

# Building a new, better SDR BY JAYATI



With much of the developing world teetering on the edge of a debt crisis, the calls for a new issuance of special drawing rights (SDRs, the International Monetary Fund's reserve asset), have grown louder and more urgent. But to have the desired effect, the International Monetary Fund (IMF) must modify its allocation criteria and clarify how SDRs can be used to support low- and middle-income countries through the current economic turmoil.

One proposal currently being considered is to expand SDR allocation beyond individual countries to include multilateral development banks and dedicated funds. The idea of channelling SDRs to multilateral institutions like the World Bank and regional development banks, which are uniquely equipped to assist emerging and developing countries, has become increasingly popular in recent years.

The Bridgetown Initiative, led by Barbadian Prime Minister Mia

Mottley, has called for a new issuance of SDR500bn (\$650bn) “or other low-interest, long-term instruments” to support the creation of a multilateral agency that would accelerate “private investment in the low-carbon transition, wherever it is most effective.”

Similarly, the recent report by the High-Level Advisory Board on Effective Multilateralism (of which I was a member) recommends the “immediate, and thereafter regular” annual issuance of additional SDRs to aid countries facing foreign-exchange shortages. The report also suggests that IMF shareholders amend the organisation’s Articles of Agreement to permit “selective SDR allocation.” This proposed change aims to facilitate a more targeted and effective distribution that prioritises the most vulnerable countries over the world’s largest economies, which receive the lion’s share of SDR allocations under the current rules.

Another proposed amendment stipulates that “specific conditions” would automatically trigger SDR allocations to ensure a “swifter global response.” Notably, the report emphasises that eligibility for SDR allocation should not be conditional on the recipient country adopting an IMF-supported fiscal consolidation program.

Unfortunately, these proposals were not even discussed during the Spring Meetings of the IMF and World Bank in April. But we must continue to pursue these reforms, because increased international liquidity, delivered in a timely and efficient manner, is needed more than ever.

By modernising the outdated system of SDR allocation, the international community could also narrow the climate-finance gap. But, first, the many developing countries currently at risk of a severe debt crisis must receive immediate budgetary support. Unless we create a global financial safety net, the United Nations Sustainable Development Goals stand little chance of being met.

The ongoing financial turmoil highlights the current system’s inherent inequities. Over the past few weeks, governments that control global reserve currencies, such as the United States

and Switzerland, have pumped massive amounts of liquidity into the banking sector to rescue private banks. In contrast, debtor countries that have applied for debt relief under the G20's Common Framework for Debt Treatments have been waiting for years for a fraction of those sums.

The sovereign-debt crisis currently engulfing the world's poorest countries, which also happen to be the countries most affected by climate change, requires immediate action. At a minimum, low- and middle-income countries grappling with balance-of-payments challenges should be given the opportunity to bolster their foreign-exchange reserves through a new SDR allocation.

But even if a fresh allocation is eventually agreed upon, countries must understand how to make the most of it. Unfortunately, the IMF's vagueness on this issue has caused much confusion, with some asserting that SDRs belong to central banks, not governments, and others insisting that they are loans rather than assets distributed by the IMF.

Consequently, many recipient countries' newly allocated SDRs simply augment foreign-exchange reserves. While this can have a positive impact by increasing a country's perceived creditworthiness, it can also hinder more effective uses of SDRs, particularly in times of acute shortages and fiscal constraints.

The Ecuadorian economist Andrés Arauz has highlighted these concerns, arguing that there is no legal basis for central banks to appropriate SDR allocations. The IMF's own guidance says that members "enjoy a large degree of freedom in how to manage the SDRs allocated to them," including the extent to which "central banks are involved in their management and whether the budget can directly use them for budget support." According to the Fund, SDRs are "allocated and held by the member and instructions for its use come through the fiscal agency of the member" (emphasis added). In other words, governments can use SDRs as they see fit.

The confusion over the nature and status of SDRs stems, in part, from the IMF's own misclassification of these assets. As

Arauz points out, prior to the release of the IMF's latest balance-of-payments manual (BPM6) in 2009, SDR allocations were treated as equity rather than as liabilities that recipient countries must repay. The BPM6, however, reclassified them as liabilities, essentially treating them as debt. This change, which was made without clear reasoning or transparent discussion, must be contested, because it can deter the use, transfer, and recycling of SDRs, preventing allocations from fulfilling their potential.

