



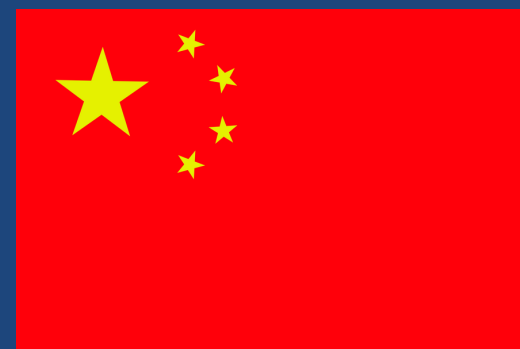
**DEVELOPMENT
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Options Paper for Channeling China's SDRs to Africa

Development Reimagined



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During the 8th FOCAC in November 2021, China committed to reallocate 10 billion USD equivalent of its SDRs to African countries - i.e. 25% of its new SDR allocation

African Views on SDRs



African Priorities

Distribution and Use of
SDRs



Strategic Considerations

Chinese Views on SDR

Strategic Considerations



In October 2016, the IMF formally added the RMB to the basket of currencies that define the value of the SDR, which was perceived as a milestone of RMB internationalization

Institutional Landscape



A critical analysis of the role of different institutions in China and their role in the country's planning and execution of SDR policies

China's Priorities in Africa



A break down of China's regional priorities in the continent including the Dakar Declaration and the 2035 Vision for China-Africa Cooperation

**There are in general 5 options on how China can reallocate
SDRs to the African continent**



Reallocation through Bilateral Transfers

Reallocation through the African
Development Bank

Reallocation through the World Bank

Reallocation through IMF Instruments
(e.g. RST, PGRT)

Reallocation through non-prescribed
holders (e.g. LSF)

Assessment Criteria



Numbers and Types of
Countries Benefiting



Distribution of Financing



Transparent allocation
Process



Maintains Sovereignty



Results
Monitoring feasible

Option 1: Bilateral Transfers



Option 2: Reallocating through AfDB Instruments

Hybrid Capital Instrument



The African Development Bank has created a proposal for the IMF that would allow member countries to reallocate their SDRs through the Hybrid Capital Instrument (HCI)

Africa Growing Together Fund



A 10 year co-financing facility between the AfDB and PBoC that supports projects across the African continent.

ADF Climate Action Window



A funding instrument part of the ADF-16 replenishment dedicated towards financing climate projects and activities across ADF countries.

Option 3: Reallocating through IMF Instruments



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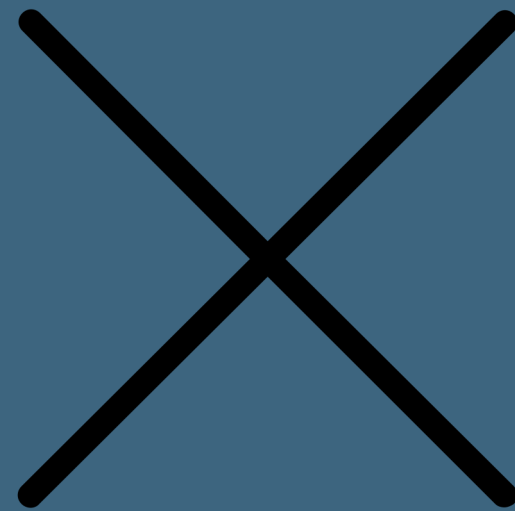


**Poverty Reduction and Growth
Trust (PRGT)**



**Resilience and Sustainability
Trust (RST)**

Option 4: Reallocating through the World Bank



No reallocation with the IBRD and
IDA to-date



SDR denominated bonds



Option 5: Reallocation through Non-Prescribed Holders

Example:

The Liquidity and Sustainability Facility

Eurobond repurchasing facility (also known as a “repo market”) with the goal of providing liquidity to African sovereign borrowers and improving these borrowers’ attractiveness to international bond markets.

Our Scoring and Recommendations



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	Numbers and Types of Countries Benefiting	Distribution of Finance towards growth-inducin g projects	Clear SDR Reallocation Process	Results Monitoring	Maintaining Sovereignty	TOTAL
Bilateral Transfers	3	4	2	2	8	19
African Development Bank	6	8	6	5	10	35
International Monetary Fund	3	4	6	2	1	16
World Bank	3	4	3	2	1	13
Liquidity and Sustainability	8	4	7	2	10	31



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Thank you

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