



Special Drawing Rights:

The Right Tool to Use to
Respond to the Pandemic
and Other Challenges

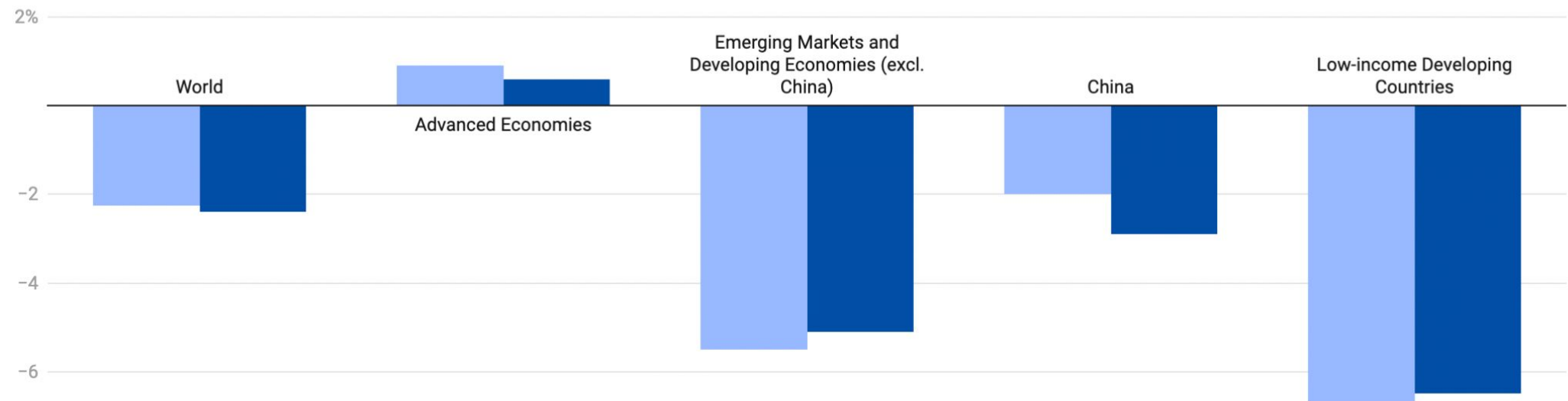
Original Report: <https://bit.ly/3L3Ylv6>

Real Output, Percent Deviation from Pre-Crisis Trend

Data from IMF World Economic Outlook

Medium-term output losses for emerging markets and developing economies are likely to be large

■ Oct. '21 WEO ■ Jan. '22 WEO



The bars show the difference in real output four years after the crisis and anticipated output for the same period prior to the crisis, for the indicated regional group.

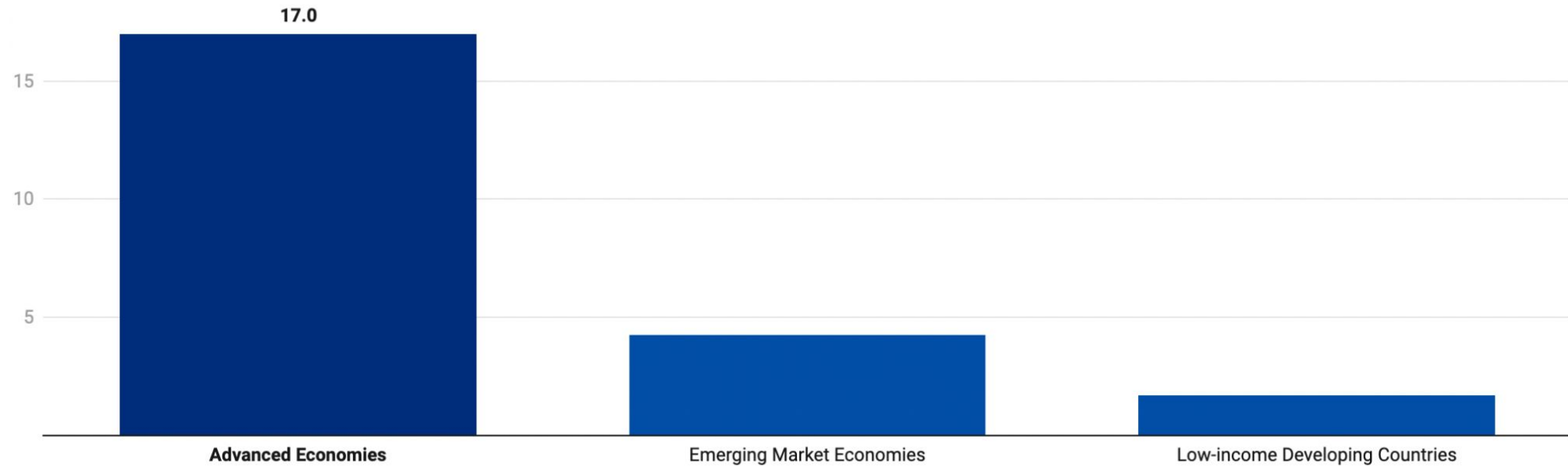
Source: Adapted from Gopinath (2022).



