limited number of IMF members. Central banks of the Member States of the European Union (EU MS) are prohibited to lend SDRs or other assets to international organisations other than the IMF, such as the MDBs (EUR-Lex, 2012^[15]). Certain other countries seem to be facing genuine challenges in this respect too (Paduano, 2024^[22]).

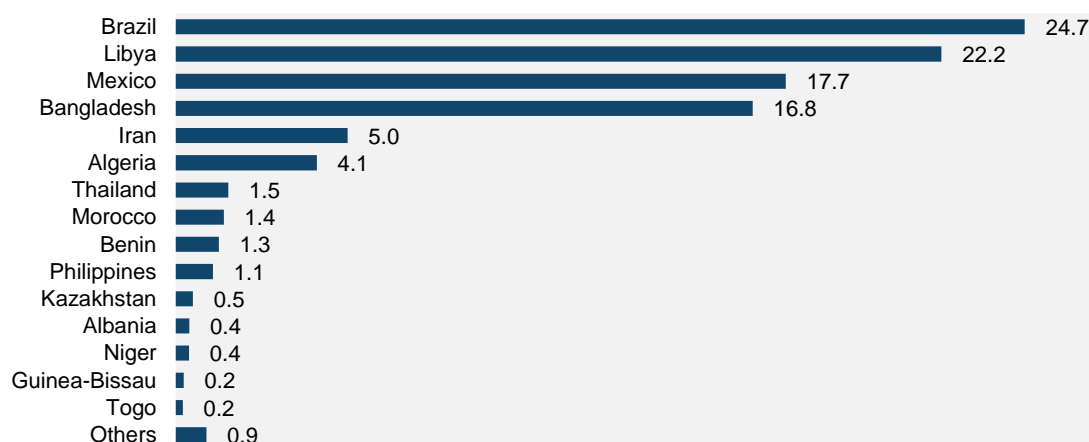
4.4. Net income from SDR interest/charges

24. Last but not least, countries that hold more SDRs than their allocations receive net income from the IMF. In 2023, this was the case for 22 TOSSD recipients. These receipts totalled XDR 203.1 million, 51% of which were directed to the People’s Republic of China. Overall, eight of the net holders were least developed countries and 11 were countries on the African continent (see Figure 6). All other TOSSD recipients paid net charges to the IMF.

25. The potential of SDRs to provide their holders with substantive financial resources through net income largely depends on the SDR interest rate. As the interest is based on those related to the five currencies in the SDR basket, it is currently relatively high (see paragraph 7).

⁵ Providers pledging contributions to the PRGT and RST include Australia, Belgium, Botswana, Bulgaria, Canada, Cyprus, Denmark, Estonia, European Commission, Finland, France, Germany, Greece, Hungary, Indonesia, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Malta, Mauritius, Morocco, Netherlands, Norway, Oman, People’s Republic of China, Philippines, Portugal, Qatar, Saudi Arabia, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Thailand, Trinidad and Tobago, United Kingdom and United States.

Figure 6. Net income from SDR holdings by TOSSD recipients beyond China in 2023, million XDR



Note: Others include Burkina Faso, Cambodia, Belarus, Botswana, Syria, Mali, Federated States of Micronesia, and Bhutan, each of which received less than XDR 200 thousand in 2023.

Source: (IMF, n.a.^[18]).

5. How could TOSSD help build knowledge on the uses of the Special Drawing Rights for the 2030 Agenda?

26. After the 2021 general allocation, the international community has been exploring ways to tap the potential that SDRs could have for sustainable development. Many of these discussions, however, got confronted with a lack of available statistical evidence. While IMF staff reports offer wealth of information on the uses of SDRs in specific country contexts, there is currently no centralised database offering comprehensive and standardised data on the number and volume of sales, their uses for the SDGs and other qualitative details. **TOSSD could be used to address these information needs.**

5.1. Data on SDRs and their monetisation

27. Building upon its network of reporters and statistical capacity, TOSSD could collect and disseminate disaggregated data on SDR loans and donations, proceeds from SDR conversions to hard currencies and net income from SDR holdings.

