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### The IMF's special drawing rights (SDRs)

The Bretton Woods Project

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*From issue 65 of The  
Bretton Woods Update*

IFI GOVERNANCE

background

## The IMF's special drawing rights (SDRs)

1 APRIL 2009 | INSIDE THE INSTITUTIONS

*This piece is now outdated. It has been kept on our website only for reference. For updated information on this issue click [here](#)*

The special drawing right (SDR) is an international reserve asset, created by the IMF in 1969 to supplement the existing official reserves of member countries. Countries can exchange SDRs for hard currency at the IMF. The SDR also serves as the unit of account of the IMF and some other international organisations. Its value is based on a basket of key international currencies.

The SDR is in some ways like a currency, but is currently used only at the IMF. The value of the SDR is based on the exchange rates of the US dollar, the euro, the yen and the pound sterling. The basket composition is reviewed every five years to ensure that it reflects the relative importance of currencies in the world's trading and financial systems.

The SDR is not a claim on the IMF but a potential claim on the freely usable currencies of IMF members. Holders of SDRs can obtain hard currencies in exchange for their SDRs in two ways: first, through voluntary exchanges between members; and second, by the IMF designating members with strong large holdings of reserves to purchase SDRs from members who need hard currencies. Such transactions do not involve the IMF staff negotiating with country authorities – meaning there is no conditionality involved and no required policy changes.

SDRs were originally proposed in the late 1950s but were not created until the late 1960s. The purpose was to supplement countries' reserves in the context of the fixed exchange rate system which had been operating since 1944. The system had been based on the convertibility of the dollar to gold, but this was proving unsustainable as trade increased because of limits in the availability of gold, and the increasing unwillingness of the US to maintain the system.

However, since the collapse of the fixed exchange rate system in 1971, SDRs have become less important. SDRs can be issued by the IMF only when 85 per cent of the IMF membership agrees. This gives the US a veto over issuance of SDRs. SDRs have been allocated just two times in the history of the IMF, at their creation and in 1981 which brought the total allocations to 21.4 billion SDRs (almost \$32 billion at today's exchange rates). Only 144 countries have been allocated SDRs, because many of the IMF's current 185 members joined the institution after 1981. Notably, countries in Central and Eastern Europe and Central Asia have not been allocated SDRs.

Generally SDRs must be issued to countries in proportion to a country's quota share at the IMF. As the quota is based largely on GDP, rich countries hold the majority of SDRs. A special one-time allocation of SDRs to countries that joined the IMF after 1981 was proposed and approved by the IMF board of governors in 1997 but has not yet gone into effect. It requires the approval of capitals of IMF members, but the US Congress has yet to approve the measure.

Within the IMF, there is an SDR Department which handles all transactions in SDRs. This department is strictly separate from the IMF's General Department, which handles the IMF's normal operations of lending. Countries that have larger holdings of SDRs than their allocations receive interest based on the SDR interest rate. Those countries that exchanged their SDRs for hard currencies must pay interest at the same rate. Thus within the SDR department the interest paid and the interest received is also equal, and the accounts net to zero.

The IMF Articles of Agreement also allow for cancellations of SDRs, but this provision has never been used. The IMF cannot allocate SDRs to itself. Many commentators, including business figures such as George Soros and former US Treasury official Ted Truman, have proposed new SDR allocations as a method of combating the financial crisis. When the IMF issues SDRs, it is a straight forward increase in the global money supply, as the IMF essentially creates the SDR allocations out of nothing but the commitment of IMF member states. Some critics of this approach have said this would be inflationary, but others have countered that in a deflationary situation, SDR allocations could help maintain price stability.

The SDR also has the potential to supplant the dollar as a global reserve currency if the IMF membership agreed to move it in that direction. This would involve much larger allocations of SDRs, as global reserve holdings were worth over \$6.7 trillion at the end of 2008. The governor of China's central bank and the UN General Assembly president's commission of experts on financial reforms both backed the idea of a global reserve currency.

