An SDR Playbook for the IMF

Working Paper

Andrés Arauz

1. Introduction

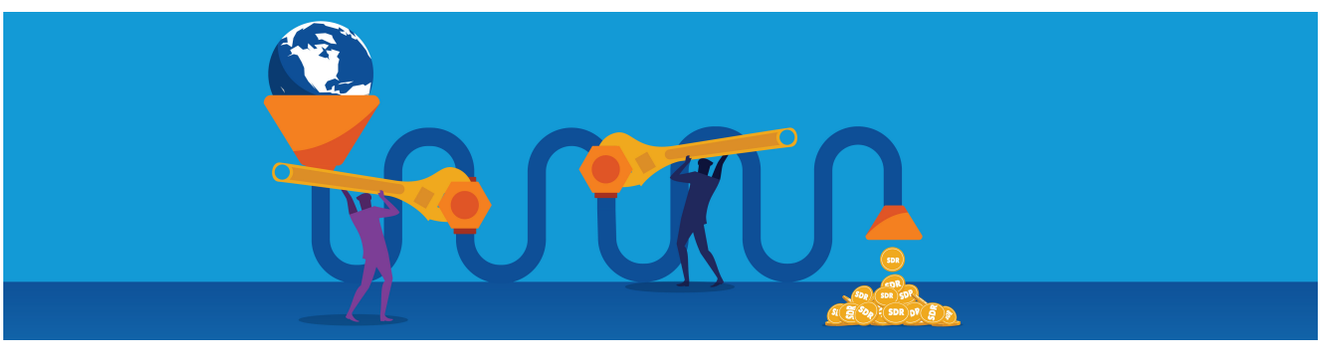
The Fourth International Conference on Financing for Development (FfD) in Seville resulted in the adoption of the "Compromiso de Sevilla," a consensus-based outcome document that reaffirms the need for a renewed global framework for development financing[1]. Among other things, the Compromiso encourages the International Monetary Fund (IMF) to explore strengthening its role in the "ex-ante global financial safety net, especially for developing countries." The document calls on the IMF to design a Special Drawing Rights (SDRs) "playbook that provides operational guidance and strengthens the role of special drawing rights during crises and shocks." This briefing paper[2] proposes key operational guidance points that should be included in the IMF's playbook.

SDRs are international reserve assets originally established in 1969 by the IMF with the mandate to become the principal reserve asset of its member countries. At the moment of their creation, SDRs were labeled "paper gold"[3]. The IMF can issue and allocate SDRs ex nihilo based on an 85 percent vote of the Board of Governors, the highest representatives of the 190 member countries. Once approved, allocations are credited to each country's SDR account in the IMF's SDR department. Each member receives a quantity of these reserve assets proportional to its quota, which is, in turn, determined by a few variables, the most important of which is the size of the country's economy.

Identifying the measures necessary to maximize the potential of SDRs requires a thorough understanding of their specific attributes[4]. First, an SDR is both a unit of account and an international reserve asset. The value of each SDR is based on a basket of currencies which has changed over time[5]. Currently, the basket consists of the US dollar, the euro, the pound sterling, the Japanese yen and — since 2016 — the Chinese renminbi. The SDR is the unit of account officially used by the IMF, as well as by various other financial institutions and international organizations. Just as the US dollar has the code USD, the unit of account for the SDR has a three-letter code standardized by the International Organization for Standardization (ISO): XDR.

[1]UN DESA (2025).
[2]The author would like to thank Patricia Miranda, Ivana Vasic-Lalovic, Michael Galant, Mark Weisbrot, Alex Main, Eric Freeman, Jake Johnston, and Dan Beeton for valuable research support.
[3]Boughton (2001).
[4]Cashman, Arauz, and Merling (2022)
[5]IMF (2021b).

In addition, an SDR, as an international reserve asset, represents a potential claim on currencies issued by member countries. In other words, SDRs are exchangeable in official international transactions between member countries or certain prescribed holders. When a member country holds less SDRs than were originally allocated, it pays interest only on the difference. Conversely, a net holder receives interest. An issuance of SDRs is not carried out by the IMF's General Department — the body in charge of collecting countries' quotas and granting loans with conditions — but by the Special Drawing Rights Department, which operates separately and has its own policy framework as well as its own balance sheet. This special department is more similar to a central bank than a fund, since it has the capacity to create reserves. In terms of monetary hierarchy, the SDR Department is above the General Department; the latter has an account in the former.



2 Background

2.1 What's the Situation?

The global stock of Special Drawing Rights (SDRs) has grown to a little under $1 trillion (XDR 660.8 billion), since their initial issuance in the early 1970s[6]. More than two-thirds of these are "trapped" in rich countries' and China's balance sheets, where they have largely remained unused. Despite their intended role as the "principal reserve asset" for the international monetary system, as affirmed by an amendment to the IMF's Articles of Agreement in 1978, SDRs have remained a largely neglected component of the global financial architecture. While emerging and developing economies have repeatedly called for more SDRs and more uses for SDRs, advanced economies have tended to be very conservative in their approach to further issuances.

