

Congress of the United States
Washington, DC 20515

July 12, 2022

Joseph R. Biden, Jr.
President of the United States of America
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20502

The Honorable Janet Yellen
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Dear Mr. President and Secretary Yellen:

We write to you amid deteriorating economic and humanitarian conditions around the world to request your support, and U.S. leadership, to help developing countries respond to the ongoing fallout of the COVID-19 pandemic, the resulting global economic downturn, and now, the devastating war in Ukraine. We in Congress must quickly approve essential funding toward global vaccination efforts as the Administration has requested in order to address the rise of variants across the world and fight the virus here in the United States. In addition, we urge you to immediately support a new issuance of at least \$650 billion in Special Drawing Rights (SDRs) at the International Monetary Fund (IMF) — a simple, rapid, and cost-free way to enable Ukraine, its neighboring allies, and developing countries to respond to, and build back better from, these combined international crises.

The global reverberations of Russia’s illegal invasion of Ukraine are exacerbating an already dire situation for the poorest countries in the world, with global economic growth projected to slow from 6.1 percent to 3.6 percent for this year and 2023.¹ As a result of what World Food Programme Executive Director David Beasley called a “perfect storm” of COVID-19, climate disruption, and war,² wheat prices have recently hit record highs.³ Energy and fertilizer prices have also soared, imperiling food production and distribution.⁴ The number of people facing acute food insecurity worldwide has already doubled since 2019,⁵ and is expected to increase by 8-13 million people this year due to the crisis in Ukraine.⁶ As Beasley said in no uncertain terms: “If you think we’ve got hell on earth now, you just get ready,”⁷ adding, “Ukraine has only compounded a catastrophe on top of a catastrophe. There is no precedent even close to this since World War II.”⁸

Developing countries are bearing the brunt of these worsening conditions. Roughly 2.8 billion people — and nearly 85 percent of people in low-income countries — have yet to receive a single dose of a COVID-19 vaccine.⁹ Estimated COVID-19 mortality borne by low- and middle-income countries represents 63 percent of COVID-related deaths¹⁰ and as much as 86 percent of all excess deaths.¹¹ UN analysis estimates that if low-income countries’ vaccination rate had been equal to that of high-income countries, their GDP would have increased by \$16.27 billion, or 5.16 percentage points in 2021.¹²

Furthermore, as a result of the disruption caused by the pandemic and long-existing structural deficiencies in the global financial market, over half of all low-income countries are now in or at high risk of debt distress.¹³ In 2020, 62 countries spent more on servicing external debt than on health care;¹⁴ growing indebtedness will likely lead to further reductions in spending on critical needs like health at a time when they are needed the most. Experts warn that, without action, the developing world may soon be plunged into a destabilizing debt crisis.¹⁵ As many as 1.7 billion people in 107 economies may be exposed to this three-dimensional crisis of food, energy and finance.¹⁶

The IMF's issuance of \$650 billion SDRs on August 23, 2021, proved to be a lifeline for low- and middle-income countries. In the six months since, at least 99 developing countries have made use of their allocation — many within weeks of the issuance — to stabilize their currencies, shore up reserves, pay off debts, and finance health care, such as vaccinations, and other urgent needs.¹⁷ IMF Managing Director Kristalina Georgieva estimates that “low-income countries are using up to 40 percent of their SDRs on Covid-related priorities, like vaccines and other essential spending.”¹⁸ Nepal, for example, has used the entirety of its allocation, including for financing the purchase of vaccines and other pandemic needs.¹⁹ Ukraine, which was already under severe financial strain prior to the invasion, used the majority of its 2021 allocation, reducing its onerous debt burden.²⁰ Many more developing countries—including Albania,²¹ Benin,²² The Gambia,²³ Guinea-Bissau,²⁴ Guyana,²⁵ Madagascar,²⁶ North Macedonia,²⁷ Paraguay,²⁸ São Tomé and Príncipe,²⁹ and Uganda³⁰—have all used or committed to using their SDRs to support public health and combat the spread of COVID-19, with Liberia,³¹ Pakistan,³² Senegal,³³ and Sierra Leone³⁴ using SDRs specifically for vaccine imports, production, and distribution.