Total Revenue & Spending Measures in Response to COVID-19

Percent of 2020 GDP; 2020 and beyond

Fiscal support in advanced economies has far exceeded similar measures in low- and middle-income countries



The figure includes past and future fiscal measures as listed in the July 2021 vintage IMF Fiscal Monitor.

Source: Adapted from Gopinath (2021).



How Countries Can Use Special Drawing Rights

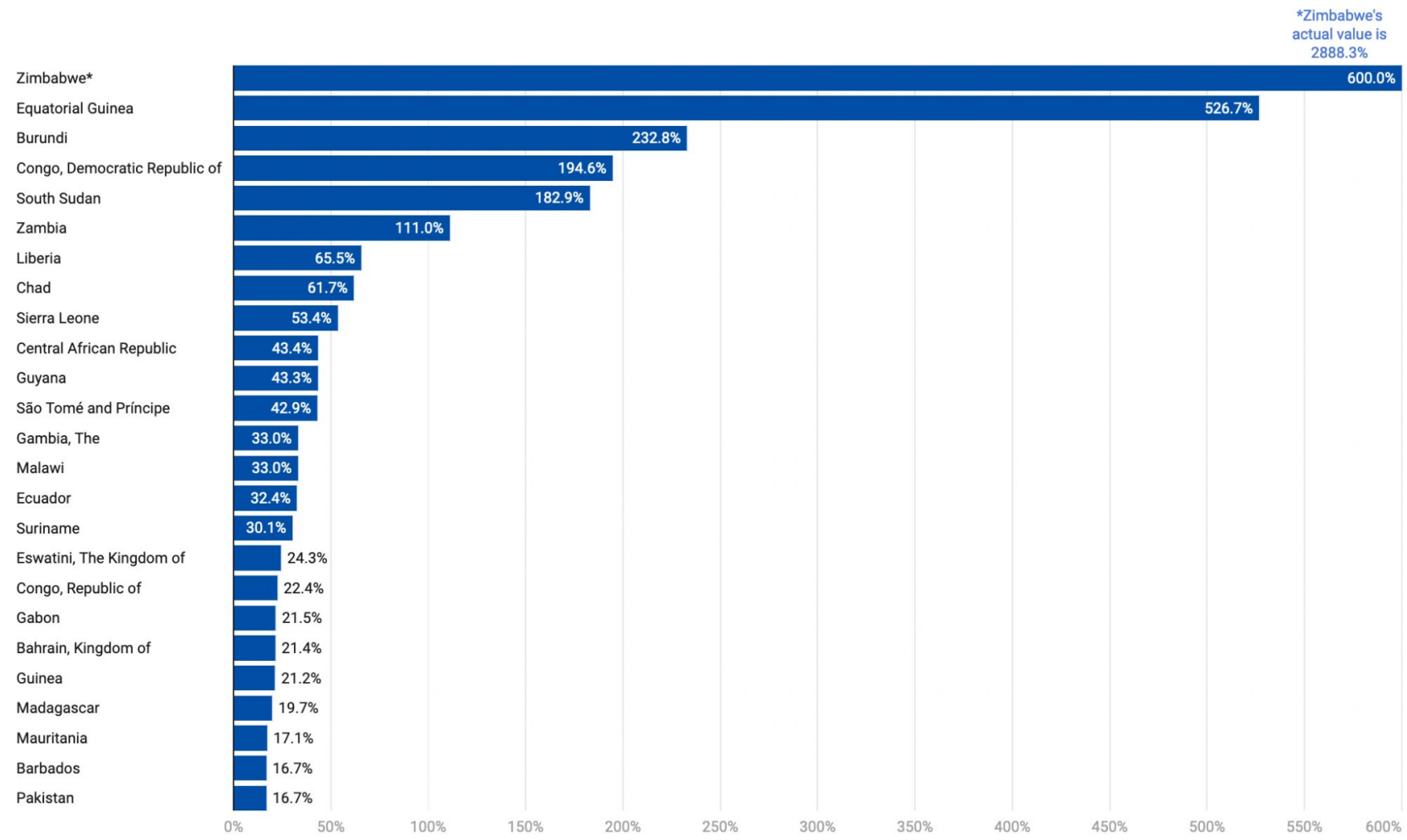
Use of SDRs	Principal Actor	Requires Exchanging SDRs for Hard Currency	Advantages	Available Data
Reserves	Central banks	No	Easiest option, no exchange necessary; provides resources for future crises or to give more confidence to creditors	None, does not require any action
Obtaining Hard Currency	Central banks and/or governments	Yes	Hard currency can be used to stabilize exchange rates, pay debt denominated in a foreign currency, and import necessities, among other things; although it is not necessary to convert SDRs to hard currency in order to augment domestic budgets based on additional SDRs, some countries do so	IMF monthly statements on balances of country SDR holdings
Fiscal: Avoid New Debt	Governments	No	Allows for more fiscal space in budgets	IMF country-specific documents, media reports, and government statements; if SDRs were exchanged, monthly IMF statements
Fiscal: New Spending	Governments	No	Most flexibility in allocating resources to particular challenges; can directly address health and social crises	IMF country-specific documents, media reports, and government statements; if SDRs were exchanged, monthly IMF statements
IMF Debt Relief	Governments	No	Easy option for debt relief; allows for more fiscal space in budgets	IMF monthly statements on balances of country SDR holdings; statements from corresponding IMF accounts