The decision taken at the Fourth International United Nations Conference on Financing for Development to call on the IMF to develop an "SDR playbook" was the product of a compromise between developing and advanced economies[7]. New issuances are an option that remains on the table, but with an emphasis on SDRs as a safety-net liquidity mechanism to prevent or respond to crises. This paper outlines three powerful policy options to operationalize

[6]IMF (2025a).
[7]UN DESA (2025).

this recent mandate and unlock the potential of SDRs: first, by framing them as a tool for mitigating trade and balance of payments crises; second, by establishing a preapproved, contingent mechanism to provide timely liquidity in the face of financial crises, thereby overcoming the dangerous delays seen in past issuances; and third, by urging the IMF to be flexible and respectful of countries' sovereign right to apply their own accounting practices to better use SDRs to address ongoing debt crises.

2.2 How We Got Here: Trapped SDRs, Blocked Approval

A major challenge in making the most of SDRs is that nearly half a trillion of these SDRs are effectively trapped due to self-imposed accounting conventions. These conventions have severely limited the effectiveness of "rechanneling" initiatives, a concept that emerged following the August 2021 issuance to encourage the lending or donation of SDRs from advanced economies to emerging and developing economies[8]. Since then, only a negligible amount of donations have occurred and a small fraction of SDRs have been effectively on-lent. The main reason that both these rechanneling options have largely failed to be adopted is due to fairly recent accounting conventions that have limited these possibilities.

In the case of donations, the key constraint is the IMF's decision to change the statistical classification of SDR allocations from equity to debt. Donating property differs significantly from donating money acquired through a loan; in the latter case, a donor would become an interest-paying net debtor. In the case of onlending, the IMF has been exceedingly restrictive by intentionally conflating the SDR instrument with the SDR unit of account (which we distinguish here by applying XDR, its ISO currency code). By arbitrarily claiming that depositing SDRs to a non-IMF bank or fund would not count towards that country's stock of international reserves, they have effectively immobilized SDRs. In the case of European countries, a more restrictive and unwarranted position has come from the European Central Bank, which has claimed that non-IMF onlending to non-European countries is considered monetary financing[9]. The IMF itself has expressed concern over central bank resistance and legal hurdles that have stalled the implementation of innovative SDR-based financing[10].

SDRs are not only trapped by accounting conventions, but also by a dysfunctional issuance process. Despite the IMF's founding treaty calling for periodic issuances of SDRs, major allocations since 1981 have occurred only twice: in 2009 and 2021, and only after significant global financial crises[11]. Even then, political and bureaucratic deadlocks led to dangerous delays, with the 2009 issuance occurring 11 months after the Lehman Brothers bankruptcy and the 2021 issuance taking 17 months after the World Health Organization's

[8] Arauz and Vasic-Lalovic (2024).
[9] Lagarde (2021).
[10] IMF (2022).
[11] IMF (2020a).

pandemic declaration. This is why a preapproved SDR issuance should be instituted, thereby establishing a contingent liquidity line for the world, with clear criteria for the allocation to go into effect.

Finally, the potential of SDRs has been trapped because their role in generating a global economic stimulus is often overlooked. When a country uses its SDRs to pay for imports, it directly stimulates global demand. In a context of rising trade tensions and tariffs, a new issuance of international money can go a long way in increasing global demand, including for US exports, thus helping to reduce structural imbalances in the global economy. A new allocation would be a direct win for national economies around the world, including the US economy, where an estimated 41,000 jobs could be created in the case of an SDR general issuance similar to that of 2021[12]. By reframing SDRs in this manner, we can unleash their full potential as a driver of global economic activity.

2.3 Emerging and Developing Economies Support Reform; Now We Need the Advanced Economies

The emerging and developing economies have consistently demonstrated a strong and unified push for greater ambition regarding SDRs. Civil society organizations and leaders have been vocal in their demands, with some calling for an allocation of as much as $3 trillion to address global challenges. Community of Latin American and Caribbean States (CELAC) leaders, the African Union, and the G-77 have also called for new SDR allocations to provide much-needed liquidity to developing countries, including middle-income nations[13].

However, the realization of these demands is contingent upon the support of the advanced economies, in particular the US. With 16.5 percent of votes, the United States holds effective veto power at the IMF on key decisions such as general SDR issuances, as a supermajority of 85 percent of total voting power is required for approval. This means that a new issuance requires US support.

2.4 The Political Economy of US Approval for SDR Issuances

Although the US withdrew from the FfD, European countries continued to represent the advanced economies' stance. However, due to the US veto power at the IMF, that country's vote remains crucial for any potential SDR issuance. In addition, it is important to consider that the US Congress also has a role in authorizing SDRs if they are issued at a scale greater than quotas at the IMF. Therefore, it is essential to not only correct misconceptions about SDRs in the United States but also to demonstrate tangible benefits the US could gain from fully utilizing SDRs.

[12]Weisbrot et al. (2025).
[13]African Union (2023), CELAC (2021), and G-77 (2024).