28. See Annex C for a possible emerging reporting guidance for monetised SDRs (currency proceeds from SDR trading and net income from SDR interest/charges) as well as transactions in SDR (donations and loans including in the context of SDR rechannelling). **Going forward, it would need to be further refined to ensure the unique nature of SDRs is well reflected in TOSSD.**

Loans and donations in SDRs for sustainable development

29. **The Secretariat could collect data on loans and donations in SDRs, still as a reserve asset.** Examples of reportable activities would include SDR contributions to the PRGT and RST, or directly to TOSSD recipients, as well as SDRs loans in support of MDB hybrid capital. Such data would:

- a) Be unique.
- b) Complement available information on the outflows from the IMF trusts and MDBs, already available in TOSSD.
- c) Enhance monitoring the 2021 G20 commitment to rechannel USD 100 billion to vulnerable countries.

- d) Complement data on TOSSD, both from recipient and provider perspectives.
- e) Be reported by provider countries - the Secretariat could organise an exploratory data survey with TOSSD reporters or pilot reporting on SDRs with several providers already this year on 2023 TOSSD.

30. Given their reserve asset character, the IFT would need to develop a methodology for tracking and presenting SDRs separately from cash flows.

Proceeds from SDR conversions to hard currencies

31. **Proceeds from SDR conversions to hard currencies.** Such data would be unprecedented and unique, with a great potential to support innovative policy processes at both international and national levels. It would also contribute to building a stronger TOSSD recipient perspective.

- a) IFT could work with members, the IMF and monetary authorities, interested research institutes and other relevant stakeholders to establish a reporting mechanism on resource flows to TOSSD recipients from both the VTAs and provider (purchasing) countries.
- b) Work on this topic could possibly be used as an engagement tool with existing and potential new reporters, such as Oman, Mauritius and Singapore.
- c) The Secretariat could organise an experimental data survey with TOSSD reporters to assess the feasibility of such data reporting. It would also help explore pathways for collaboration with the IMF and its Departments. The SDR data dimension could also be integrated in this year's data collection cycle or that in 2025 on 2024 activities.
- d) More work would be required to ensure accuracy at a total flow level, in particular in the case of intermediated SDR monetisation, combining VTAs and bilateral arrangements (e.g. IMF VTA → Country A → Country B, see Figure 3).

Net income from SDR holdings

32. **Net income from SDR holdings.** Contributing to the TOSSD recipient perspective, these data could be reported directly by IMF or retrieved by the Secretariat from available IMF databases. The Secretariat could seek to build knowledge with recipient countries to better understand how SDRs fit in the SDG framework, for example in the context of the data review mechanism.

5.2. Related considerations

33. **Moreover, the IFT could strengthen its statistical engagement with prescribed holders and other users of SDRs.** While IMF trusts and many MDBs that are prescribed holders already report detailed data to TOSSD, the IFT could work to improve data availability on financial flows from international monetary institutions and multilateral central banks to TOSSD recipients.

34. The IFT could seek to reinforce its collaboration with relevant parts of the IMF to explore ways to better reflect the whole range of IMF operations with TOSSD recipients. This mostly includes **capacity building and general budget support loans from the General Resources Account (GRA)**. Both modalities of co-operation are key for promoting macroeconomic stability, debt sustainability, policy coherence, economic growth, welfare and job creation, all of which are integral aspects of the 2030 Agenda. Importantly, such engagement would only take place within the boundaries of the IMF's unique mandate and the need to preserve its independence.

For discussion

The IFT Steering Group is invited to comment on:

- a) Analysis presented in this paper, in particular the role of SDRs in supporting sustainable development,
- a) Proposed work on SDRs and their monetisation (see section 5.1), including
 - i. Data collection, possibly already this year.
 - ii. Proposed reporting guidance in Annex C
 - iii. Potential sequencing or prioritisation of data collection issues.
- a) Possible engagement with IMF on its activities with TOSSD recipients beyond SDRs, as outlined in section 5.2.

Annex A. Mauritius' use of SDR allocations for sustainable development of partner countries

This case study was developed by the Bank of Mauritius under the auspices of Mr Harvesh Kumar Seegolam G.C.S.K., the Governor of the Bank of Mauritius

35. Mauritius joined the International Monetary Fund (IMF) on 23 September 1968. As member of the IMF, it was periodically allocated Special Drawing Right (SDR) that reached an aggregate amount of XDR 233.1 million at the end of April 2024, following allocations of XDR 15.7 million in 1984, XDR 81.1 million in 2009 and XDR 136.3 million in 2021. This last SDR allocation was part of the aggregate XDR 456 billion made by the IMF in August 2021 to support all its member economies in the context of the COVID-19 pandemic.

