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## G20 International Financial Architecture Working Group

**Co-chair's Note to G20 FMCBG on the total global  
ambition of USD 100 bn of voluntary contributions for  
countries most in need**



**SDR channelling and its equivalent are one of the responses of the international financial community to the Covid-19 pandemic and other global challenges such as climate change.**

In response to the financial consequences of the Covid-19, a general allocation of Special Drawing Rights (SDRs) equivalent to about USD 650 billion was approved by the IMF Board of Governors in August 2021 in order to respond to the long-term global need for reserves, build confidence and bolster the resilience and stability of the global economy. In line with the IMF Articles of Agreement, SDRs were distributed to each IMF member country in proportion to its IMF quota share. The IMF will issue an Ex Post Report the Use of SDRs following the 2021 general allocation in order to facilitate accountability and transparency.

As a result of the 2021 allocation, about 3 percent of newly allocated SDRs (USD 21 billion) reached low-income countries. In order to magnify the benefits of the allocation, there were calls to voluntarily channel some of these SDRs (or equivalent contributions) from countries with strong external positions to countries most in need. In Rome in October 2021, Leaders of the G20 endorsed a total global ambition of USD 100 billion of voluntary contributions (in SDRs or equivalent) for countries most in need.

This ambition on SDR channelling came in the context of (i) the reform of the Poverty Reduction and Growth Trust (PRGT) of the IMF in July 2021 and associated funding strategy, aiming at providing concessional financial support for low-income countries during the pandemic and recovery; (ii) the establishment of the Resilience and Sustainability Trust (RST) by the IMF, aiming at helping low-income and vulnerable middle-income countries to build resilience to climate change and pandemics, with first arrangements approved starting in November 2022.

**In June 2023, 600 days after the G20 Summit in Rome, the total global ambition of channelling contributions equivalent to USD 100 billion was met by pledges.**

As of June 23, 2023, pledges of SDR channelling or equivalent contributions from G20 and non-G20 countries amount to SDR 73.0 billion (i.e. USD 103.4 billion). These pledges come from 29 countries. SDR 17.1 billion (i.e. USD 24.2 billion) have been pledged to the PRGT and SDR 32.1 billion (i.e. USD 45.5 billion) to the RST, while the destination of remaining pledges is to be determined. *Pledges to the PRGT include loan contributions to its Loan Account and its Deposit and Investment Account; and pledges to the RST include loan contributions to its Loan Account and its Deposit Account, and one loan to its Reserve Account. Exchange rates used for aforementioned data are those of October 29, 2021 – i.e. the date of the G20 Leaders Summit in Rome.*

Out of these pledges, SDR 12.4 billion (i.e. USD 17.6 billion) have been delivered as contributions to the PRGT and SDR 27.7 billion (i.e. USD 39.2 billion) have been delivered as contributions to the RST.

In addition to SDR channelling, SDR 1.8 billion (USD 2.6 billion) have been pledged by 29 countries and the European Commission to the subsidy and reserve accounts of the IMF's trusts, including SDR 1.4 billion (USD 1.9 billion) to the PRGT. Out of these, SDR 1.2 billion (USD 1.7 billion) have been delivered as contributions (including grants) to the subsidy and reserve accounts of IMF's trusts, including SDR 0.9 billion (USD 1.3 billion) to the PRGT. *These figures amalgamate contributions in grants to the aforementioned accounts, expected returns of loans to the Deposit and Investment Account of the PRGT that would serve as subsidy resources, and the implicit subsidy of one PRGT loan under the SDR interest rate.*

We note that some countries are still considering further pledges. We also note that three countries pledged to the Administered Account for Ukraine for a total of USD 4.9 bn (these pledges are accounted separately from the total of SDR channelling). *More details in the table.*

**SDR channelling (or equivalent contributions) has been instrumental in the strengthening of the PRGT and the launch of the RST by the IMF.** As of June 23, 2023, total current commitments to beneficiary countries amount to:

- SDR 11.4 billion under the PRGT's facilities for 27 current arrangements and
- SDR 2.6 billion under the RSF (facility under the RST) for 7 current arrangements with Rwanda, Bangladesh, Barbados, Costa Rica, Jamaica, Kosovo, and the Seychelles. Since then, arrangements for Senegal and Niger have been approved.