Some countries, particularly in Latin America, have demonstrated creativity in their use of SDRs. Ecuador, for example, used them to finance its 2021 investment plan. The same year, Paraguay channelled its allocation to investments in health, education, housing, and other public expenditures, and Argentina used its \$4.6bn allocation to pay off maturing debt, fulfilling its obligations to the IMF.

In other countries, central banks' perceived role as the custodian of SDRs did not completely restrict alternative uses. Colombia, for example, used SDRs to facilitate a domestic debt swap between the government and the central bank and generate short-term liquidity. Although Mexico's central bank asserted its ownership of the country's SDRs, the Mexican government acquired international reserves from it through a currency exchange in late 2021.

The current crisis is an opportunity to construct a fairer, more sustainable international monetary system. A sensible reform agenda must include increased SDR issuance and the creation of more efficient and equitable distribution mechanisms. To achieve this, the G7 countries, as the IMF's largest shareholders, must demonstrate a modicum of wisdom and leadership. – Project Syndicate

l Jayati Ghosh, Professor of Economics at the University of Massachusetts Amherst, is a former member of the UN Secretary-General's High-Level Advisory Board on Effective Multilateralism.

إطلاق شركة أدنوك في سوق أبو ظبي للأوراق المالية يوم الاثنين طرح عام أولي بقيمة 2.5 مليار دولار. الخبير الدولي رودي بارودي لوكالة الصحافة الفرنسية: "الغاز الطبيعي المسال هو أهم وقود انتقالي في عملية الابتعاد عن الوقود الأحفوري".



ستطلق وحدة الغاز التي تم تشكيلها مؤخرًا من قبل شركة الطاقة الحكومية الإماراتية أدنوك في سوق أبوظبي للأوراق المالية يوم

.الاثنين طرح عام أولي بقيمة 2.5 مليار دولار

وقد شهدت أسهم شركة أدنوك للغاز ، التي دخلت حيز التشغيل في بداية هذا العام ، زيادة كبيرة في الاكتتاب حتى بعد توسيع الطرح من 4.0 إلى 5.0 في المائة من رأس المال المصدر في استجابة .للاهتمام القوي من قبل الاسواق

تم تحديد السعر النهائي للسهم عند 2.37 درهم (0.65 دولار) للسهم ، حيث جمع حوالي 2.5 مليار دولار ما يعني رسملة سوقية بنحو 50 .مليار دولار

ويعتبر غاز أدنوك الأكثر نشاطا في بورصة أبو ظبي حتى الآن ، اذ تجاوز الاكتتاب 50 مرة ، وهو أكبر طلب على الإطلاق لطرح عام أولي في منطقة الشرق الأوسط وشمال إفريقيا ، متجاوزًا الرقم القياسي العالمي لشركة أرامكو السعودية البالغ 29.4 مليار دولار قبل ما .يزيد قليلاً عن ثلاث سنوات

يأتي الاكتتاب العام الأولي المنظم بسرعة من أدنوك ، إحدى أكبر شركات النفط في العالم ، في أعقاب التدافع العام الماضي على موارد الغاز البديلة بعد الغزو الروسي لأوكرانيا ، ويأتي في الوقت الذي تبحث فيه البلدان عن وقود أنظف للتخفيف من ظاهرة الاحتباس الحراري .

وفي هذا المجال قال مستشار الطاقة رودي بارودي ، الذي يرأس شركة الطاقة والبيئة القابضة ومقرها قطر ، إنه يتوقع زيادة الطلب عند .بدء تداول الأسهم

واضاف بارودي لوكالة فرانس برس " كل الأسباب تجعلنا نتوقع أن الزيادة الهائلة في الاكتتاب التي رأيناها ستنتقل إلى اهتمام قوي .”عندما يتم طرح الأسهم علنا

وتحتفظ شركة بترول أبوظبي الوطنية ، المصدر الرئيسي للإيرادات في الإمارات العربية المتحدة ، بحصة 90 بالمئة في الشركة التابعة التي تشكلت من وحدات معالجة الغاز والغاز الطبيعي المسال والغاز .الصناعي التابعة لها

يُوصف الغاز بأنه أنظف من أنواع الوقود الأحفوري الأخرى حيث تسعى .البلدان في جميع أنحاء العالم للحد من انبعاثاتها

وقال البارودي إن الغاز الطبيعي المسال هو “أهم وقود انتقالي في

”عملية الابتعاد عن الوقود الاحفوري

من الغاز (bcm) في عام 2021 ، أنتجت الإمارات 57 مليار متر مكعب BP الطبيعي ، أو حوالي 1.4% من الإنتاج العالمي ، وفقًا لمراجعة الإحصائية للطاقة العالمية