Source: Authors' analysis.



SDR Allocation from 2021 as a Proportion of Total Reserves

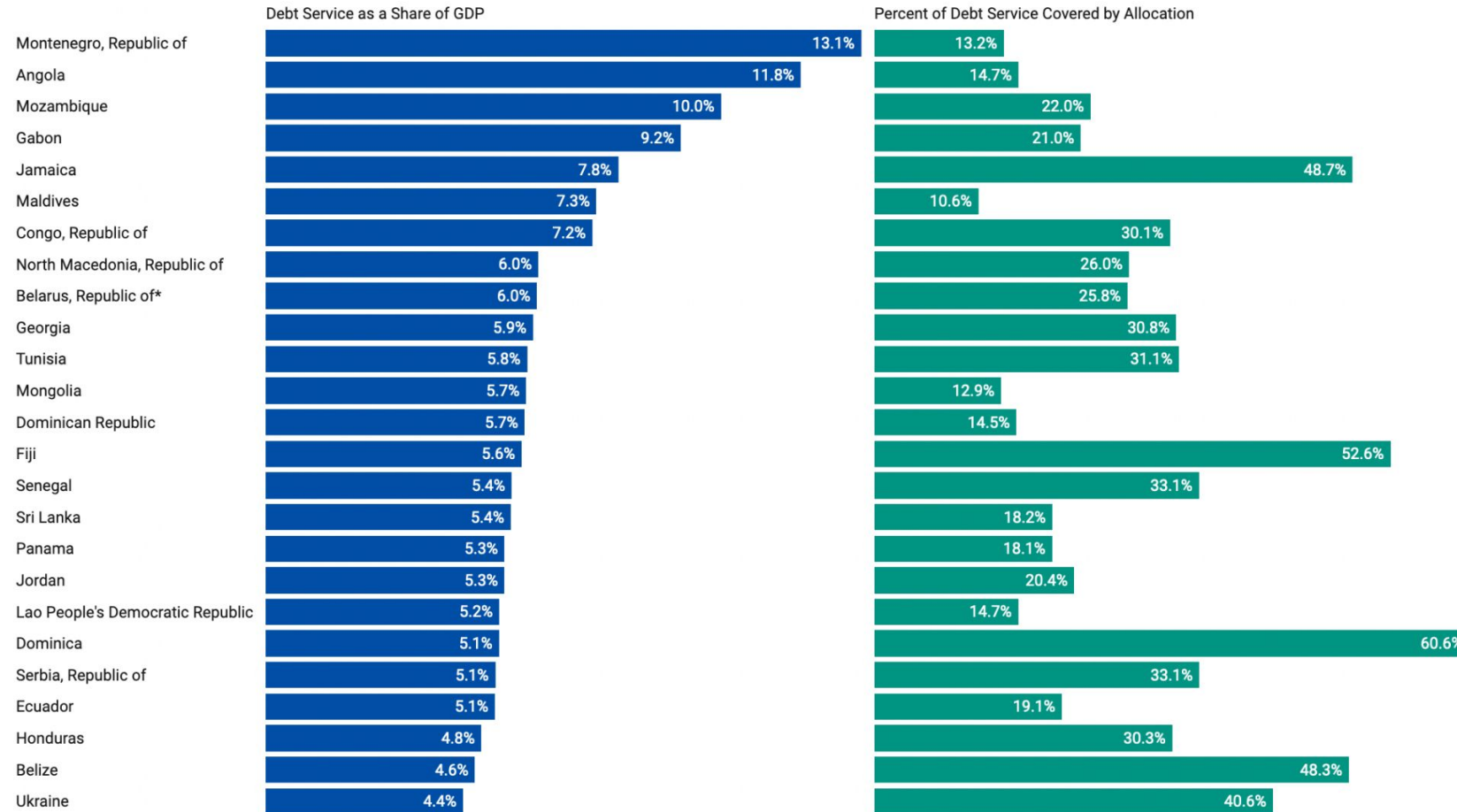
Top 25 Low- and Middle Income Countries



Public Foreign Debt Service as a Share of 2020 GDP as Compared to 2021 SDR Allocation

Top 25 Low- and Middle-Income Countries

Special Drawing Rights from the allocation represent a significant portion of several countries' public debt service in 2020



SDR Allocation in 2021

Includes other Sources of Support by Country Grouping (USD billions)

The 2021 allocation of Special Drawing Rights represented the best source of economic support for countries overall but falls short of what is needed

■ Comparison ■ SDR Allocations ■ Other Sources of Support

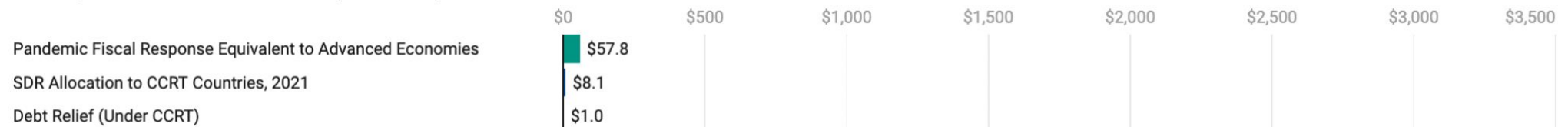
Low- and Middle-Income Countries (119 countries)



Debt Service Suspension Initiative (68 countries)