36. **As the Mauritian economy strongly rebounded from the pandemic with a GDP growth of 8.9% in 2022 and 7.0% in 2023, the country made use of its SDRs to support the recovery of other developing countries. Reflecting its strong commitment to foster sustainable development and international co-operation, Mauritius henceforth started using its SDR allocations to assist other developing countries in their sustainable development journey by contributing to a number of programmes established by the IMF.** The uses made by Mauritius of its SDRs in recent years are summarised below.

Voluntary Trading Arrangements

37. In July 2021, just prior to the August 2021 increase in general allocation of SDR, the IMF invited Mauritius to participate in the VTA. Mauritius was viewed by the IMF as a member with a strong external position and one of the most resilient International Financial Centres in Africa. Through the VTA, Mauritius could, therefore, provide other IMF members with hard currency liquidity and concurrently hold a higher amount of SDRs. The role of VTA members is to provide bi-directional SDR liquidity – i.e. sell and buy SDRs – on a voluntary basis with the IMF acting as a facilitator.

38. After discussions with the IMF, Mauritius agreed to become a VTA participant. The Bank of Mauritius and the IMF signed the bilateral VTA agreement on 20 September 2022. This was an important milestone commended by the IMF as Mauritius became the first country in Sub-Saharan African to participate in the VTA.

39. The first trade under the VTA was conducted in 2022. Since then, the sales and purchases of SDRs aggregated XDR 18.8 million and XDR 17.0 million, respectively. As at 30 April 2024, Mauritius' SDR holdings amounted to XDR 226 million, marginally below its SDR allocations of XDR 233 million.

Resilience and Sustainability Trust

40. The IMF established the Resilience and Sustainability Trust (RST) in April 2022 as a new tool to help vulnerable countries build resilience to external shocks and foster sustainable growth. The RST supports longer-term structural reform efforts by member countries. It is a loan-based trust that is funded by voluntary SDR contributions from IMF member countries with strong external positions. As of March 2024, the IMF has received total pledges from members to the RST amounting to XDR 31.9 billion.

41. Approximately three-quarters of IMF member countries are eligible for long-term financing from the RST. Financing is provided based on countries' policies – including reform strength and debt sustainability considerations. The poorest countries will be offered the most concessional financing terms.

42. **During the 2024 IMF and World Bank Group Spring Meetings, the Minister of Finance of Mauritius, Renganaden Padayachy announced the country's decision to pledge XDR 12 million to the RST, and**

therefore became the first African contributor to the RST. *The purpose of this contribution was to make effective use of its SDR allocations and assist those IMF member countries, in Africa and other developing countries, most in need of such resources to adapt to climate change.* In a Press Statement made on 19 April 2024, the Managing Director of the IMF acknowledged the pledge made by Mauritius to the RST.