وقالت المجلة الإحصائية إن الإمارات صدرت في العام نفسه 8.8 مليار متر مكعب من الغاز الطبيعي المسال ، أي 1.7 بالمئة من صادرات الغاز الطبيعي المسال العالمية

وقال بارودي: ”مع تسارع وتيرة الجهود العالمية لمكافحة تغير المناخ ، من المتوقع على نطاق واسع أن ينمو دور الغاز الطبيعي بشكل عام

تتمتع أدنوك بسمعة طيبة ، لذلك كان من المتوقع أن يجذب الاكتتاب العام في أدنوك للغاز اهتمامًا كبيرًا

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**UAE's ADNOC Gas to Start Trading in \$2.5bn IPO. International Energy Expert, Roudi Baroudi told AFP: "LNG is Most Important Transition Fuel in the move away from hydrocarbons".**



UAE state energy company ADNOC's recently formed gas unit will launch on the Abu Dhabi stock market on Monday in a \$2.5 billion initial public offering aimed at tapping high demand for the fuel.

Shares in ADNOC Gas, which only became operational at the start of this year, were heavily oversubscribed even after the offering was expanded from 4.0 to 5.0 percent of issued share capital in response to strong interest.

The final price was set at 2.37 dirhams (\$0.65) per share, towards the top of its range, raising about \$2.5 billion and implying a market capitalisation of around \$50 billion.

ADNOC Gas is the biggest flotation yet on the Abu Dhabi stock exchange, which opens at 9:30 am (0530 GMT).

At more than 50 times oversubscribed, it is the biggest demand ever seen for an initial public offering in the Middle East and North Africa, outstripping oil firm Saudi Aramco's world-record \$29.4 billion listing just over three years ago.

The rapidly organised IPO from ADNOC, one of the world's biggest oil firms, follows last year's scramble for alternative gas resources after Russia's invasion of Ukraine,

and comes as countries search for cleaner fuels to mitigate global warming.

Energy consultant Roudi Baroudi, who heads the Qatar-based Energy and Environment Holding firm, said he expected brisk demand when the shares start trading.

“There is every reason to expect that the massive oversubscription we saw will carry over into strong interest when the shares are floated publicly,” Baroudi told AFP.

– ‘Transition fuel’ –

Abu Dhabi National Oil Company, the United Arab Emirates’ key revenue-earner, retains a 90 percent stake in the subsidiary formed from its former gas processing, LNG and industrial gas units.

Gas is being touted as cleaner than other fossil fuels as countries around the world strive to reduce their emissions.

Baroudi said Liquified Natural Gas (LNG) was “the most important transition fuel in the move away from hydrocarbons”.

In 2021, the UAE produced 57 billion cubic metres (bcm) of natural gas, or about 1.4 percent of global output, according to the BP Statistical Review of World Energy.

That same year, the Emirates exported 8.8 bcm of LNG, 1.7 percent of world LNG exports, the Statistical Review said.

“As global efforts to battle climate change gain pace, the role of natural gas in general... is widely expected to grow,” Baroudi said.

“ADNOC enjoys a solid reputation, so it was to be expected that the ADNOC Gas IPO would attract strong interest.”

ADNOC Gas could be the first in a series of share offerings in Abu Dhabi this year.

At least eight companies are expected to follow in fields ranging from technology to asset management and regenerative medicine, Bloomberg said, citing Sameh Al Qubaisi, director general of economic affairs at Abu Dhabi's Department of Economic Development.

<https://www.digitaljournal.com/business/uaes-adnoc-gas-to-start-trading-in-2-5bn-ipo/article>

