



Editor's Note, March 26, 2021

The International Monetary Fund (IMF) this week said it will draw up a proposal for a potential \$650bn general allocation of its Special Drawing Rights (SDR) to support global economic recovery efforts.

SDRs are the institution's reserve asset, which member countries can exchange for a basket of five currencies - the dollar, euro, yen, renminbi, and sterling. They can provide liquidity and boost reserves in times of need, with the added appeal of coming without the IMF's dreaded conditionality.

In simple terms, it's the lender's version of printing money.

The plan is expected to be formally considered in June, and will carry the hopes of developing economies with it.

There's been extensive lobbying for an increase to SDRs as an effective way to channel much-needed cash to developing regions, with much of this focusing on Africa.

Assuming the plan is approved, don't get too excited.

Allocations are based on a country's stake in the IMF - meaning the bulk would go to wealthy G20 members. Africa's share would come to about \$33bn.

It's something, but nothing compared to an expected financing shortfall of \$345bn on the continent from 2020 - 2023. In that time \$120bn will be needed just to keep up with interest payments on mounting debt.

Meaningful impact will require rich countries to voluntarily reallocate their SDRs. Being at the mercy of

foreign governments - also under pressure to revive their economies - to basically 'do the right thing' is hardly a bankable strategy.

SDRs are better than nothing, but they won't do anything special for Africa.

This week's Picks

From The Continent

Egyptair is reportedly planning to expand its Africa coverage, including participation in the launch of a new national carrier in Ghana. This comes despite the dire impact of the coronavirus pandemic, which cost African airlines \$2bn in losses in 2020 according to the International Air Transport Association. **More: [Bloomberg](#)**

Tunisia launched its first locally manufactured satellite this week, which will help improve internet connectivity in the country. It joins a growing list of African countries looking to tap the continent's nascent space industry, which is estimated to be worth \$7bn annually. **More: [Africanews](#)**

THE WEEKLY STAT

400 meters

The length of the massive cargo ship currently stuck in Egypt's Suez Canal. **More: [Reuters](#)**

The Global Perspective

A new report by the UN's Food and Agriculture Organization and the World Food Programme has warned that acute hunger is set to soar in 20 countries in the coming months without urgent action and increased assistance. Almost all of these are in sub-Saharan Africa. **More: [FAO](#)**

Militant groups attacked the town of Palma in northern Mozambique on Wednesday, which is close to an estimated \$60bn in liquefied natural gas projects (LNG) under development in

the country. There are concerns that an ongoing insurgency in the region could delay development of massive untapped reserves, which would turn Mozambique into a major global supplier. More: [Reuters](#)

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