## More background on this issue

FINANCE | background | 9 DECEMBER  
2021 | INSIDE THE INSTITUTIONS

### **What are Special Drawing Rights (SDRs)?**

This Inside the Institutions looks at the IMF's Special Drawing Rights, including their history and usage, with a focus on the latest allocation, which accounts for 69 per cent of the SDRs ever disbursed.

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IFI GOVERNANCE | background | 7  
APRIL 2020 | INSIDE THE INSTITUTIONS

### **IMF and World Bank decision-making and governance**

This Inside the Institutions looks at decision-making and governance structures at the IMF and World Bank.

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INFRASTRUCTURE | background | 16  
SEPTEMBER 2013 | MINUTES

### **Civil society meeting with Stewart James, UK Alternate Executive Director to the World Bank**

Minutes of CSO meeting with Stewart James, UK Alternate Executive Director to the World Bank, 15 July 2013

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IFI GOVERNANCE | background | 31  
MARCH 2016 | INSIDE THE INSTITUTIONS

### **IMF & World Bank decision-making and governance (archive)**

This Inside the Institutions examines the recent and ongoing reforms at the IMF and World Bank, and places them in context of existing structures and processes.

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IFI GOVERNANCE | background | 26  
JUNE 2013 | RESOURCE

### **Leaked documents: World Bank strategy draft recommendations**

Web links for the leaked documents about the World Bank's strategy.

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IFI GOVERNANCE | background | 24  
APRIL 2013 | MINUTES

### **IMF reform in developing country perspective**

Notes from IMF 2013 Spring meetings civil society forum event

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IFI GOVERNANCE | background | 23  
APRIL 2013 | MINUTES

### **The private sector and poverty eradication**

This session gave an overview on the links between private sector and healthcare provision in tackling poverty.

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ACCOUNTABILITY | background | 22  
APRIL 2013 | MINUTES

### **Financial and housing crises, the Bank's safeguards and the right to adequate housing**

This session featured a presentation from UN special rapporteur on the links between financial and housing crises, safeguards and the right to adequate housing.

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IFI GOVERNANCE | background | 22  
APRIL 2013 | MINUTES

### **From the Arab revolutions to global austerity trends**

This session examined issues thrown up by the Arab revolutions, including the fiscal, monetary, tax and investment policies being considered by governments facilitating, or hindering countries in the Arab and other regions in building an inclusive economy and supporting socioeconomic recovery, the impact on public expenditure for the strengthening of education, health, and other social sectors as well as the management of chronic and high unemployment and high food and fuel prices.

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IFI GOVERNANCE | background | 30  
MAY 2013 | MINUTES

### **Civil society meeting with Steve Field, UK IMF Executive Director**

Minutes of CSO meeting with Steve Field UK IMF Executive Director, 9 April 2013

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INFRASTRUCTURE | background | 23  
APRIL 2013 | MINUTES

### **Colombia case study: results measurement and poverty eradication**

This session examined Colombia's private sector partnerships and poverty eradication programme.

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ACCOUNTABILITY | background | 22  
APRIL 2013 | MINUTES

### **Bending the arc of poverty**

The session focused on the World Bank's development strategy, poverty eradication goals, global inequality, and the threat of climate change.

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ACCOUNTABILITY | background | 22  
APRIL 2013 | MINUTES

### **The challenges of advancing sustainability at the World Bank**

This panel discussion reflected on the major sustainability challenges facing the World Bank through exploring two World Resources Institute areas - a portfolio analysis on 2012 projects, and the interaction between country systems and World Bank safeguard approaches.

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ACCOUNTABILITY | background | 19  
APRIL 2013 | MINUTES

### **World Bank executive directors roundtable with CSOs**

Minutes of an open roundtable with EDs that occurred during the 2013 spring meetings.

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### **World Bank staff incentives**

The World Bank Group's staff incentives and compensation schemes are considered important drivers of the Bank institution's successes and failures.