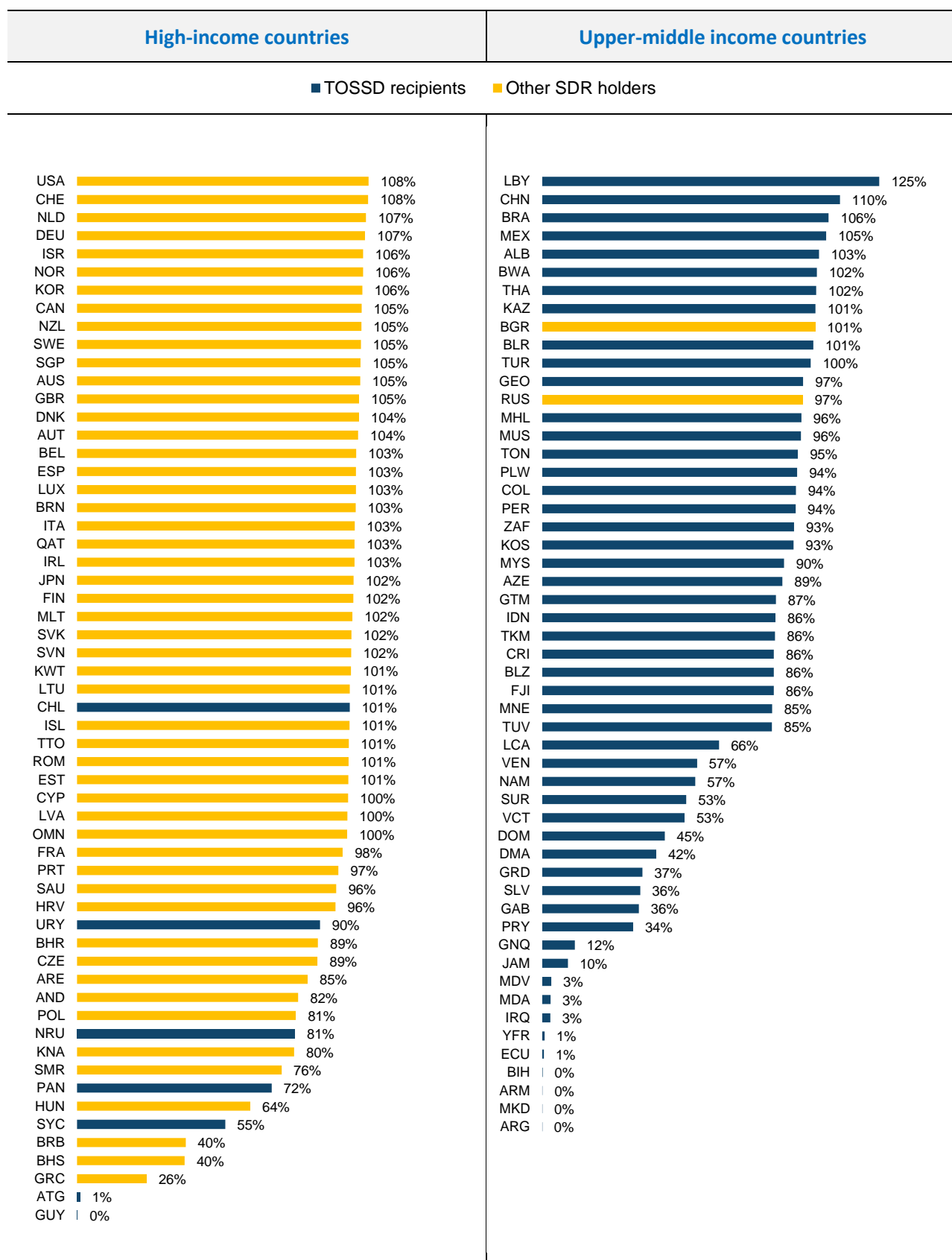
Poverty Reduction and Growth Trust

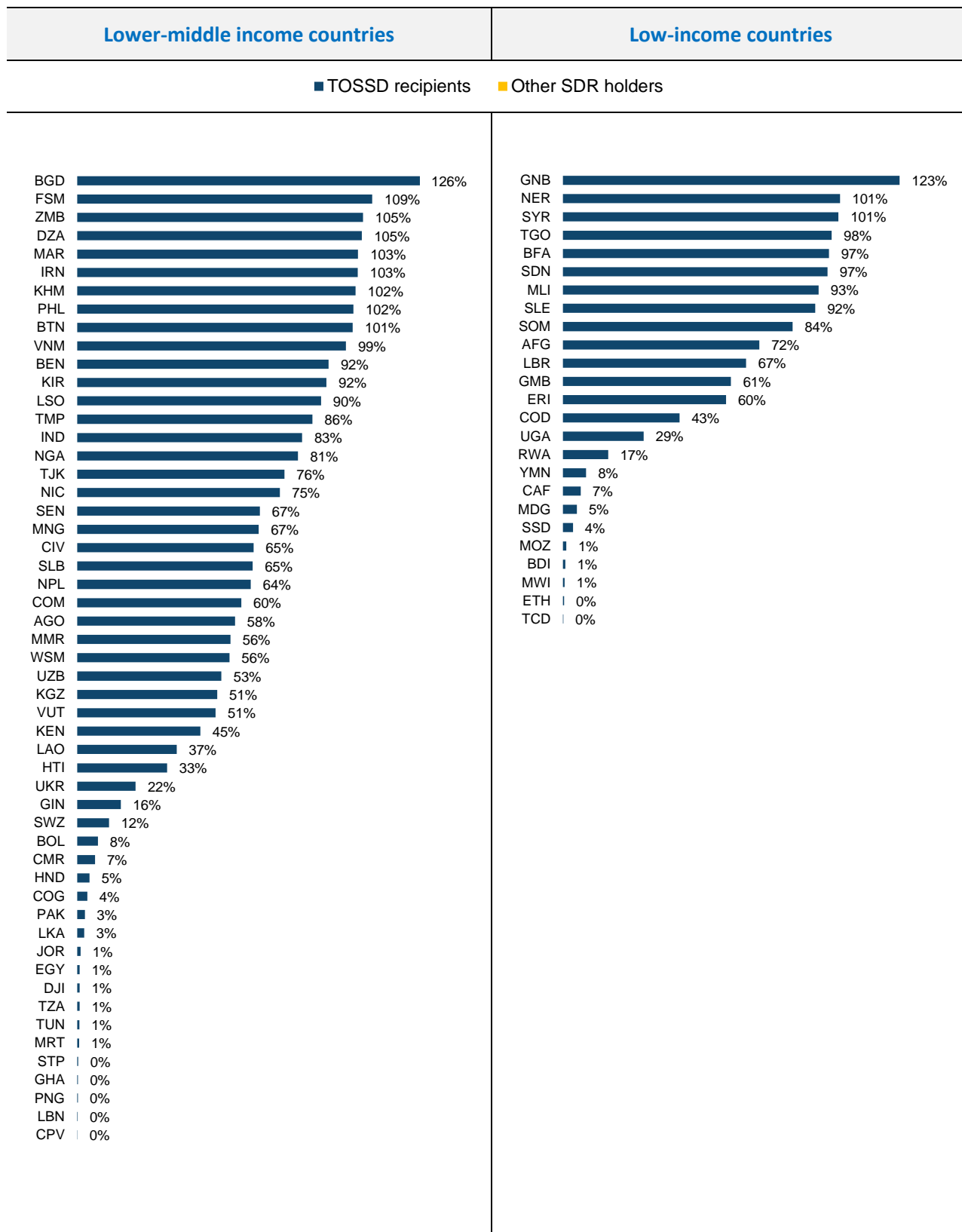
43. The IMF established the Poverty Reduction and Growth Trust (PRGT) in 1999 – which replaced the Enhanced Structural Adjustment Facility – as its primary vehicle for granting concessional financing at very low or zero interest rates to low-income countries (LICs) facing economic challenges. The purpose of the PRGT is to help these member countries to implement policies that promote sustainable economic growth, reduce poverty and achieve macroeconomic stability. The World Bank Group is a key development partner working closely with the PRGT to address global challenges and promote shared prosperity.

44. The IMF has assisted more than 50 LICs by granting interest-free loans of around XDR 22.5 billion via the PRGT since the beginning of the pandemic. Under the ‘2021 PRGT fundraising round’ for which Mauritius contributed through its SDR, the targets for loans of XDR 12.6 billion and subsidy resources of XDR 2.3 billion were achieved in 2023.

45. Mauritius has participated in various initiatives under the PRGT for more than a decade, including the Liberia Debt Relief Package in 2010 and the Somalia Debt Relief in 2020. The country also committed XDR 1.0 million under the ‘2021 Fundraising subsidy pledges’ in July 2021 as announced by Renganaden Padayachy, Minister of Finance of Mauritius and reported by the IMF on its dedicated online platform (IMF, n.a.^[12]).

Annex B. SDR holding-to-allocation ratio by country





Note: The ratio is calculated based on SDR allocations and holdings on 31 December 2023 (IMF, n.a._[3]). Income groups are defined by the World Bank Country and Lending Groups in 2023 (WB, n.a._[19]).

Annex C. Emerging reporting guidance for reporting Special Drawing Rights in TOSSD