Many other vulnerable countries (both low-income countries and middle-income countries) have signalled strong interest in the RST, hinting at a future increase in the number of arrangements under this trust.

**Efforts for delivering SDR channelling and equivalent contributions have to continue, in parallel with efforts to close the PRGT subsidy gap.**

### **Delivering the pledges**

About half of pledges (USD 56.8 billion) have been made effective as of June 23, 2023 (USD 17.6 billion to the PRGT and USD 39.2 billion to the RST). Pending pledges must be converted into actual contributions. We call on countries to deliver on their pledges as soon as possible and to provide clarity on the timing of delivery and the destination of pledges.

**Increasing the number of countries mobilising 20% of the 2021 allocation (or equivalent contributions) and welcoming countries that can go beyond.**

Further SDR channelling pledges or equivalent pledges in freely usable currencies are needed.

First, as a matter of burden-sharing among countries with strong external positions, more countries could aim at the target of channelling at least 20% of SDRs allocated in August 2021, and channelling beyond 20% from willing and able countries is welcome.

Second, the USD 103.4 billion figure includes resources that will not be actually lent to vulnerable countries but kept as reserve in order to meet liquidity and asset quality criteria necessary to maintain the reserve asset status of channelled SDRs. Hence more loans (in SDRs or freely usable currencies) directed to the PRGT and RST's loan accounts would be desirable if the PRGT and RST experience demand for additional lending resources, in parallel to contributions to the PRGT and RST's other accounts for subsidy and reserve purposes.

For these two reasons, SDR channelling could continue to increase above the level of USD 100 billion.

**Achieving the 2021 PRGT fundraising targets and putting the PRGT on a sustainable footing to help meet the growing needs of LICs in the coming years.**

In parallel to SDR channelling or equivalent contributions, we must meet the subsidy resources needs in 2021 for the PRGT, including its target for bilateral contributions set by the IMF, in order to ensure the PRGT's ability to continue providing concessional loans and carry out its mandate in support of the IMF's poorest and most vulnerable members. Echoing the call of the IMF Managing Director at the IMF Spring Meetings, we call on all countries that are able to do so to consider subsidy contributions to the PRGT, so that the remaining subsidy gap (SDR 0.9 billion (USD 1.2 billion) as per end of June 2023) from the 2021 fundraising can be closed by the time of the IMF Annual Meetings in October 2023. Subsidy contributions can be made through either budgetary grants, loans remunerated at below the SDR interest rate, and deposits in the PRGT's Deposit and Investment Account or investment in the PRGT pooled assets.

Building on the initial analysis to be provided by the IMF staff by the IMF and World Bank Annual Meetings in October 2023 and as part of the comprehensive 2024/2025 PRGT review, all available options to put the PRGT on a sustainable footing will be considered in order to meet the growing needs of low-income countries in the coming years.

### **Encouraging a multi-institution coordinated approach in the context of RST financing.**

The implementation of the RST offers the potential for making efforts for climate action and pandemic preparedness more effective. Arrangements under the RST pave the way for coordinated efforts among institutions to support country-level challenges, combining financing, public policy reforms, capacity development, and crowding-in of private finance. Enhanced collaboration between the IMF and the World Bank, including coordination on the undertaking of climate diagnostics, is critical for this success of this initiative.

### **Further exploring SDRs channelling to MDBs that are prescribed holders**

Since 2021, in the context of the G20 Review of Capital Adequacy Frameworks, several multilateral development banks (MDBs) have been actively exploring viable options of voluntary SDR channelling through MDBs, with the aim to preserve the reserve asset status of channelled SDRs. The IMF approved five new MDBs as prescribed holders, i.e., entities that can hold and trade SDRs, bringing the total number of prescribed holders to twenty.

