

# Special Drawing Rights Concept, Reality, Future

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## Abstract

The Special Drawing Rights (SDR) is an innovative system made by the International Monetary Fund. It was coined to resolve the problem of the lack of liquidity that faced by the international community in the late sixties of the twentieth century.

The system of SDR was executed with the First Amendment to the Agreement of the International Monetary Fund in 1969, although of the International dispute regarding many topics, Such as the enclosure of SDR as a key component inside the international monetary system, the legal nature of SDR, and the size and the role that it should take.

Three versions of the SDRs have been produced. The latest and largest one was 161.2 billion units, which is equivalent to 250 billion USD, to be added to the earlier smaller versions.

This study addresses the SDR through few points:

The first one deals with the concept of SDR and the origin of its inception. The second focuses on its legal nature, and obligations of its users. The third point deals with the mechanism of the allocation of SDR. The fourth addresses the reality of the SDR, and the difference between its system and the system which is based on the dollar. The fifth and last point looks at amending the SDR system, and providing possible scenarios for its future role.