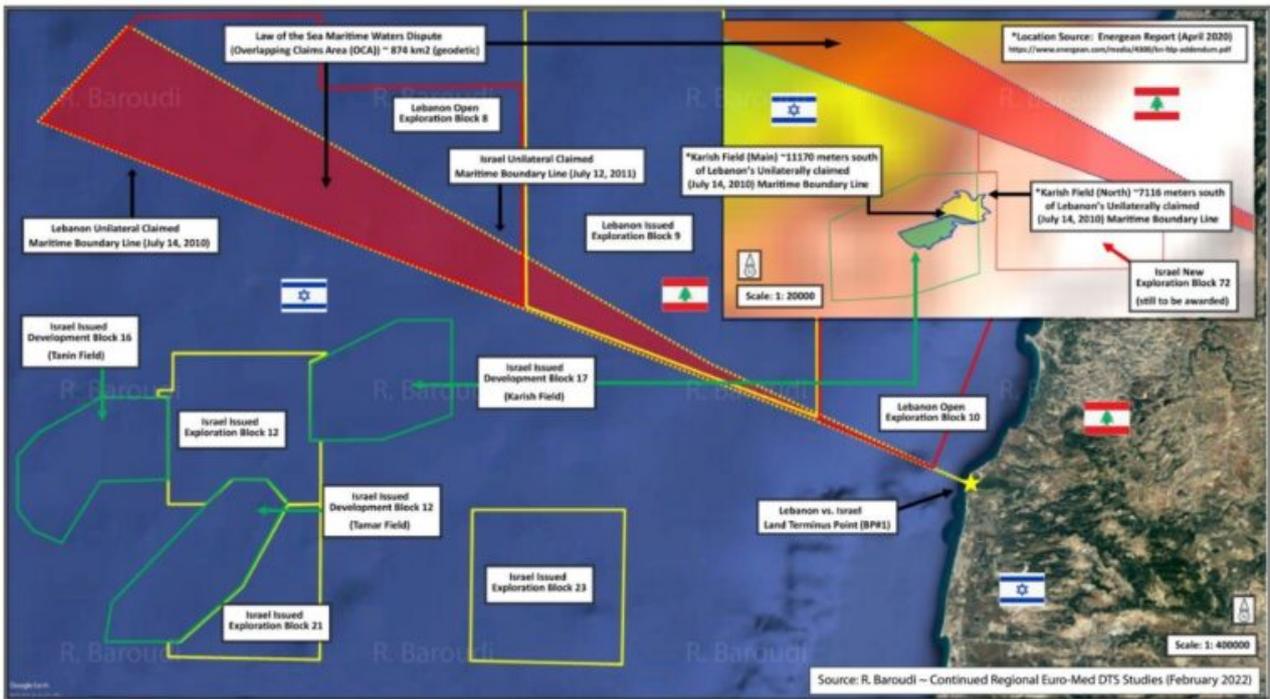
## بارودي يؤكد صوابية طلب لبنان الخاص بالمباحثات والمفاوضات على الحدود البحرية