In this respect, one proposal by the World Bank group through IDA has been presented. Another proposal has been made jointly by the African Development Bank (AfDB) and the Inter-American Development Bank (IDB) through an hybrid capital instrument building on SDR channelling, combined with a liquidity support agreement (LSA).

Some countries are actively considering the AfDB-IDB proposal and others are assessing its compliance with their respective legal framework. The AfDB and the IDB mention that countries that are not able to channel SDRs through the hybrid capital instrument proposed could support the liquidity criteria for SDRs received by the MDBs by providing a guarantee in currency (USD, Euro) to the liquidity support agreement.

In coordination with IFA WG, MDBs could continue exploring new options for channelling SDRs.

**Table: SDR channelling (or equivalent contributions), as pledged and delivered (June 23, 2023)**

	Total loan contributions (pledged)		Total loan contributions (Delivered to PRGT and RST)		Total allocation (2021)	Contribution / Allocation (%)	Comments	
	SDR (bn)	USD (bn)	SDR (bn)	USD (bn)	SDR (bn)		PRGT loan pledges	RST loan pledges
<b>G20 and invitees</b>								
Australia	2.41	3.41	2.41	3.41	6.30	38	SDR 1.50 bn (delivered)	SDR 0.91 bn (delivered)
Canada	1.90	2.69	1.86	2.64	10.57	18	SDR 0.50 bn (delivered)	SDR 1.40 bn (delivered)
China	10.00	14.16	7.30	10.34	29.22	34	SDR 1.40 bn (delivered)	SDR 5.90 bn (delivered)
France	7.80	11.05	4.00	5.67	19.32	40	SDR 4.80 bn (1.00 delivered)	SDR 3.00 bn (delivered)
Germany	5.16	7.31	5.16	7.31	25.53	20		SDR 5.16 bn (delivered)
Italy	2.89	4.09	1.00	1.42	14.44	20	SDR 1.00 bn (delivered)	SDR 1.89 bn
Japan	11.82	16.74	5.91	8.37	29.54	40	SDR 1.00 bn (delivered)	SDR 4.91 bn (delivered)
Korea	1.35	1.91	0.89	1.26	8.23	16	SDR 0.45 bn	SDR 0.90 bn (delivered)
Netherlands	1.70	2.41	1.70	2.41	8.37	20	SDR 0.50 bn (delivered)	SDR 1.20 bn (delivered)
Oman	0.04	0.06			0.52	8		SDR 39 m
Saudi Arabia	2.80	3.97	2.80	3.97	9.58	29	SDR 2.80 bn (delivered)	
Singapore	0.75	1.06			3.73	20		SDR 0.75 bn
Spain	1.85	2.62	1.85	2.62	9.14	20	SDR 0.35 bn (delivered)	SDR 1.50 bn (delivered)
Switzerland	0.50	0.71			5.53	9		SDR 500 m
United Kingdom	3.96	5.61	3.96	5.61	19.32	20	SDR 1.50 bn (delivered)	SDR 2.46 bn (delivered)
United States	14.83	21.00			79.55	19		
<b>Non-G20 countries</b>								
Belgium	0.91	1.29			6.14	15	SDR 250 m	SDR 651 m
Denmark	0.15	0.21			3.30	5	SDR 150 m	



Estonia	0.04	0.05	0.04	0.05	0.23	15	SDR 10 m (delivered)	SDR 25 m
Finland	0.30	0.42	0.30	0.42	2.31	13	SDR 300 m (delivered)	
Greece	0.15	0.21			2.33	6		SDR 150 m
Lithuania	0.08	0.12	0.08	0.12	0.42	20		SDR 85 m (delivered)
Luxembourg	0.25	0.36			1.27	20		SDR 253 m
Malta	0.02	0.03			0.16	15		SDR 24 m
Morocco	0.01	0.01			0.86	1	SDR 7.82 m	
Norway	0.15	0.21	0.15	0.21	3.60	4	SDR 150 m (delivered)	
Portugal	0.26	0.37	0.26	0.37	1.97	13	SDR 264 m (delivered)	
Qatar	0.14	0.20			0.70	20		
Sweden	0.79	1.12	0.15	0.21	4.25	19	SDR 150 m (delivered)	SDR 650 m
<b>Total</b>	<b>72.99</b>	<b>103.38</b>	<b>40.07</b>	<b>56.76</b>				
<i>Administered Account for Ukraine</i>	3.46	4.90					<i>Canada: CAD 4.35 bn (SDR 2.48 bn); Germany: EUR 1 bn (SDR 0.82 bn); Netherlands: EUR 200 m (SDR 160 m)</i>	