3. SDRs and Trade Crises

3.1 Trade Weaponization and Balance of Payments Crises

The global economic landscape has been radically altered by the weaponization of tariffs and trade relations. This environment creates a heightened risk of trade wars, which can significantly disrupt international trade flows and cause widespread volatility. A trade crisis can directly engender a balance of payments crisis. During the 2020 global recession, 155 of 173 countries experienced a fall in their imports from 2019 to 2020, demonstrating how quickly such shocks can propagate[14]. Excluding China, emerging and developing countries' imports fell from $5.26 trillion in 2019 to $4.67 trillion in 2020 — a difference of about $586 billion, according to IMF data[15]. A lack of foreign exchange reserves can cripple a country's capacity to pay for essential goods, including food, medicine, vaccines, and fertilizers, which are critical for both public health and economic production.

3.2 SDRs Can Help Mitigate Trade Shocks

SDRs are an effective tool for mitigating trade-related shocks by providing immediate liquidity to affected countries. When allocated, SDRs can be exchanged for hard currencies, allowing countries to finance imports and stabilize their economies without needing to take on new debt. For example, the 2021 SDR issuance resulted in a 9.4 percent average increase in international reserves for Latin American and Caribbean countries, providing them with the financial buffer needed to navigate challenges posed by the pandemic[16]. This sort of immediate injection of liquidity helps to avert balance of payments crises and supports a country's financial resilience.

3.3 Make America Export Again

Beyond their role in supporting developing countries, new SDR issuances can serve a strategic interest for countries with large trade deficits, such as the United States. When the rest of the world faced a large shock during the pandemic between 2019 and 2020, the US lost $216 billion in exports, $167 billion of which were non-energy related exports[17]. By improving the financial position of low- and middle-income countries, a new SDR issuance would directly boost global demand for US exports[18]. When developing countries are financially stable and have sufficient foreign exchange reserves, they are able to increase their purchases of imports from the United States, which benefits US businesses and workers. This provides a powerful, self-interested argument for the US to support a new issuance.

[14]Cashman, Arauz, and Merling (2022).
[15]IMF (2025c).
[16]Arauz and Amsler (2024).
[17]United States International Trade Commission (2025).
[18]Cashman (2021).

The link between SDRs and US jobs is direct and quantifiable. Because most converted SDRs are exchanged for US dollars and deposited in the US banking system, the likelihood of spending those dollars on US goods rises[19]. According to the US Department of Commerce, approximately 4,100 export related jobs are created in the US for every billion dollars of additional exports[20]. Weisbrot et al. found that a "conservative estimate from the $209 billion [emerging and developing economies'] share [of the 2021 SDR general allocation] would be about 41,000 jobs[21]". By enabling emerging and developing economies to recover faster and increase their purchasing power, a new SDR issuance could help create and recover tens of thousands of export-related jobs in the United States.

3.4 A New SDR Issuance to Boost Global Trade

To ensure the responsiveness of the SDR system to global needs, the IMF must identify and promote the connection between increased reserve assets — especially SDRs — and exports. Concurrently, the US should signal its approval for a new issuance of SDRs at the IMF Board of Governors, emphasizing the importance of boosting foreign trade, in general, and US exports in particular.

4. Contingent SDRs for Financial Crises

4.1 Trade Crises Can Quickly Evolve into Financial Crises

A trade crisis, characterized by a lack of foreign exchange and currency volatility, can rapidly escalate into a full-blown financial crisis. The drying up of foreign exchange reserves can lead to a loss of creditworthiness, which can affect credit ratings and accelerate a sudden stop of capital flows. In many emerging and developing economies this can also become a currency crisis and a banking crisis. The lack of a dependable, preapproved liquidity mechanism can leave countries vulnerable to this vicious cycle, forcing them into a crisis rather than preventing one. Some privileged countries have had the support of the US Federal Reserve[22]. However, to reach most of the planet, a swift and preapproved SDR mechanism can serve as a safety net, preventing a shock in one sector or one part of the world from cascading across the entire global financial system.

4.2 Fed Swaps Are Not Global

The current international financial system is overly reliant on the US Federal Reserve's ad hoc currency swap lines, which are provided on a discretionary basis to a limited number of countries[23]. This selective approach creates a fragmented and unequal global safety net[24].

[19]Cashman, Arauz, and Merling (2022) and Chapman, Kiryakova, and Nadin (2025).
[20]ITA (2025).
[21]Weisbrot et al (2025).
[22]Adler and Arauz (2020).
[23]Adler and Arauz (2020).
[24]See Figures [2] and [8] in Cashman, Arauz, and Merling (2022).

A contingent SDR mechanism, by contrast, would be a universal tool available to all 191 IMF member countries. This provides a more democratic and reliable source of liquidity, ensuring that countries cannot be arbitrarily excluded from vital financial support during a crisis, with sanctioned countries being the only exception[25].