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### **World Bank corporate scorecard**

Every six months the World Bank issues a corporate scorecard, which is submitted each Autumn to the Bank's annual meetings. The scorecard is supposed to "provide a snapshot of the Bank's overall performance, including its business modernisation, in the context of development results." It is compiled by Bank staff to "facilitat[e] strategic dialogue between management and the board on progress made and areas that need attention."

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### **Revolving doors: staff turnover between IFIs and African governments**

The term 'revolving doors' refers to frequent staff turnover between institutions, usually relevant when these represent different interests working on the same policy issues. This serves to foster cross-institutional networks, practices and alliances. The staff turnover between international financial institutions (IFIs) and borrowing governments works as a mechanism through which specific ideas and practices learnt and promoted in IFIs are translated into policies in borrowing countries

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### **Country classifications**

A state's relationship with the IFIs and the type of assistance it receives is determined by its country classification. Some crucial types of classifications are: the World Bank's operational lending categories; the Bank's analytical categories used in the World Development Report; the IMF's operational and analytical categories, the

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### **World Bank Group's sub-national lending**

The World Bank and the International Finance Corporation (IFC, the Bank's private sector arm) are jointly encouraging sub-national lending to states or provinces, aimed at boosting direct engagement at the state or municipal level.

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### **World Bank lending facilities**

The World Bank's investment lending (ILs) have been joined in recent years by new lending instruments, whilst IL itself faces an overhaul, as the Bank's operational policies come under review and pilots for the use of 'country systems' mature. The Bank is presently using four lending instruments: investment lending, development policy lending (DPL), Program-for-Results, and the World Bank guarantee program.

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### **IMF resources: quota, NAB and GAB**

One of the IMF's three roles is lending to members countries with balance of payments difficulties, using resources provided by its other members. Generally, these resources come in two forms: quota contributions tied to voting rights in the institution, and bilateral contributions which do not affect countries' voting rights.

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### **China and the World Bank**

China joined the World Bank in April 1980, and since then has been one of its largest borrowers and recipients of technical assistance. In recent years, China has gone beyond the only role of recipient country and has increased its influence on the Bank.

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IFC's frontier market category; the Bank's fragile state category; and the distinctions used by the Bank and IMF in deciding on and reporting success in governance

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IFI GOVERNANCE | background | 12  
OCTOBER 2010 | MINUTES

### **Investment lending reform**

A briefing by World Bank staff on the investment lending reform, 9 October 2010

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INFRASTRUCTURE | background | 23  
APRIL 2010 | MINUTES

### **Roundtable on post-crisis economic recovery**

World Bank event at the World Bank spring meetings 2010, 22 April

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ENVIRONMENT | background | 8  
OCTOBER 2009 | MINUTES

### **CSO Townhall meeting**

Notes from the CSO townhall meeting with Dominique Strauss-Kahn and Robert Zoellick

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IFI GOVERNANCE | background | 4  
OCTOBER 2009 | MINUTES

### **Global economic governance roundtable**

Summary of a discussion with German government representatives, Jomo KS of the UN and civil society organisations.

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IFI GOVERNANCE | background | 10  
JULY 2009 | INSIDE THE INSTITUTIONS

### **The International Center for the Settlement of Investment Disputes (ICSID)**

The International Center for the Settlement of Investment Disputes (ICSID), part of the World Bank Group, is an arbitration forum between governments and foreign investors to settle investment disputes. Two thirds of international investment disputes go through ICSID.