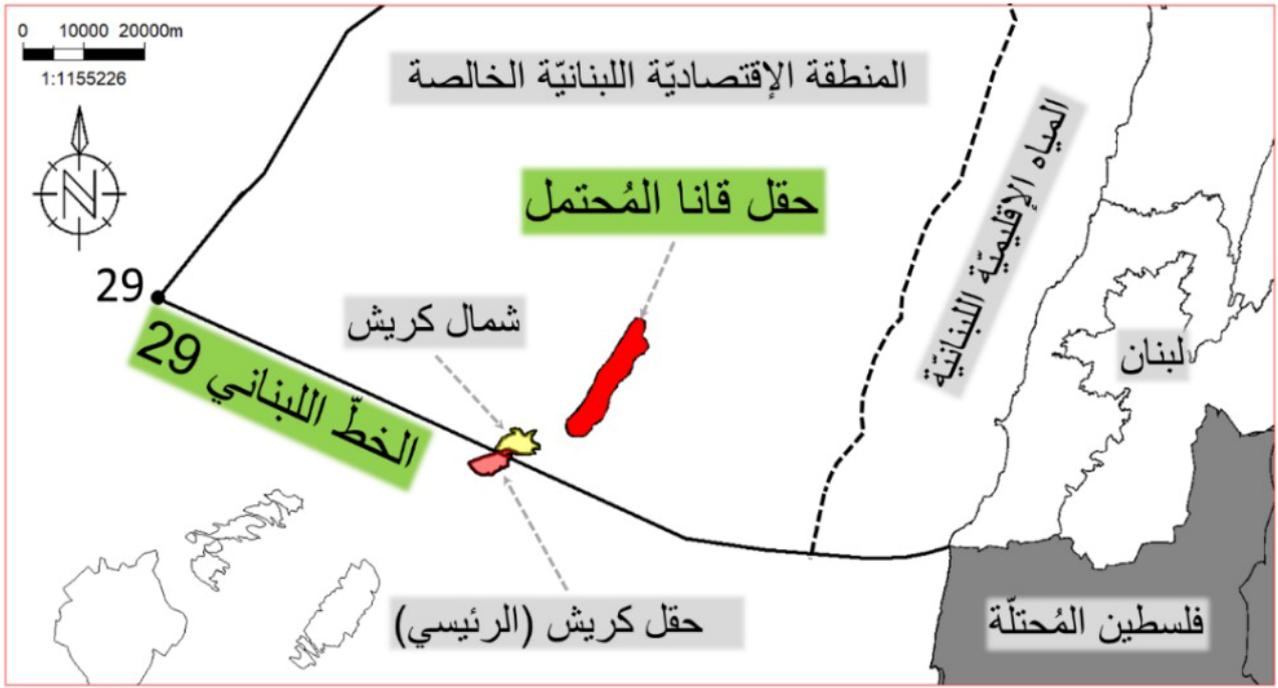


بارودي يؤكد صوابية طلب لبنان الخاص بالمباحثات والمفاوضات على الحدود البحرية ويؤكد صوابية طلبه مستعيناً بقضايا مماثلة حصلت في السابق وتم البت بها من قبل محكمة العدل الدولية

# ثروة "كاريش" بين 22 و 25 مليار دولار

## Lebanon vs. Israel: Karish Field Exploratory Drilling vs. Contested Waters





كثُرَت في الفترة الأخيرة الخيارات المتاحة في نظر بعض المسؤولين في لبنان، لتأمين مصادر يتم عبرها تسديد أموال المودعين... فما أن طرِح إنشاء الصندوق السيادي، حتى ارتأى البعض اللجوء إلى رهن جزء من احتياطي الذهب... لكن ما لم يكن في الحسبان أن يقترح أحدهم استخدام أموال ثروة لبنان النفطية لتسديد الودائع ولتغطية كلفة الدين العام! علماً أن مفاوضات ترسيم الحدود البحرية بين لبنان وإسرائيل عالقة منذ أيار 2021، ولا تزال الضبابية تلف هذا الملف محلياً ودولياً.

الخبير الدولي في مجال الطاقة رودي بارودي يعلّق، في حديث إلى موقع القوات اللبنانية الإلكتروني، على الفائدة المالية من حقول النفط التي يؤمّل أن تشكّل الثروة النفطية للبنان، ليؤكد أنه "في حال حصول لبنان على جزء من حقل كاريش، فإن حصته لا تكفي لتغطية الدين العام اللبناني حتى وفق أسعار النفط والغاز المعتمدة حالياً"، ويقول "ربما قد تغطي حصّة لبنان من حقل كاريش أو غيره، جزءاً ضئيلاً فقط من الدين العام".

ويعتبر أنه "من غير المؤكد ما إذا كان لبنان سيتمكّن من الحصول على الخط 23، من دون معالجة مجموعة من الأخطاء الجسيمة التي ارتكبت عند البدء بوضع الخطوط من 1 إلى 23 قبل نحو 12 عاماً".

ويكشف بارودي عن أن حقل "كاريش" المكتشف العام 2013 يحتوي على

2.5 ترليون قدم مربع من الغاز. وهذا الحقل تم اكتشافه من قبل الشركة الإسرائيلية "ديليك" العام 2013 والتي باعتها بدورها إلى "إينيرجيان".

ويقول، إذا تم احتساب الكمية على أساس أسعار الغاز والنفط الحالية، فإن المردود المتوقع من حقل "كاريش" يتراوح ما بين 22 و25 مليار دولار أميركي. لكن لا يمكن تقدير مردود حقل "قانا" لأنه قد يكون ممتداً إلى إسرائيل، كما أن حقل "كاريش" متداخل بين لبنان وإسرائيل.

ويُلفت إلى أن إسرائيل أنجزت التحضيرات اللازمة لبدء الإنتاج النفطي وذلك بعد أعوام عدة من الدراسات وعمليات الاستكشاف، فقد عاودت شركة "إينيرجيان" المَطوِّرة لحقل "كاريش" الحفر في الحقل ذاته بحثاً عن المزيد من الغاز والنفط، ويوضح أن "إسرائيل تقوم حالياً بالحفر في محاذة الخط اللبناني التفاوضي "29" لتنتقل بعد ذلك إلى شمال "كاريش".