In addition, it would avoid the potential political controversy surrounding bailouts of foreign countries — even foreign banks — with taxpayer funds. Swaps outstanding at the US Federal Reserve peaked at over $580 billion at the end of 2008, and at almost $450 billion in May 2020, mainly to other advanced economies[26]. On the other hand, the SDR mechanism operates on a fundamental principle that distinguishes it from traditional foreign aid or loans: it does not require taxpayer funds[27]. SDRs are a reserve asset, not foreign aid, and do not require contributions from countries' budgets. The US government, for instance, is not required to provide dollars in exchange for SDRs. The issuance or allocation of SDRs is, in essence, a cost-free way of providing liquidity to the global economy. Mark Weisbrot has concisely summarized this principle, stating that new SDRs "do not cost the U.S. government anything at all — not now, and not at any time in the future"[28]. SDRs are newly issued international liquidity that has not been shown to have inflationary effects[29].

4.3 A Global Liquidity Support Mechanism Is Needed

There is a consistent problem with the current system, a slow, politically driven response to global crises. The time lag between the onset of a crisis and a subsequent SDR issuance is a critical indicator of this systemic failure.

Table: Crisis-to-Issuance Timelines

Crisis event	Date	SDR Issuance Response	Date	Time Lag
Lehman Brothers Bankruptcy	September 15, 2008	SDR Issuances ~$255 billion	August 28, 2009	11 months
WHO Pandemic Declaration	March 11, 2020	SDR Issuance ~$650 billion	August 23, 2021	17 months

As shown in the above table, the time from the Lehman Brothers bankruptcy to the 2009 SDR issuance was 11 months, and the lag from the WHO's pandemic declaration to the 2021 issuance was 17 months. These significant delays demonstrate that the

[25]Galant (2022).
[26]US Federal Reserve Bank of St. Louis (2025).
[27]CEPR (2022).
[28]Weisbrot (2020).
[29]IMF (2023).

effectively ad hoc nature of current SDR issuance approvals is inefficient and dangerous. The cost of such delays can be measured in lost economic output, increased debt burdens, and even human lives[30]. A preapproved, contingent liquidity mechanism would remove these dangerous delays, ensuring that a robust global safety net is in place and ready to be deployed at the first sign of a major crisis.

Because Fed swap lines are primarily destined for other advanced countries, the SDRs would be an effective lifeline for emerging and developing countries. In 2021, $209 billion worth of SDRs were allocated to emerging and developing countries, excluding China[31].

Automatic triggers for such a contingent allocation could include verifiable and timely criteria such as volatile currency exchange rates, decreases in official reserves, credit contraction of systemically dangerous financial institutions, price swings of emerging and developing countries' sovereigns, and a surge of rapid finance requests at the IMF, among others.

4.4 Preapproved Contingent SDRs Are Necessary

A preapproved contingent SDR issuance would not require an amendment to the IMF Articles of Agreement[32]. On the basis of the "interval" of the allocation (Article XVIII.4.c.3), the current legal framework would allow for this. The Articles establish that every five years, decisions must be made with regard to SDR issuances, whereby effective issuance dates could be defined not on a calendar but on automatic thresholds. The treaty also allows the Board to shorten this period if necessary. It would require IMF staff to propose such a design to the Board of Governors, with the corresponding parameters. Contingent SDR issuances could be a welcome addition to the Global Financial Safety Net.

5. Accounting Reforms

5.1 Erroneous Accounting Definitions

The IMF's statistical manuals, which guide how countries account for Special Drawing Rights (SDRs), had been consistent over time[33]. In the 1970s and 1980s, SDRs were often likened to paper gold: a reserve asset without counterpart liability, comparable to monetary gold. The Balance of Payments Manual fourth edition (1977) treated SDRs as

[30]Weisbrot et al (2025).
[31]Cashman, Arauz, and Merling (2022). China has waived its special and differential treatment as a developing economy (see TWN 2025). It is no longer appropriate to include China with emerging and developing countries. China received $41 billion worth of SDRs in the 2021 allocation, and has not drawn on them (see IMF (2025a).
[32]IMF (2020a).
[33]Arauz (2025).

akin to unrequited transfers, emphasizing their role as a new form of liquidity creation rather than as debt[34]. Later manuals, such as the Monetary and Financial Statistics Manual (2000) and the Government Finance Statistics Manual (2001), reaffirmed that SDRs had no corresponding financial liability[35].

It was only with the sixth edition of the Balance of Payments Manual (BPM6), adopted by most countries in 2016, that SDR allocations were controversially reclassified as debt-like liabilities, even though earlier frameworks had explicitly avoided such an interpretation[36]. The upcoming seventh edition (BPM7) repeats this classification.

5.2 Current Definitions Limit SDRs as an Anti-Crisis Tool

Under BPM6, SDR allocations are recorded as part of gross external debt. This framing burdens central banks with a statistical liability that hampers their capacity to use SDRs flexibly in moments of crisis[37]. Rather than recognizing them as an equity counterpart to unconditional reserve assets, the current definitions place SDR allocations in the same category as loans or perpetual bonds, undermining their original purpose.

