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Cc:
Bernard Lauwers, Director of Finance Department
Christian Mumssen, Director of Strategy, Policy and Review Department
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5 June 2026

Dear Ms. Georgieva,

At a time of heightened global uncertainty, your leadership at the IMF is especially consequential. As you prepare to release the analysis of global reserve needs by June 30 as required under Article XVIII Section 4(c) of the IMF's Articles of Agreement to inform a decision on the allocation of Special Drawing Rights (SDRs) during the 2027-31 basic period, we urge you to take the following actions:

(i) reaffirm the benefits of SDRs compared to other reserve assets and recommend an allocation commensurate with the substantial need for reserves in the current context of balance of payments imbalances caused by the US/Israel war against Iran, and
(ii) revise the methodology that the IMF uses to estimate the amount of SDRs needed.

(1) Reaffirm the value of SDRs

The IMF has made a strong case for SDRs in the past.[1] All these arguments remain valid and are worth reiterating: compared to the accumulation of foreign exchange through current account surpluses or external borrowing, SDRs are cost-free, more stable in value, provide unconditional access to liquidity with no roll-over risks, and do not cause balance of payments imbalances.

The IMF's valuable ex-post assessment report on the 2021 SDR allocation showed that concerns over SDRs causing inflation or moral hazard turned out to be overblown.[2] Moreover, the supply of hard currencies (the main alternative to SDRs) could decline as reserve currency-issuing countries respond to the latest inflationary surge caused by the war in the Middle East and bring their expanding public debts under control.

Just as the last needs assessment of global reserves occurred at the time of the COVID-19 pandemic, the world is currently experiencing a new major supply shock to oil and fertilizer exports. That is causing major surpluses in the trade balance of oil-exporting countries that do not depend on the Strait of Hormuz, and major deficits in all other countries. In the latter, this crisis is not only depleting reserves, but also putting pressure on liquidity, debt sustainability, agricultural production, economic growth, and exacerbating inequality, poverty and hunger that is already turning into serious economic and social instability in several countries.[3] Even if the Strait should soon fully reopen, this crisis will have lasting consequences.

We therefore urge you to recommend the allocation of an amount of SDRs commensurate with the substantial anticipated global reserves needs.

(2) Revise the methodology to estimate SDRs needs

We would like to point to a contradiction in the methodology used in the assessment for previous basic periods published in 2011, 2016 and 2021.[4] This methodology consists of two steps. The first is to estimate the global demand for additional reserves in the next five years. That is a quantitative exercise, the methodology of which we find adequate. In particular, we note that economies issuing reserve currencies are excluded from that estimate. That is appropriate given that reserve currency-issuing countries do not need large reserves as they can settle international transactions in their own currencies.

The second step is to recommend a share of that demand that should be met by SDRs as opposed to other reserve assets (primarily foreign exchange accumulated through balance of payments surpluses). The rationale to determine that share is less clear. Given the advantages of SDRs over other reserve assets, it would make sense to recommend most of the anticipated demand for additional reserves to be met by a new SDRs allocation. The 30 to 60 percent range proposed in 2009, 2011 and 2021 seemed to have been driven more by political factors than economic ones.

Given that SDRs are allocated based on quotas, the contradiction lies in that reserve currency-issuing countries receive a very large share (62%) of new SDRs allocations, despite accounting for 0% of the global needs for additional reserves. That necessarily implies that other countries receive fewer SDRs than what they collectively need according to the IMF assessment. For example, in 2021 only a handful of emerging market and developing countries attained the adequate level of reserves despite of the SDRs allocation.[5]

Ideally, the Articles of Agreement would be amended to adapt SDRs allocations to today’s international monetary system. Meanwhile, given that there is no harm in allocating SDRs to reserve currency-issuing countries, the total amount of new SDRs allocations should be three times as high as per current methodology, considering that two thirds of allocated SDRs have little use as reserve assets.

As the world grapples with what could be the most significant shock since the COVID-19 crisis, nations—particularly the most vulnerable—look to the IMF for the support needed to endure and recover. We hope that the lessons of the pandemic, especially the essential role of the USD 650 billion SDR allocation, will inform timely and decisive action once again.

Sincerely,

Signatories:
ActionAid International
Action Corps
Alternative Law Collective
Bretton Woods Project
Center for Economic and Policy Research
Christian Aid
Eurodad
Global Policy Forum Europe
Latindadd
MenaFem Movement for Economic, Development and Ecological Justice
Oxfam International
Partners in Health
Recourse
World Economy, Ecology and Development

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[1] See Endnote 4 as well as: International Monetary Fund (April 13, 2010) "Reserve Accumulation and International Monetary Stability". https://www.imf.org/external/np/pp/eng/2010/041310.pdf

International Monetary Fund (April 2018) "IMF Policy Paper: Considerations on the Role of the SDR". https://www.imf.org/-/media/files/publications/pp/2018/pp030618role-of-the-sdr.pdf

Triffin International Foundation (May 2014) "Using the SDR to Reform the International Monetary System: Report from a SDR Working Party". https://www.triffininternational.eu/images/RTI/articles_papers/SDR-WP_Final-Report-May-2014.pdf

[2] International Monetary Fund (August 2023) "2021 Special Drawing Rights Allocation – Ex Post Assessment Report". https://www.imf.org/-/media/files/publications/pp/2023/english/ppea2023035.pdf

[3] International Monetary Fund (April 2026) "World Economic Outlook: Global Economy in the Shadow of War". https://www.imf.org/en/publications/weo/issues/2026/04/14/world-economic-outlook-april-2026

UNCTAD (April 1, 2026) "Strait of Hormuz Disruptions: Growth and Financial Implications". https://unctad.org/system/files/official-document/osginf2026d2_en.pdf

[4] International Monetary Fund (June 9, 2009) "Proposal for a General Allocation of Special Drawing Rights". https://www.imf.org/external/np/pp/eng/2009/060909.pdf

International Monetary Fund (June 30, 2011) "Report of the Acting Managing Director to the Board of Governors and to the Executive Board Pursuant to Article XVIII, Section 4(c)". https://www.imf.org/external/np/pp/eng/2011/061011.pdf

International Monetary Fund (June 29, 2016) "Report of the Managing Director to the Board of Governors and to the Executive Board Pursuant to Article XVIII, Section 4(c)". https://www.imf.org/en/publications/policy-papers/issues/2016/12/31/report-of-the-managing-director-to-the-board-of-governors-and-to-the-executive-board-pp5047

International Monetary Fund (May 27, 2021) "Proposal for a General Allocation of Special Drawing Rights". https://www.imf.org/-/media/files/publications/pp/2021/english/ppea2021049.pdf

[5] IMF (2023) Op. Cit., Figure 1.f.