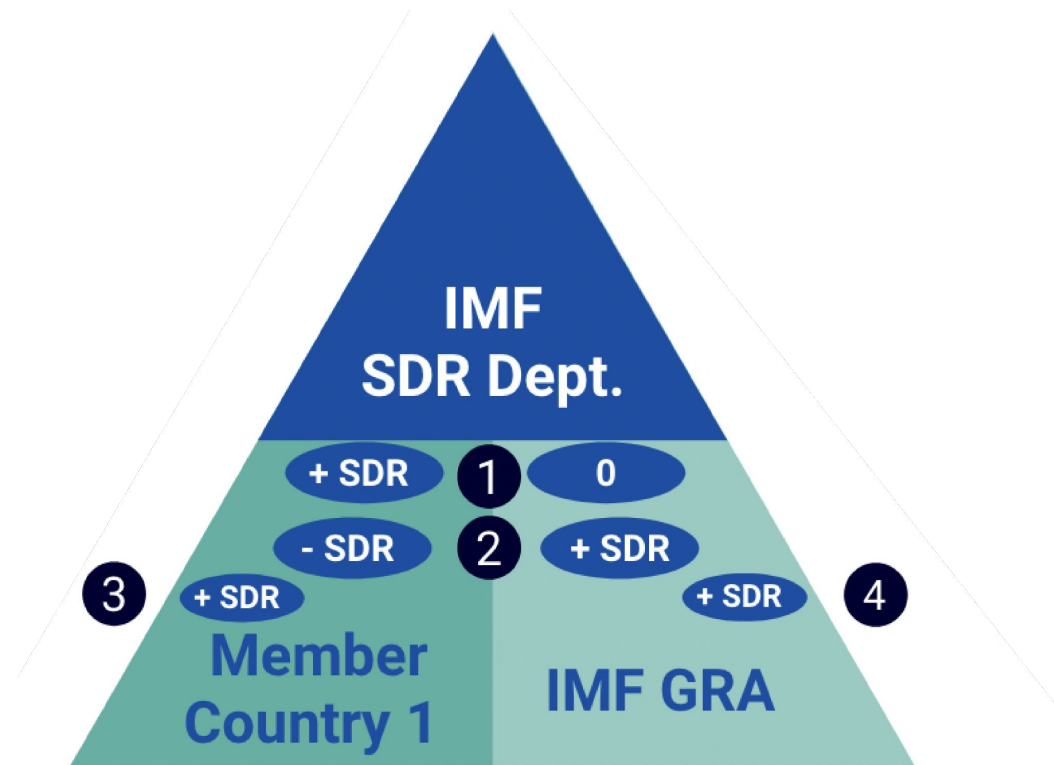


Catastrophe Containment and Relief Trust (31 countries)



IMF Debt Relief

Includes other Sources of Support by Country Grouping (USD billions)