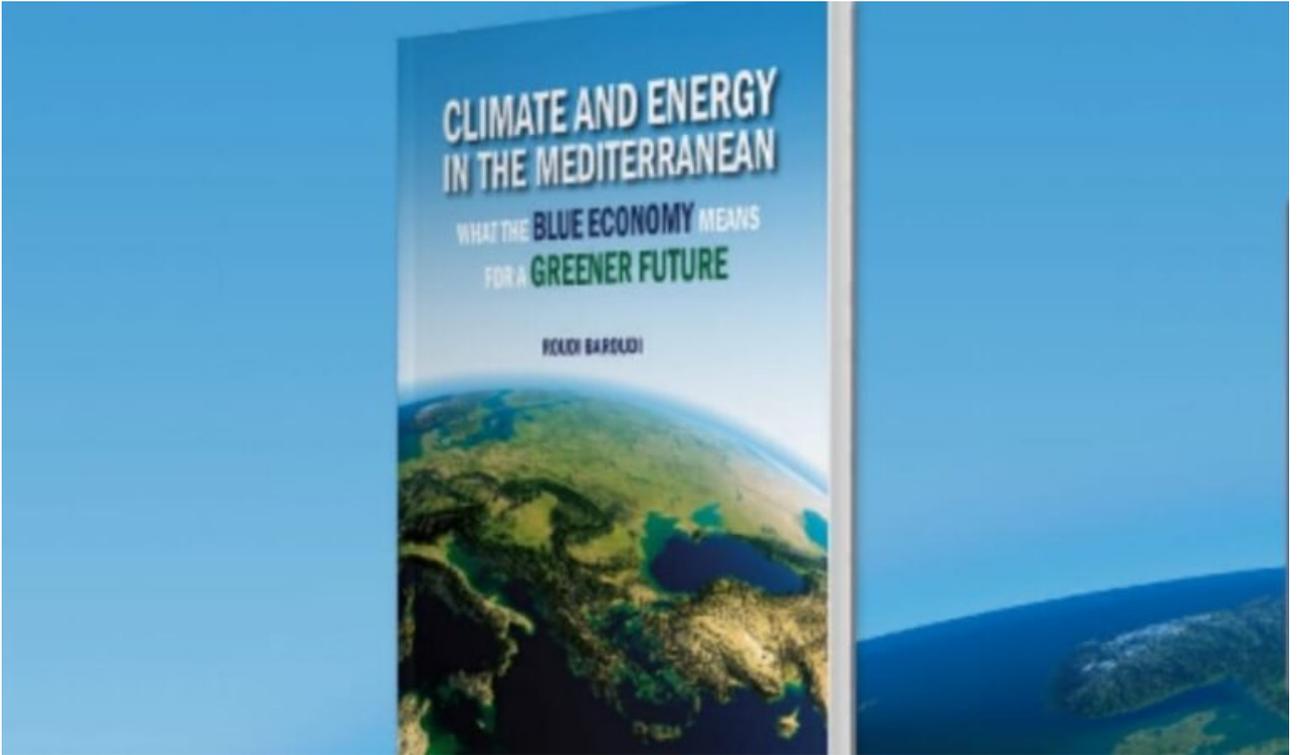
ويُذكر في السياق بأن "لبنان أعلن في رسالته إلى الأمم المتحدة الأولى في 22 أيلول 2021 والثانية في 28 كانون الثاني 2022، أن حقل كاريش يقع في منطقة متنازع عليها... لكن على الرغم من ذلك، يتم التنقيب في المياه المتنازع عليها عموماً، ولا سيما في البلوك رقم "9" المُعطى حالياً إلى أن تُحل قضية الترسيم بين لبنان وإسرائيل".

أما بالنسبة إلى الموقع الجغرافي لحقل "كاريش" المكوّن من جزءين: شمالي وجنوبي (الخريطة مرفقة)، يؤكد بارودي من خلال الدراسة التي أعدّها خلال السنوات الممتدة من العام 2011 إلى العام 2021، أن "حقل كاريش الشمالي يبعد عن الخط المقترح من قبل لبنان في 14 تموز 2010 (الخط 23) حوالي 7 كلم و116 متراً، كما أن حقل كاريش الجنوبي يبعد عن الخط نفسه، حوالي 11 كلم و170 متراً جنوباً، وذلك بحسب الخريطة المرفقة والتي تؤكد المواقع والبُعد عن الحقلين".

أما بالنسبة إلى البلوك الإسرائيلي الرقم "72" والمتداخل في الأراضي اللبنانية، فهو ملاصق بشكل مباشر للخط "23"، بحسب بارودي

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# رياح المتوسط تنتج طاقة تضاوي طاقة المفاعلات النووية في العالم



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**Sun-starved Sweden turns to solar to fill power void**



## **Bloomberg**

Sweden, known for its long dark winters with barely any daylight, is seeing a solar power boom.