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ACCOUNTABILITY | background | 23  
APRIL 2009 | MINUTES

ACCOUNTABILITY | background | 19  
JULY 2010 | MINUTES

### **Meeting of UK NGOs and Susanna Moorehead, UK Executive Director to the World Bank, and Rachel Turner**

Notes of the meeting

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ACCOUNTABILITY | background | 30  
MARCH 2010 | MINUTES

### **Meeting between UK civil society and Alex Gibbs, UK IMF Executive Director**

Minutes of a meeting between UK civil society, UK IMF Executive Director Alex Gibbs, and UK Treasury staff

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ACCOUNTABILITY | background | 8  
OCTOBER 2009 | MINUTES

### **IMF governance - CSO meeting with the IMF managing director**

Minutes of a meeting between civil society organisations, IMF managing director Dominique Strauss-Kahn and IMF deputy managing director John Lipsky

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ACCOUNTABILITY | background | 29  
SEPTEMBER 2009 | MINUTES

### **Videoconference between UK civil society and Alex Gibbs, UK IMF Executive Director**

Minutes of a meeting between UK civil society, UK IMF Executive Director Alex Gibbs, and UK Treasury staff

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IFI GOVERNANCE | background | 23  
APRIL 2009 | MINUTES

### **G20 Summit and impacts on developing countries**

Summary of IMF and World Bank presentations and the discussion afterwards

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ACCOUNTABILITY | background | 20  
APRIL 2009 | MINUTES

## **Meeting between UK civil society and Douglas Alexander, Secretary of State for International Development**

Minutes of a meeting between Douglas Alexander, Secretary of State for International Development, and UK NGOs, 21 April 2009

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ACCOUNTABILITY | background | 15  
APRIL 2009 | MINUTES

## **Meeting between UK civil society and Alex Gibbs, UK IMF Executive Director**

Minutes of a meeting between UK civil society, UK IMF Executive Director Alex Gibbs, and UK Treasury staff

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ACCOUNTABILITY | background | 9  
OCTOBER 2008 | MINUTES

## **Transparency at the World Bank and IMF**

Links to GTI principles, reviews of Bank performance on transparency, and a new paper on IMF transparency.

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IFI GOVERNANCE | background | 11  
APRIL 2008 | MINUTES

## **Briefing on the World Bank's Six Strategic Themes**

Minutes of a briefing by World Bank staff on the WBG's six strategic themes

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IFI GOVERNANCE | background | 1  
FEBRUARY 2008 | INSIDE THE INSTITUTIONS

## **The IFIs and Islamic finance**

The World Bank Group and the IMF have become more involved in assistance to and oversight of Islamic financial institutions.

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ACCOUNTABILITY | background | 26  
OCTOBER 2007 | MINUTES

## **The role of low-income countries in IFI governance**

Highlights of a 19 October discussion on the role of low-income countries in IMF governance at the World Bank-IMF annual meetings 2007.

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## **Meeting between UK NGOs and Susanna Moorehead, UK World Bank Executive Director**

Minutes of a meeting between UK civil society and UK World Bank Executive Director Susanna Moorehead

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IFI GOVERNANCE | background | 1  
APRIL 2009 | INSIDE THE INSTITUTIONS

## **The IMF's special drawing rights (SDRs)**

The special drawing right (SDR) is an international reserve asset, created by the IMF in 1969 to supplement the existing official reserves of member countries.

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ENVIRONMENT | background | 25 JULY  
2008 | MINUTES

## **Highlights: Meeting of UK NGOs with UK Alternate Executive Director to the World Bank**

Meeting between UK NGOs and UK Alternate Executive Director to the World Bank -Caroline Sergeant- on July 22, 2008.

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IFI GOVERNANCE | background | 10  
APRIL 2008 | MINUTES

## **Briefing on the new IFC-IDA Secretariat**

Notes from a briefing by World Bank staff on the new IFC-IDA joint secretariat

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ACCOUNTABILITY | background | 26  
OCTOBER 2007 | MINUTES

## **Rethinking the governance of the IMF**

Highlights of a 19 October discussion on the reform of IMF governance at the World Bank-IMF annual meetings 2007.

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ACCOUNTABILITY | background | 25  
JUNE 2007 | MINUTES

## **Highlights of UK NGO meeting with UK Executive Director to the WB/IMF Tom Scholar**

Highlights of a 22 June 2007 meeting between UK NGOs and UK executive director to the World Bank and IMF, Tom Scholar. Issues covered included review of the Bank's transport strategy,

avoided deforestation, conditionality, debt, social protection and IFI governance.