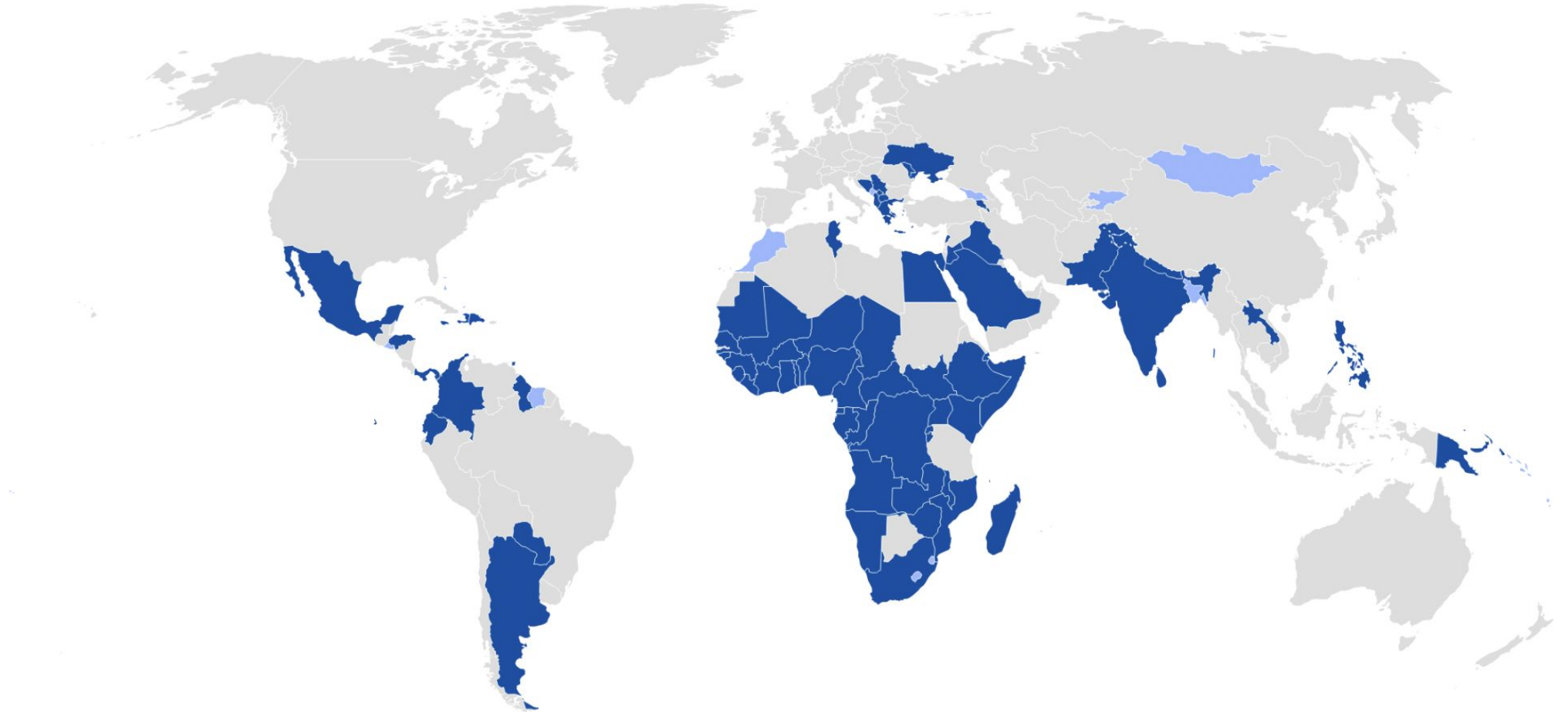
1. The IMF SDR Department allocates new SDRs into Member Country 1's account.
2. Member Country 1 uses the SDRs to pay the IMF General Resources Account (GRA) for previous obligations. Debt to IMF is extinguished.
3. Every three months, the IMF SDR Department debits interest payments from Member Country 1's SDR accounts on the amount of SDRs used.
4. The IMF SDR Department allocates new SDRs into Member Country 1's account.



98 Countries Have Used Special Drawing Rights

From August 23, 2021 to March 31, 2022

■ Significant Use of SDRs ■ SDRs Used Only for Small Payments to IMF



2021 SDR Allocation and Other Sources of Support

Organized by Country Groupings (USD billions)

African countries used Special Drawing Rights the most, both by number of countries and take up rate

Continent









IMF Categorization



IMF Member Countries Using SDRs by Income Group

From August 23, 2021 - March 21, 2022 (USD millions)

Special Drawing Rights were extensively used by low- and middle-income countries

Income Group	Countries That Used SDRs	Aggregate Amount of 2021 Allocation for Users	Aggregate SDRs Exchanged	...as a Share of Allocation	Aggregate IMF Debt Relief	...as a Share of Allocation	Aggregate Fiscal Use	...as a Share of Allocation
Low-income	43 of 70	\$16,541	\$4,301	 26%	\$362	 2%	\$10,741	 65%
Middle-income	41 of 84	\$84,672	\$12,683	 15%	\$7,191	 8%	\$70,277	 83%
High-income	1 of 36	\$3,316	\$0	0%	\$11	0%	\$0	0%



IMF Member Countries Using SDRs

Geographic grouping, August 23, 2021—March 31, 2022 (USD millions)

Special Drawing Rights were critical to many geographic areas — especially Africa — and fiscal uses dominate