Due to the resulting balance sheet mismatch, central banks are constrained from deploying SDRs as the effective anti-crisis instruments they were designed to be. Although not impossible, with this restriction central banks find it harder to transfer their property to their national governments' budgets[38]. If SDRs were treated as they were originally conceived — as equity-like or debt-free reserves — central banks could actively deploy them together with national governments to re-profile sovereign debt, smooth maturities, reduce foreign currency mismatches, and help restructure liabilities on more favorable terms. In other words, governments could use fresh SDRs to buy back cheap debt, to prepay expensive loans that put pressure on countries' foreign exchange, as collateral for cheaper bond issuances, or in exchange for specific currency holdings required for debt service[39]. This would turn SDRs into a strategic instrument for

[34]IMF ([1977]).
[35]IMF (2000) and (2001).
[36]IMF (2007a) and (2007b).
[37]Arauz (2025) has previously noted:

The IMF itself stated in its 2021 guidance, following the major SDR allocation, that the Articles of Agreement do not prescribe a specific accounting treatment for SDR allocations. It further notes that countries enjoy significant flexibility in managing SDRs — including using them directly for budget support.

Crucially, this guidance confirms governments can use SDRs for health, climate, hunger, or development purposes, and can record them on the government's balance sheet instead of the central bank's, depending on domestic legislation. The IMF's Government Financial Statistics Manual (2022) reinforces this, noting that in some jurisdictions (e.g. the EU), SDRs may not be considered debt. This matters: if not classified as debt, SDRs can be more easily deployed, rechannelled or donated.

[38]Arauz and Amsler (2024).
[39]Stiglitz and Rashid (2020).

microfinancial stability, bridging the gap between external liquidity support and domestic debt management.

As for the interest rate incurred if the SDRs are effectively drawn, it would suffice to set aside 25 percent of the amount to be used as a buffer for servicing that interest. With today's rate of 2.798 percent, the interest payments would be covered for 10 years with such a buffer[40]. Once you reach that point in time, further payments can be covered with fiscal resources or fresh issuances. In fact, the SDR department grants automatic overdraft advances to cover interest payments if a country runs out of SDRs; when a fresh issuance occurs or a conventional IMF loan is disbursed, the advanced amount is automatically deducted. It is important to recall that because of the structure of its basket, SDRs have — by design — the lowest currency-risk-weighted interest rate in the market[41].

5.3 Crises of Public Debt

Economic crises are not limited to sudden shortages of foreign exchange liquidity. Sovereign distress is also present on the public debt side: high interest rates, rollover risks after pandemic shocks and mismatched debt structures all leave vulnerable economies exposed. Treating SDRs as debt worsens this exposure instead of relieving it.

Many emerging and developing countries are already facing unsustainable debt burdens, with nearly 80 countries in or at risk of debt distress[42]. The framing of SDRs as liabilities aggravates this picture by inflating debt statistics just when governments need policy space. Instead of empowering countries to stabilize their economies, the accounting framework risks stigmatizing the very assets that could provide fiscal relief.

In fact, in its recent guidance, the IMF itself has explained that, for cash-flow analyses such as those of the Debt Sustainability Analysis (DSA) and the External Balance Analysis, SDR allocations should not be considered a debt burden:

> 70. SDR liabilities are not subject to debt limits in IMF programs, whether used or not. SDR liabilities do not fall within the definition of "debt" for program purposes under the Fund's Guidelines on Public Debt Conditionality in Fund Arrangements. Unlike debt subject to debt limits, SDR liabilities are not created under a contractual arrangement, they do not mature, and they generally have limited impact on members' debt sustainability.

> The long-term liabilities associated with the SDR allocation are treated differently from a statistical perspective than from a program and debt sustainability perspective. Regarding program and DSA treatment, as noted above and in paragraph 35, SDRs are treated similarly to Fund financing: they are excluded from the debt limits, but their usage is included in the DSA[43].

This internal contradiction is worth highlighting and serves to call into question the recent methodological change[44].

5.4 Roll Back the Definition from "Debt" to Equity and "Paper Gold"

It is essential to revisit the statistical accounting definition of SDRs. They should be restored to their earlier status as equity-like instruments, or indefinite-term central bank liabilities, rather than as debt. The metaphor of paper gold, coined at their creation in 1969, remains highly relevant: like gold, SDRs are a non-debt-creating reserve asset, capable of stabilizing economies and shielding them against shocks[45]. Recognizing SDRs in this way would reestablish their role as a safe, countercyclical buffer.

A redefinition would also empower fiscal authorities in the context of crises or unforeseen shocks. If SDRs are not counted as debt, governments can use them more directly for fiscal support — whether for food, health, or emergency stabilization[46]. This would align with the urgent need for sectoral support during crises, enabling SDRs to act as true public goods rather than as encumbered liabilities.

Such a redefinition would also make it significantly easier for central banks to engage in rechanneling. On one hand, advanced countries' central banks could more easily deposit SDRs in multilateral development banks. On the other hand, currently trapped SDRs can be more easily donated to poorer countries, as is allowed under the IMF Articles of Agreement[47]. The interest payments associated with donation drawdowns at the IMF SDR ledger could be covered by a 25 percent buffer as described above.