Monetised SDRs

TOSSD reporting form field		Bilateral trading arrangements	Voluntary Trading Arrangements	Net income from SDR interest/ charges	Intermediated arrangements
1	Reporting year	2023	2023	2023	2023
2	Provider country/institution	761=Singapore	XXX =International Monetary Fund	XXX =International Monetary Fund	257=Mauritius
3	Provider agency	X =Monetary Authority of Singapore	X =SDR Department	X =SDR Department	X =Bank of Mauritius
4	Provider project number	123	234	345	456
5	TOSSD ID Number	2023000001	2023000002	2023000003	2023000004
6	TOSSD recipient	769=Viet Nam	257=Mauritius	666=Bangladesh	273=Somalia
7	Project title	Purchase of SDRs from Viet Nam	Proceeds of VTAs sales of SDRs to Mauritius	Net income from SDR interest/charges to Bangladesh	Proceeds of VTA sales of SDRs transferred to Somalia
8	Description	In 2023, the Monetary Authority of Singapore purchased SDRs from the State Bank of Vietnam, valued at SGD 12.345 billion.	In April 2023, the Bank of Mauritius sold XDR 9.2 million of its SDR holdings through the IMF Voluntary Trading Arrangements. The receipts were denominated in USD.	Net income from SDR interest/charges to Bangladesh during the calendar year 2023.	In June 2023, the Bank of Mauritius transferred USD 1.6 million to Somalia, financed through SDR sales via the VTA.
9	External link				
10a	SDG focus	1.1;1.5;17.13	17.13	17.13	17.13
10b	Keyword				
11	Sector	51010=General budget support	51010=General budget support	51010=General budget support	51010=General budget support
12	Channel code	12001=Central government of a recipient country	12001=Central government of a recipient country	12001=Central government of a recipient country	12001=Central government of a recipient country
13	Channel name	State Bank of Vietnam	Bank of Mauritius	Bangladesh Bank	Central Bank of Somalia
13b	Other partner entities (...)				
14	Modality	A00=Budget support	A00=Budget support	A00=Budget support	A00=Budget support
15	Financial instrument	110=Standard grant	110=Standard grant	110=Standard grant	110=Standard grant
16	Financing arrangement	FAXX =Proceeds from SDR trading	FAXX =Proceeds from SDR trading	FAXX =Proceeds from net SDR interest/charges	FAXX =Proceeds from SDR trading
17	Framework of collaboration				
18	TOSSD pillar	1	1	1	1
19	Currency	SGD	USD	XDR	USD
20	Amount committed	12345678	12345	16760.151	1634.337
21	Amount disbursed	12345678	12345	16760.151	1634.337
22	Reflows to the provider				
...	...				

Note: Codes in *italics* shaded in grey are currently non-existent and would need to be further developed.

Transactions in SDRs

	TOSSD reporting form field	Bilateral SDR donations	SDR loan to IMF RST (rechanneling)	Acquisition of MDB hybrid capital through SDRs (rechanneling)
1	Reporting year	2023	2023	2023
2	Provider country/institution	257=Mauritius	4=France	261=Nigeria
3	Provider agency	X=Bank of Mauritius	X=Banque de France	X=Central Bank of Nigeria
4	Provider project number	456	567	678
5	TOSSD ID Number	2023000004	2023000005	2023000006
6	TOSSD recipient	233=Comoros	998=Developing countries, unspecified	298=Africa, regional
7	Project title	Donation of SDRs to Comoros to support its climate transition	SDR contribution to the IMF Resilience and Sustainability Trust	Acquisition of AfDB hybrid capital securities
8	Description	Donations of SDRs by the Bank of Mauritius to the Central Bank of the Comoros to support its climate transition, primarily through the deployment of clean energy solutions across the archipelago.	An SDR loan to the IMF Resilience and Sustainability Trust to support developing countries' climate resilience and pandemic preparedness.	Acquisition of hybrid capital securities emitted by the African Development Bank to support its lending capacity to African countries.
9	External link			
10a	SDG focus	7.1;13.2	1.5;3.d;13.1	1.1;1.5;17.3
10b	Keyword		#SDRrechanneling	#SDRrechanneling
11	Sector	23210=Energy generation, renewable sources - multiple technologies	99810=Sector unspecified	99810=Sector unspecified
12	Channel code	12001=Central government of a recipient country	43007=IMF Resilience and Sustainability Trust	46002=African Development Bank
13	Channel name	Central Bank of the Comoros	IMF Resilience and Sustainability Trust	African Development Bank
13b	Other partner entities and/or organisations			
14	Modality	A00=Budget support	B02=Core contributions to multilateral organisations	B02=Core contributions to multilateral organisations
15	Financial instrument	XXXX=Special Drawing Rights, donation	XXXX=Special Drawing Rights, donation	XXXX=Special Drawing Rights, loan
16	Financing arrangement	FAXX=Transactions in SDRs	FAXX=Transactions in SDRs	FAXX=Transactions in SDRs
17	Framework of collaboration			
18	TOSSD pillar	1	2	2
19	Currency	XDR	XDR	XDR
20	Amount committed			
21	Amount disbursed	12345	12345	12345
22	Reflows to the provider			
...	...			
25	Concessionality			1
...	...			

Note: Codes in *italics* shaded in grey are currently non-existent and would need to be further developed.

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