Geographic Grouping	Eligible Countries That Used SDRs	Aggregate Amount of 2021 Allocation for Users	Aggregate SDRs Exchanged	...as a Share of Allocation	Aggregate IMF Debt Relief	...as a Share of Allocation	Aggregate Fiscal Use	...as a Share of Allocation
Africa	47 of 54	\$27,092	\$6,549	24%	\$855	3%	\$20,330	75%
Asia	16 of 40	\$44,147	\$4,542	10%	\$459	1%	\$35,973	81%
Europe	9 of 16	\$8,130	\$3,429	42%	\$992	12%	\$3,726	46%
North America	14 of 20	\$15,913	\$986	6%	\$33	0%	\$7,978	50%
Oceania	6 of 12	\$454	\$1	0%	\$2	0%	\$361	80%
South America	6 of 12	\$8,793	\$1,478	17%	\$5,222	59%	\$12,650	144%
Emerging and Developing Asia	14 of 30	\$23,877	\$758	3%	\$122	1%	\$20,938	88%
Emerging and Developing Europe	8 of 16	\$4,815	\$3,429	71%	\$981	20%	\$3,726	77%
Latin America and the Caribbean	20 of 32	\$24,706	\$2,464	10%	\$5,256	21%	\$20,628	83%
Middle East and Central Asia	14 of 31	\$25,911	\$7,051	27%	\$865	3%	\$18,619	72%
Sub-Saharan Africa	41 of 45	\$21,903	\$3,282	15%	\$329	2%	\$17,107	78%



IMF Member Countries by their Use of SDRs

From August 23, 2021 March 31, 2022

Ninety-eight countries used Special Drawing Rights in some way, representing \$105.6 billion in uses.

Use of SDRs	Number of Countries	Amount	Notes
Any use	at least 98	\$105.6 billion	The total amount of SDR used for international payments (exchanged for hard currency or used for IMF debt payments) is known and reported below. However, SDRs can be used domestically by recording them directly on the governments' accounts or leveraged to finance a concessional hard currency or local currency central bank loan to the government. Domestic transactions that can occur independently of, and in addition to, international payments.
Exchanged for Hard Currency	42	\$17.0 billion	42 countries have exchanged a large portion of the SDR allocation for hard currency: Antigua and Barbuda, Argentina, Armenia, Bosnia and Herzegovina, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Djibouti, Ecuador, Egypt, Equatorial Guinea, Ethiopia, Gabon, Guinea, Guyana, Haiti, Honduras, Iraq, Jamaica, Jordan, Laos, Lebanon, Malawi, Maldives, Mauritania, Moldova, Nauru, North Macedonia, Paraguay, São Tomé and Príncipe, Serbia, Somalia, South Sudan, Sri Lanka, Tunisia, Ukraine, and Zimbabwe
IMF Debt Relief	55	\$7.6 billion	55 countries have used SDRs for IMF debt relief. The new SDRs were a lifeline for 23 of those countries, who would not have had enough resources in their holdings to pay the IMF without the new SDRs. Those countries are: Albania, Argentina, Armenia, Barbados, Bosnia and Herzegovina, Dominica, Dominican Republic, Ecuador, Egypt, Ghana, Greece, Grenada, Iraq, Jordan, Kenya, Mauritania, Moldova, Namibia, North Macedonia, Sri Lanka, St. Vincent and the Grenadines, Tunisia, and Ukraine.
Fiscal Use	at least 69	at least \$81.0 billion	This group of countries is determined from country-by-country research based on IMF staff reports, government websites, and reporting. The majority of countries report spending on COVID-19 relief, capital expenditures, and covering the deficit (avoiding new debt). Note: Many countries have recorded them in their budgets but have not converted them to hard currency. Colombia and Mexico governments received dollar equivalent loans from the central banks. Argentina recorded SDRs in its budget twice and peso-equivalents twice (first two transactions recorded here only). Countries in this group are: Albania, Angola, Antigua and Barbuda, Argentina, Benin, Bosnia and Herzegovina, Burkina Faso, Cabo Verde, Cameroon, Central African Republic, Chad, Colombia, Comoros, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Ecuador, Egypt, Equatorial Guinea, Ethiopia, The Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, India, Iraq, Kenya, Kosovo, Lebanon, Liberia, Madagascar, Malawi, Maldives, Mali, Mauritania, Mexico, Moldova, Mozambique, Nauru, Nepal, Niger, Nigeria, North Macedonia, Pakistan, Palau, Panama, Papua New Guinea, Paraguay, Philippines, Rwanda, São Tomé and Príncipe, Saudi Arabia [^] , Senegal, Serbia, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Togo, Trinidad and Tobago, Tunisia, Uganda, Ukraine, Zambia, and Zimbabwe.



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