5.5 These Are Staff-Level Adjustments

Correcting this definitional drift does not require modifying the IMF's Articles of Agreement or convening the Board of Governors. It is a technical issue under the IMF's Balance of Payments Statistics Committee (BOPCOM), which currently leans heavily toward the preferences of advanced economies. There is evidence that technical staff of

[43] IMF (2021a).
[44] Arauz, et al. (2023).
[45] Boughton (2001).
[46] Arauz (2021a).
[47] Arauz and Amsler (2024), Arauz and Vasic-Lalovic (2024), and IMF (1980).

working groups within BOPCOM had not fully agreed to the debt-based definition[48]. With sufficient persuasion, staff guidance could be adjusted to restore SDRs' flexibility, aligning their statistical treatment with their original design. While it may be too late to achieve this for the IMF's seventh edition of the balance of payments manual, a new ad hoc guidance from the IMF in this direction would be welcome.

5.6 Reiterating Sovereignty Over Accounting

Finally, countries must remember that IMF manuals and statistical definitions are not legally binding[49]. As the IMF itself acknowledges, members enjoy discretion over how to record SDRs in their national accounts. The SDR Playbook should remind sovereign governments that they have the authority to classify SDRs in a way that maximizes their developmental utility, rather than passively adopting restrictive definitions. More active recognition of this sovereignty is a key step toward unleashing SDRs' full potential as an anti-crisis instrument.

6. Conclusions

The research demonstrates that emerging and developing countries have consistently been the primary driver of reform regarding Special Drawing Rights. Organizations like Latindadd and civil society groups, as well as governments, have consistently pushed for new issuances and structural reforms, highlighting the critical role SDRs can play in addressing multiple crises, from climate change to debt burdens[50]. This sustained ambition from emerging and developing countries and their advocates lays the foundation for a more equitable and effective international financial system[51].

While the developing world has articulated the need and demonstrated the ambition, the path forward requires the cooperation and votes of the rest, especially the US. This is not a one-way street of foreign aid; it is a matter of enlightened self-interest for advanced economies[52]. As the above analysis has shown, providing liquidity and stability to emerging and developing countries through SDRs directly benefits advanced economies by boosting global demand for their exports and supporting domestic jobs.

A strategic SDR playbook must be understood as an opportunity to unleash the full potential of the SDR system as a powerful instrument for addressing different types of crises. First, SDRs provide critical liquidity to emerging and developing countries, allowing them to finance imports and stabilize their economies in the face of trade shocks. Second, this stabilization has a direct positive impact on countries with large trade deficits, such

[48]Galicia-Escotto (2005).
[49]Arauz (2021b).
[50]African Union (2023) and Miranda, et al. (2024). .
[51]G-24 (2023).
[52]Weisbrot and Sammut (2024).

as the US, by creating new demand for their goods and services and supporting export-related jobs. The recommendation for the US Treasury Department to support a new SDR issuance is therefore a sound economic policy that serves both domestic and international interests[53].

A central policy recommendation for the SDR playbook is the establishment of a preapproved, contingent liquidity mechanism. Such a mechanism for SDR allocations would remove the political and bureaucratic obstacles that have historically delayed action, ensuring that a global safety net can be deployed immediately in response to a crisis. This would transform SDRs from a reactive tool to a truly proactive one, capable of preventing crises rather than merely responding to them.

Finally, for an SDR playbook to be truly effective, trapped SDRs must be set free, even in the current framework. Countries have no reason to continue replicating the message that SDRs are a form of debt or that countries cannot deposit them outside of the IMF. The accounting reforms or interpretations are an imperative for unlocking the potential of already existing SDRs. The heated debate over accounting identities highlights the political nature of seemingly innocuous technical bodies like the BOPCOM. The final recommendation is for a more democratic BOPCOM that includes a wider range of voices from academia, civil society, and emerging and developing country institutions

[53]Weisbrot and Sammut (2024).

References

Adler, David and Andrés Arauz. 2020. "It's Time to End the Fed's 'Monetary Triage.'" The Nation, March 23. https://www.thenation.com/article/economy/economy-fed-imf/.

African Union. 2023. "The African Leaders Nairobi Declaration on Climate Change and Call to Action." September 6. https://media.africaclimatesummit.org/Final+declaration+1709-English.pdf.

Arauz, Andrés. 2021a. "Handbook for the Use of Special Drawing Rights SDRs for Fiscal Purposes." Latin American Network for Economic and Social Justice, August. http://www.latindadd.org/wp-content/uploads/2021/08/Handbook-for-the-use-of-SDRs-for-Fiscal_Purposes.pdf.

_____. 2021b. "Why SDRs Should Be Used by States Not Central Banks." Financial Times, September 8. https://www.ft.com/content/eaabbac3-5e44-4beb-ae55-cbdf168bf153.

_____. 2025. "Decoding IMF Accounting, Unlocking the Full Potential of SDRs." Bretton Woods Project, April 23. https://www.brettonwoodsproject.org/2025/04/decoding-imf-accounting-unlocking-the-full-potential-of-sdrs/.

