



CENTRAL BANK GOVERNORS FORUM II
DEBT RESTRUCTURING AND SDR REALLOCATION IN
AFRICAN ECONOMIC RECOVERY

CONCEPT NOTE

December 1 2024

15:50 -16:50 HRS (GMT +3)

Glee Hotel, Nairobi, Kenya

In 2021, the global financial crisis spurred by COVID-19 prompted the International Monetary Fund (IMF) Board of Governors to approve a substantial allocation (i.e. US\$650 billion) of Special Drawing Rights (SDRs). The allocation across member countries is dependent on their quota or share they have at the Fund. Africa secured a total of \$33 billion which represented 5 percent of its equivalent proportion of its quota share with the IMF¹. The unprecedented steps the IMF took in distributing SDRs at this moment in history marks a shift in the role of SDRs, which were designed primarily as payment systems among sovereign countries in the face of severe liquidity problems.

In April 2022, the IMF approved the Resilience and Sustainability Trust (RST) to assist countries in addressing risks stemming from challenges such as climate change, epidemics (e.g. Ebola/Cholera) and pandemics. The RST is estimated to benefit around 143 IMF member countries, encompassing low-income nations, developing and vulnerable small island states, and lower middle-income countries. However, are challenges associated with RST such as harsh IMF conditionalities and the limited funds made available to LICs so far. Only a handful of African countries are going through IMF program which made them eligible to RST (e.g. Kenya). From the demand side, one longstanding challenge is fungibility. Implementing the RST initiative alongside IMF programs is a complex issue given the proliferation of many actors. For example, Civil Society Organizations (CSOs) advocate for debt restructuring, transparency, and accountability, emphasizing evidence from both lenders and borrowing countries and other relevant stakeholders. Despite progress made, the complexity of the COVID-19 pandemic, natural disasters, and geopolitical challenges such as the Ukraine/Russia war have reduced fiscal space and pushed several sub-Saharan African economies into recession, casting uncertainty over their economic recovery paths. The objective of the forum is to share evidence and policy proposals on shocks-debt-SDR-reallocation as it relates with African countries.

Through a generous support by the Bill and Melinda Gates Foundation(BMGF), [African Economic Research Consortium \(AERC\)](#) has conducted collaborative research on "**Evidence to drive reforms for Special Drawing Rights (SDR) financing in SSA economic recovery**" to situate the role of SDRs and inform plans and the needed policy reforms to access the RST financing considering these negative shocks and the spectre of debt distress hovering over the continent. Additionally, the research carried out an in-depth analysis of specific SDR financing issues in Ghana, Ethiopia, Senegal and Kenya. The central bank Governors Forum will be held during the AERC plenary session on December 1, 2024, from 15:50 HRS (GMT+3). This session will bring together leading experts from central banks, ministries of finance and other institutions to share insights from their latest research on debt restructuring and SDR reallocation in Africa and engage in a dynamic discussion on the following:

- The value proposition for enhanced SDR allocations for African countries
- The institutional barriers and conditionalities presenting constraints to African countries and
- Going beyond SDR: the possibilities and options that exist for SDR facilities to leverage productive investment and thereby increase domestic resource mobilizations.

¹ [Articles of Agreement of the International Monetary Fund \(imf.org\)](#)