Harnessing whatever sunshine the country gets is emerging as the quickest solution to fill part of the void left by two closed nuclear reactors in southern Sweden, where the biggest cities and industries are located. With shortages piling up in the region and consumers keen to secure green energy at stable prices, solar is quickly catching up with wind as developers put panels on rooftops and underutilised land in populated areas.

While the lack of sunlight is a hindrance, every bit of new electricity capacity will lower imports from Europe where prices are more than three times higher than in the rest of Sweden. Projects are also getting built quickly because developers are directly getting into power sales deals with consumers and aren't dependent on government support, said Harald Overholm, CEO of Alight AB, which started Sweden's biggest solar plant this month.

Companies are targeting a quick ramp-up, pushing total

capacity in the country to 2 gigawatt this year. That's more than the two nuclear reactors in Ringhals that were halted in 2020, and will close the gap with Denmark, an early mover in the industry in the region.

"We are very good at creating contracts directly with commercial partners that use power, and that is what drives our development," said Harald Overholm, CEO of Alight.

The past winter has demonstrated the hole left behind by the two atomic reactors, with the government facing the task of resolving a divergent market. While vast hydro and wind projects have kept the cost of electricity in the sparsely populated north in check, a lack of generating capacity and congested grids have forced the south at times to import power.

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## **EUROPE ENERGY CRISIS – Qatar and Germany sign energy strategic partnership**



## **News – Oil and Gas – Berlin, May 2022**

Qatar's Emir, His Highness Sheikh Tamim bin Hamad Al Thani, and German Chancellor Olaf Scholz signed a strategic energy partnership on May 20 as Germany scrambles to reduce its dependence on imports of coal and pipelined natural gas from Russia, mainly to punish the latter for its invasion of Ukraine.



Al Jazeera turned to regional energy expert Roudi Baroudi to provide context and analysis for the summit, which could have historic implications. Baroudi confirmed that the German plan centers on a rapid switchover to seaborne shipments of liquefied natural gas, so the government is building two LNG plants, at Brunsbüttel and Wilhelmshaven, along with the possibility of adding three offshore floating storage and regasification units (FCRUs).

Baroudi estimated that these facilities, including the FSRUs, could account for 20-30% of German's annual gas needs of approximately 85 billion cubic meters.

He also explained that Qatar, which has the world's second largest gas reserves and has led the industry in LNG exports for most of the past two decades, would be a natural secure and reliable fit to supply even more gas to European terminals that it already does. The Gulf state has recently invested in even more LNG capacity, via an expansion of its North Field operations, which will see its output once again surpass those of the United States and Australia as the world's largest producer

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# Lagarde tells EU leaders they must 'water the green shoots'



Bloomberg / Brussels

European Central Bank president Christine Lagarde urged leaders to keep their fiscal purse strings loose, warning that a premature brake on stimulus measures could derail a nascent recovery.

At a summit of European Union leaders in Brussels yesterday, Lagarde said continued support is needed to avoid the pandemic leaving large scars on the economy, according to an official familiar with her remarks.

The president cited the example of the aftermath of the great financial crisis, when a rebound failed to be sustained because "green shoots were not watered," according to the official, who asked not to be named as the meeting was private.

European economies are starting a robust recovery on the back

of an accelerating vaccination campaign. With coronavirus infections dropping, and booming demand triggering a spike in prices, pressure is building up in some quarters for the ECB to considering exiting emergency stimulus, and for governments to consider how to reduce debt burdens.

ECB officials Isabel Schnabel and Pablo Hernandez de Cos used public events on Thursday and yesterday to emphasise that even if the economy is able to recoup the output lost to the pandemic crises by early next year, it won't be until at least 2023 that growth trends return to the pre-crisis path.

"The goal has to be to recover – not to levels before the crisis – but those we would have reached without the existence of this crisis," De Cos, who is governor of the Bank of Spain, said yesterday.

In her comments to leaders, Lagarde reiterated her view that a looming increase in inflation this autumn will be temporary and underlying price pressures remain subdued. She said that more dynamic and sustainable growth is needed, and that monetary policy will continue to play a role in bolstering confidence.