Arauz, Andrés and Francisco Amsler. 2024. "More SDRs for Latin America and the Caribbean: An Effective Tool in an Era of Multiple Crises." Washington, DC: Center for Economic and Policy Research, January. https://cepr.net/publications/more-sdrs-for-latin-america-and-the-caribbean-an-effective-tool-in-an-era-of-multiple-crises/.

Arauz, Andrés and Ivana Vasic-Lalovic, 2024. "Three Years After SDRs Were Issued, Debt-Based SDR Rechanneling Has Failed." Washington, DC: Center for Economic and Policy Research, October 3. https://cepr.net/publications/three-years-after-sdrs-were-issued-debt-based-sdr-rechanneling-has-failed/.

Arauz, Andrés, Rami Kiwan, Nihal El Aasar, Mohamed El Dahshan, and Barik Schuber. 2023. "Investing Special Drawing Rights: Towards a Fair Economic Recovery in the Middle East and North Africa." Oxfam International, December 1. https://policy-practice.oxfam.org/resources/investing-special-drawing-rights-towards-a-fair-economic-recovery-in-the-middle-621480/.

Boughton, James M. 2001. “Evolution of the SDR: Paper Gold or Paper Tiger?” In Silent Revolution: The International Monetary Fund, 1979-89. International Monetary Fund. Accessed via IMF eLibrary. https://www.elibrary.imf.org/display/book/9781557759719/ch018.xml.

Cashman, Kevin. 2021. “Special Drawing Rights Could Help Recover Millions of Export-Related US Jobs, and Create Even More.” Washington, DC: Center for Economic and Policy Research, July. https://cepr.net/wp-content/uploads/2021/08/SDR-Export-Final.pdf.

Cashman, Kevin, Andrés Arauz, and Lara Merling. 2022. “Special Drawing Rights: The Right Tool to Use to Respond to the Pandemic and Other Challenges.” Challenge 65, nos. 5–6: 176–198. https://doi.org/10.1080/05775132.2022.2134638.

Center for Economic and Policy Research (CEPR). 2022. “Special Drawing Rights at the International Monetary Fund: Fact-Checking Republican Senate Leadership.” April. https://cepr.net/wp-content/uploads/2022/04/CEPR-SDRs-Fact-Check.pdf.

Chapman, Meyrick, Elena Kiryakova, and Rebecca Nadin. Office of Development Initiatives (ODI). 2025. “Disrupting the World’s Money: China’s Ambitions for Global Finance.” ODI Global Briefing Paper. London: ODI Global, July. https://media.odi.org/documents/Disrupting_the_worlds_money-_Chinas_ambitions_for_global_finance.pdf.

Community of Latin American and Caribbean States (CELAC). 2021. “Declaración de la Ciudad de México – VI Cumbre de Jefas y Jefes de Estado y de Gobierno de la CELAC.” September 18. https://www.gob.mx/cms/uploads/attachment/file/668541/Celac_2021_Declaracio_n_de_la_Ciudad_de_Me_xico__18sep21.pdf.

Galant, Michael. 2022. “Righting the Record: Claims that SDRs ‘Help US Enemies’ Are Baseless.” Washington, DC: Center for Economic and Policy Research, April 14. https://cepr.net/publications/righting-the-record-claims-that-sdrs-help-us-enemies-are-baseless/.

Galicia-Escotto, Antonio. 2005. “Liability Aspects of SDRs.” International Monetary Fund, Reserve Assets Technical Expert Group, Issues Paper #10, December. https://www.imf.org/external/np/sta/bop/pdf/resteg10.pdf.

Group of 77 (G-77). 2024. “Ministerial Declaration of the Group of 77 and China.” https://www.g77.org/doc/Declaration2024.htm.

Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24). 2023. Communiqué, October 10. https://www.imf.org/en/News/Articles/2023/10/10/cm101023-intergovernmental-group-of-twenty-four-on-international-monetary-affairs-and-development.
International Monetary Fund (IMF). 1977. "Balance of Payments Manual." Fourth edition. https://www.imf.org/external/pubs/ft/bop/archives/bpm4.pdf.

_____. 1980. "Selected Decisions and Selected Documents of the IMF, Forty-Third Issue: 6437 (80/37)." https://www.imf.org/en/Publications/Selected-Decisions/description?decision=6437-(80/37)%20S.

_____. 2000. "Monetary and Financial Statistics Manual." https://www.imf.org/external/pubs/ft/mfs/manual/pdf/mmfsft.pdf.

_____. 2001. "Government Finance Statistics Manual." https://www.imf.org/external/pubs/ft/gfs/manual/pdf/all.pdf.

_____. 2007a. "Balance of Payments and International Investment Position Manual." Sixth Edition. https://www.imf.org/external/pubs/ft/bop/2007/pdf/bpm6.pdf.

_____. 2007b. "Comments and Explanatory Notes to the Draft Conversion Matrix." https://www.imf.org/external/pubs/ft/bop/2007/pdf/matrix.pdf.