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IFI GOVERNANCE | background | 9 MAY 2007 | MINUTES

### **Highlights of BWI-UK / UKAN Workshop: The roles of the IFIs in low-income countries**

Highlights/summary of outcomes for the 1 May 2007 BWI-UK / UKAN Workshop: The roles of the IFIs in low-income countries

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IFI GOVERNANCE | background | 27 APRIL 2007 | MINUTES

### **European CSO meeting with European IMF EDs**

Incomplete minutes of European CSO meeting with European IMF EDs, 13 April 2007

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IFI GOVERNANCE | background | 23 APRIL 2007 | MINUTES

### **Highlights of UK NGO meeting with HM Treasury on IMF governance**

Minutes of a consultation between UK NGOs and HM Treasury on IMF governance, 4 April 2007

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IFI GOVERNANCE | background | 31 JANUARY 2007 | INSIDE THE INSTITUTIONS

### **The IMF programme cycle**

The IMF has regular, systematic engagement with government representatives at many levels. Implementation of the IMF's programme cycle varies from one country to the next, depending on the situation and need of the country in question. The nature of the programme cycle is highlighted by looking at the cases of Uruguay and Mozambique.

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IFI GOVERNANCE | background | 27 APRIL 2007 | MINUTES

### **Reforming the governance of the IMF / World Bank**

Highlights of a civil society dialogue on Bank/Fund governance during the spring meetings 2007

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CONDITIONALITY | background | 25 APRIL 2007

### **Workshop on aid and the roles of the World Bank and IMF in low-income countries**

To date there have been gaps in the thinking and policy lines of UK NGOs on several key questions in relation to low-income countries, multilateral institutions and development. The 1 May 2007 workshop will bring the BWI-UK and UKAN networks together to address the following four questions, with a view to coordinating policy and advocacy positions: 1. What role do/should the IMF and World Bank be playing in the evolving international aid architecture? 2. Should the IMF be providing dev

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INFRASTRUCTURE | background | 18 APRIL 2007 | MINUTES

### **Highlights of meeting with Tom Scholar and UK NGOs**

Highlights of meeting between Tom Scholar and UK NGOs, April 2007

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ACCOUNTABILITY | background | 15 NOVEMBER 2006 | MINUTES

### **Global Transparency Initiative (GTI) - regional launch**

This is a summary of the Global Transparency Initiative (GTI) regional launch held at Westminster on the 2nd of November 2006.

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IFI GOVERNANCE | background | 26  
OCTOBER 2006 | MINUTES

### **Highlights of Hilary Benn meeting with UK NGOs**

Highlights of semi-annual meeting between UK Secretary of State for International Development and UK NGOs. Topics covered include CSO access to annual meetings, conditionality, anti-corruption, odious debt, clean energy, education in LICUS, bank internal governance, IFC safeguards

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IFI GOVERNANCE | commentary | 12  
SEPTEMBER 2005 | GUEST COMMENT

### **Giant taming: 10 years of the Bretton Woods Project**

Director, European Network on Debt and Development; Coordinator, Bretton Woods Project, 1995-2004

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IFI GOVERNANCE | background | 5  
OCTOBER 2004 | MINUTES

### **Bretton Woods Institutions should "start a new life": Chinese central bank governor**

A panel was held with southern country officials to discuss the democratic deficit at the World Bank and IMF.

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IFI GOVERNANCE | background | 1  
APRIL 2003 | INSIDE THE INSTITUTIONS

### **The World Bank and gender**

A brief summary of how gender is - or is not - incorporated into World Bank programmes and policies, with links to further resources from both inside the Bank and its critics.