*USD 1 = SDR 0.706 (October 29, 2021). All contributions above are in SDRs or equivalent contributions in freely exchangeable currencies. Differences in totals come from roundings.*

*The destination of the US and Qatar's contributions is to be determined; so is the destination of a fraction of China and Japan's contributions.*

*Italy's contribution to the RST will be effective by the end of July 2023.*

**Table: Contributions to subsidy and reserve resources of the PRGT and RST, as pledged (June 23, 2023)**

	Contributions to the PRGT subsidy and/or reserve accounts				Contributions to the RST Reserve Account			
	Pledged		Delivered		Pledged		Delivered	
	SDR (bn)	USD (bn)	SDR (bn)	USD (bn)	SDR (bn)	USD (bn)	SDR (bn)	USD (bn)
<b>G20 and invitees</b>								
Australia	0.036	0.051	0.036	0.051	0.015	0.022	0.015	0.022
Canada	0.060	0.085	0.060	0.085	0.023	0.032	0.023	0.032
China	0.168	0.238	0.168	0.238	0.100	0.142	0.100	0.142
France	0.106	0.151	0.033	0.046	0.050	0.071	0.050	0.071
Germany*	0.082	0.116	0.008	0.011	[0.491]	[0.696]	[0.491]	[0.696]
Italy	0.083	0.117	0.033	0.046	0.032	0.045	0.032	0.045
Japan	0.162	0.230	0.092	0.130	0.082	0.116	0.013	0.019
Korea	0.041	0.059			0.015	0.021	0.015	0.021
Netherlands	0.023	0.033	0.023	0.033	0.020	0.028	0.020	0.028
Singapore	0.021	0.030						
Spain	0.051	0.072	0.025	0.036	0.025	0.035		
Switzerland	0.040	0.057	0.008	0.011				
United Kingdom	0.250	0.354	0.250	0.354	0.040	0.057	0.040	0.057
United States	0.078	0.110	0.049	0.070				
<b>Non-G20 countries</b>								
EU Commission	0.078	0.110	0.078	0.110				
Belgium					0.011	0.016		
Denmark	0.019	0.027						
Estonia	0.0004	0.001						
Greece	0.013	0.018						
Ireland	0.019	0.027						



Lithuania	0.002	0.003	0.002	0.003	0.001	0.002		
Luxembourg					0.004	0.006		
Morocco	0.0002	0.0003						
Norway	0.001	0.001						
Philippines	0.003	0.004	0.003	0.004				
Portugal	0.011	0.016						
Slovakia	0.006	0.008	0.004	0.006				
Sweden	0.022	0.031	0.015	0.021	0.011	0.015		
Thailand	0.008	0.011	0.008	0.011				
Trinidad & Tobago	0.003	0.004						
<b>Total</b>	<b>1.38</b>	<b>1.95</b>	<b>0.91</b>	<b>1.28</b>	<b>0.43</b>	<b>0.61</b>	<b>0.31</b>	<b>0.44</b>

*USD 1 = SDR 0.706 (October 29, 2021). Contributions are made in SDRs or in currency.*

*The UK's contribution was made through a concessional loan to the PRGT (the amount in the table is the implicit subsidy). Contributions of Australia, China, Estonia, Morocco and Portugal were made through a loan to the PRGT's DIA (the amount in the table is the expected return at the maturity of the loan).*

*Germany made a SDR 491 m loan contribution to the RST Reserve Account that was included in the loan total.*