_____. 2020a. "Articles of Agreement". https://www.imf.org/external/pubs/ft/aa/index.htm.

_____. 2021a. "Guidance Note for Fund Staff on the Treatment and Use of SDR Allocations." Policy Papers, August. https://www.imf.org/-/media/Files/Publications/PP/2021/English/PPEA2021059.ashx.

——. 2021b. "Questions and Answers on Special Drawing Rights (SDRs)." August 23. https://www.imf.org/en/About/FAQ/special-drawing-right.

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

——. 2023. "2021 Special Drawing Rights Allocation—Ex-Post Assessment Report." Policy Papers, August. https://www.imf.org/en/Publications/Policy-Papers/Issues/2023/08/28/2021-Special-Drawing-Rights-Allocation-Ex-Post-Assessment-Report-538583.

——. 2025a. “Special Drawing Rights (SDRs) Allocations and Holdings for All Members as of September 30, 2025.” https://www.imf.org/external/np/fin/tad/extsdr1.aspx.

_____. 2025b. “SDR Interest Rate Calculation.” https://www.imf.org/external/np/fin/data/sdr_ir.aspx.
——. 2025c. IMF Data Explorer. https://data.imf.org/en/Data-Explorer.

International Trade Administration (ITA). 2025. “Jobs Supported by U.S. Exports.” https://www.trade.gov/data-visualization/jobs-supported-us-exports.

Lagarde, Christine. 2021. “Statement by Ms. Lagarde – European Central Bank.” International Monetary and Financial Committee, October 14. https://www.imfconnect.org/content/dam/imf/Spring-Annual%20Meetings/AM21/IMFCStatePub/IMFC-S-44-21-28%20Statement%20by%20Ms.%20Lagarde%20-%20European%20Central%20Bank.pdf.

Merling, Lara, Ivana Vasic-Lalovic, and Lorena Valle Cuéllar. 2024. “The Rising Cost of Debt: An Obstacle to Achieving Climate and Development Goals.” Washington, DC: Center for Economic and Policy Research, April. https://cepr.net/publications/the-rising-cost-of-debt-an-obstacle-to-achieving-climate-and-development-goals/.

Miranda, Patricia et al. 2024. “Special Drawing Rights (SDRs), A Lifeline for the Global South and a Boost to the Global Economy.” Latin American Network for Economic and Social Justice (Latindadd). https://latindadd.org/informes/special-drawing-rights-sdrs-a-lifeline-for-the-global-south-and-a-boost-to-the-global-economy/.

Stiglitz, Joseph E., and Hamid Rashid. 2020. “How to Prevent the Looming Debt Crisis in Developing Countries.” Project Syndicate, July 31. https://www.project-syndicate.org/commentary/how-to-prevent-looming-debt-crisis-developing-countries-by-joseph-e-stiglitz-and-hamid-rashid-2020-07.

Third World Network (TWN). 2025. “Trade: China Waives S&DT Rights in WTO talks, Reaffirms Developing Status.” September 26. https://wp.twnnews.net/sendpress/email/?sid=NjQxNzA&eid=OTI4MA.
United Nations Conference on Trade and Development (UNCTAD). 2025. “A World of Debt Report 2025: It Is Time for Reform.” https://unctad.org/publication/world-of-debt.

United States International Trade Commission (USITC). 2023. “U.S. Trade by Industry Sectors and Selected Trading Partners, 2023.” https://www.usitc.gov/research_and_analysis/tradeshifts/2023/us_trade_industry_sectors_and_selected_trading.

US Federal Reserve Bank of St. Louis. 2025. “Swap Lines: Central Bank Liquidity Swaps: Wednesday Level (SWPT).” FRED Database. https://fred.stlouisfed.org/series/SWPT.

United Nations, Department of Economic and Social Affairs, Financing for Development Office (UN DESA). 2025. “Sevilla Commitment.” https://financing.desa.un.org/sites/default/files/ffd4-documents/2025/A_CONF.227_2025_L.1%20-%20Official%20Document%20System.pdf.

United States International Trade Commission. 2025. “U.S. Trade by Industry Sectors and Selected Trading Partners.” https://www.usitc.gov/research_and_analysis/tradeshifts/2023/us_trade_industry_sectors_and_selected_trading.

Weisbrot, Mark. 2020. “If You Could Save a Million Lives, Would You Do It?” The Hill, October 1 . https://thehill.com/blogs/congress-blog/politics/519243-if-you-could-save-a-million-lives-would-you-do-it/.

Weisbrot, Mark and Joe Sammut. 2024. “The International Monetary Fund’s Special Drawing Rights: Why a New Issuance Is Necessary and Feasible at This Time, and Would Save Many Lives.” Washington, DC: Center for Economic and Policy Research, October 21. https://cepr.net/publications/the-international-monetary-funds-special-drawing-rights-why-a-new-issuance-is-necessary-and-feasible-at-this-time-and-would-save-many-lives/.

Weisbrot, Mark et al. 2025. “The United States, The IMF, and Special Drawing Rights.” Washington, DC: Center for Economic and Policy Research, October 14. https://cepr.net/publications/the-united-states-the-imf-and-special-drawing-rights.