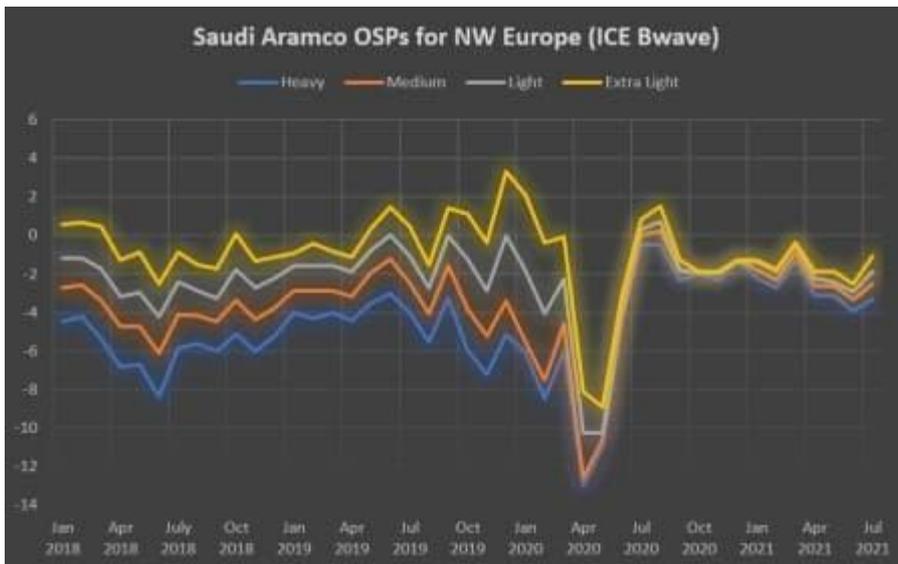
"Upward pressures, most notably the comparison with last year's data when a sales tax holiday in Germany applied from July to December, will almost certainly send the headline inflation reading soaring above 2% from August," a Bloomberg Economics statement said.

The ECB predicts that euro-area output will return to pre-pandemic levels by the first quarter of 2022, one quarter earlier than expected in the spring. The risks to the outlook are now balanced.

Lagarde urged leaders to advance the EU's capital markets and banking union, after years of talks failed to yield substantial progress. No breakthroughs were seen in yesterday's summit either, as this autumn's election in Germany has put discussions among euro-area officials on hold.

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# Soaring Mideast Heat May Roil Oil Market as Demand Surges



(Bloomberg) – Soaring temperatures in one of the world’s top energy-producing regions could drive fuel prices higher as countries there burn more oil and natural gas to keep homes cool.

Saudi Arabia, the United Arab Emirates and Kuwait are all experiencing weather that’s hotter than normal. That has coincided with a tightened crude market, with the Organization of Petroleum Exporting Countries and its allies continuing to hold back millions of barrels of supply.

“Demand this summer will be stronger than last year,” Ahmed Mehdi, a Middle East analyst at the Oxford Institute for Energy Studies, said of the region.

Electricity consumption in OPEC member Kuwait this week surpassed its previous peak as the early onset of scorching heat prompted greater use of air conditioners. Iraq, which suffered crippling blackouts last summer, also relies on

burning crude and fuel oil to keep its power plants running.

Temperatures in the oil-producing states around the Persian Gulf can reach 50 degrees Celsius (122 Fahrenheit) during the region's steamiest months of July and August. Top OPEC producer Saudi Arabia burned as much as 25% more crude in its power plants last year and said at the time that it could use up to 1 million barrels a day to generate electricity.

Energy use rose across the region in 2020 as coronavirus lockdowns kept residents at home through the torrid summer months – when many usually travel – and the enduring restrictions mean many are still staying put.

Oil is currently trading around \$70 a barrel as much of the world recovers from the pandemic and the OPEC+ alliance keeps barrels off the market. OPEC's own analysis indicates that crude consumption is rising faster than supply, forcing buyers to pull barrels out of storage.

Gulf producers are using more natural gas for power as well, and as OPEC+ gradually restores oil output, countries like Saudi Arabia and Iraq are pumping more of the fuel that's found together with the crude.

The Gulf states have taken steps to prepare for oppressive heat and to make their energy infrastructure more efficient – and more profitable. Kuwait is set to start a liquefied natural gas import facility, while the United Arab Emirates connected its first nuclear power plant to the national grid this year.

For now, OPEC+ isn't committing to more crude supply. The group decided at a meeting this month to go ahead with an already agreed output increase for July, but stopped short of allowing a further hike. That will leave Saudi Arabia and its neighbors buying more of what they're producing without necessarily providing the market any extra slack.

“OPEC+ is still sitting on more than 5 million barrels a day of spare capacity, mostly in the Gulf and particularly Saudi Arabia,” said Carole Nakhle, chief executive officer of London-based consulting firm Crystol Energy. “The Saudis can do what they want,” though pumping more crude just to burn it for power isn’t their best option, she said.

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