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## **Latest articles on this issue**

IFI GOVERNANCE | background | 26  
SEPTEMBER 2006 | MINUTES

### **Highlights of Tom Scholar meeting with UK NGOs**

Highlights of quarterly meeting between UK executive director to the World Bank and IMF and UK NGOs. Topics covered include CSO access to annual meetings, IMF strategic review, conditionality, anti-corruption and education.

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IFI GOVERNANCE | background | 22  
APRIL 2005 | MINUTES

### **Workshop on parliamentary scrutiny**

Parliamentarians from eight countries present the international parliamentarians' petition to the Bank and Fund

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IFI GOVERNANCE | background | 17  
NOVEMBER 2003 | INSIDE THE INSTITUTIONS

### **The World Bank and civil society**

A brief look at the history of World Bank-CSO relations, who's who in the World Bank for civil society actors and some future steps planned by the Bank.

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IFI GOVERNANCE

news

IFI GOVERNANCE

analysis

**WEBINAR: A way out of IMF reform**

**A way out for IMF reform**

Join us on Wednesday 12th June for the webinar: A way out for IMF reform where we will be discussing the outcome of IMF's 16th Quota Review and explore the future prospects for governance reform.

New paper analyses the IMF 16th Quota Review and identifies key governance reforms feasible in the current economic and geopolitical context.

IFI GOVERNANCE

analysis

### **Undemocratic gentleman's agreement will further challenge next IMF managing director**

EU countries' backing of Kristalina Georgieva for a second term as IMF Managing Director will likely set in motion the next steps towards her reappointment, representing another lost opportunity to reform IMF governance.

IFI GOVERNANCE

news

### **Civil society calls for a meaningful Quota Reform that accurately reflects the changes in the global economy to ensure a fair representation of all member countries**

Civil society calls upon the IMF to implement a meaningful quota reform by June 2025 and prioritise realignment of shares to reflect more accurately the changes in the global economy and address representation issues

FINANCE

analysis

### **The IMF and World Bank talk good governance, but walk with state- capturers**

From South Africa to Tunisia, Libya and Egypt, the Bank and Fund have demonstrated they are not appropriate allies to address the scale of the crisis the world is facing, especially, given their record.

IFI GOVERNANCE

analysis

### **Clock is ticking: Will IMF's 16th Quota Review mean a further loss of legitimacy for the Fund?**

The recent BRICS enlargement creates additional pressure for IMF governance reform.

FINANCE

analysis

IFI GOVERNANCE

analysis

## Balancing ambitions and bridging divides at multilateral development banks

The success of the World Bank Evolution Roadmap will depend on developed countries' willingness to bridge the gap with developing countries by increasing Global South decision-making power and committing to a capital increase.

## The IMF at the 75th anniversary of the Universal Declaration of Human Rights: The need for governance reform

As the world celebrates the 75th anniversary of the Universal Declaration of Human Rights, it is time the IMF's shareholders use the opportunities provided by the anniversary and growing calls for reforms to the international financial architecture to redesign the IMF's governance structures and programmes to ensure they are consistent with the commitments outlined in 1948 and with international human rights law.

IFI GOVERNANCE

analysis

FINANCE

analysis

## IMF quota review: Putting climate at the core of IMF governance reform

Addition of cumulative carbon emissions indicator in IMF quota formula would give climate-vulnerable countries greater voice in IMF.

## A new Bretton Woods for whom? Civil society calls for democratisation of global governance

As geopolitical tensions rise amidst worsening global economic conditions, civil society demands the democratisation of a world economic order away from the established Global North and elite capitalist hegemony.

### RELATED RESOURCES

IMF Factsheet: Special Drawing Rights (SDRs)

(<http://www.imf.org/external/np/exr/facts/sdr.htm>)

1 FEBRUARY 2009

IMF

([HTTP://WWW.IMF.ORG](http://www.imf.org))

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### RELATED ARTICLES

Derechos especiales de giro (SDRs – Special Drawing Rights)

(<https://www.brettonwoodsproject.org/es/2009/04/art-564374/>)

23 APRIL 2009

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