While vital, this issuance was still insufficient to meet the scale of the crisis. Of the \$650 billion that the IMF issued in 2021, roughly \$209 billion went to developing countries (excluding China)³⁵—far short of the \$2.5 trillion in emerging market financing needs estimated by the IMF at the beginning of the pandemic.³⁶ This is why Members of Congress,³⁷ hundreds of global lawmakers,³⁸ and development, humanitarian and faith-based organizations from around the world³⁹ have called for an allocation of 2-3 trillion SDRs, and why the House of Representatives approved an allocation of 1.5 trillion SDRs as part of the *2022 State, Foreign Operations, and Related Programs (SFOPs) Appropriations Act*.⁴⁰

While we strongly support the Administration's efforts to recycle SDRs held by advanced economies for lower-income countries' use through Congressional authorization, a new IMF issuance of \$650 billion in SDRs is something the Administration can advance right now, under existing authorities. Such an issuance will immediately provide fresh financial resources to help developing economies to meet their critical public health needs, mitigate

the humanitarian impact of skyrocketing global food and energy prices, reduce their debt burdens, and respond to and recover from the combined, ongoing crises. It would also be of particular value to the United States and some of its key allies. By boosting demand for U.S. exports, a new allocation has the possibility of creating hundreds of thousands of new American jobs.⁴¹ The Ukrainian government, which called the August 2021 SDR allocation a “great gift for our country,”⁴² has used the entirety of its SDR holdings, and Ukrainian Finance Minister Sergii Marchenko has specifically requested access to more SDRs as “a question of the survival of our country.”⁴³ A new allocation would provide the Ukrainian government with an immediate and vital \$2.75 billion boost in its reserves—roughly 2.5 percent of GDP, following an estimated decline by 45 percent this year.⁴⁴

Developing countries, and the billions of people who inhabit them, are facing unprecedented challenges and need financial support now. We appreciate Secretary Yellen’s recognition that “we were less successful in supporting poorer countries” during this crisis and “the response to date is not to the scale needed.”⁴⁵ As COVID-19 continues to rage, as the reverberations of the war in Ukraine are felt around the world, and as the prospects of an equitable global economic recovery move further out of reach, we applaud her appeal to “ensure the IMF has the tools to fulfill its role of financial firefighter in the face of modern, potentially more frequent, global crises.”⁴⁶ In that spirit, we urge the United States to pursue this opportunity to provide cost-free relief worldwide. The United States has demonstrated its leadership and the value of the existing multilateral financial system and we ask that it do so once again. It is currently in the power of the administration to immediately act in support of a new \$650 billion new SDR issuance for global relief. We urge you to do so.

We thank you for your attention on this important matter.

Sincerely,



PRAMILA JAYAPAL
Member of Congress



ELIZABETH WARREN
U.S. Senator



JESÚS G. "CHUY" GARCÍA
Member of Congress

/s/

KAREN BASS
Member of Congress

/s/

RICHARD BLUMENTHAL
U.S. Senator

/s/

EARL BLUMENAUER
Member of Congress

/s/

CORY A. BOOKER
U.S. Senator

/s/

JAMAAL BOWMAN, Ed.D
Member of Congress

/s/

SHERROD BROWN
U.S. Senator

/s/

SHEILA CHERFILUS-MCCORMICK
Member of Congress

/s/

BENJAMIN L. CARDIN
U.S. Senator

/s/

PETER A. DEFAZIO
Member of Congress

/s/

ROBERT P. CASEY, JR.
U.S. Senator

/s/

LLOYD DOGGETT
Member of Congress

/s/

PATRICK J. LEAHY
U.S. Senator

/s/

ADRIANO ESPAILLAT
Member of Congress

/s/

EDWARD J. MARKEY
U.S. Senator

/s/

RAÚL M. GRIJALVA
Member of Congress

/s/

JEFFREY A. MERKLEY
U.S. Senator

/s/

SHEILA JACKSON LEE
Member of Congress

/s/

ALEX PADILLA
U.S. Senator

/s/

SARA JACOBS
Member of Congress

/s/

BERNARD SANDERS
U.S. Senator

/s/

HENRY C. "HANK" JOHNSON JR.
Member of Congress

/s/

RON WYDEN
U.S. Senator

/s/

MONDAIRE JONES
Member of Congress

/s/

CHRISTOPHER VAN HOLLEN
U.S. Senator

/s/

RO KHANNA
Member of Congress

/s/

JAMES P. MCGOVERN
Member of Congress

/s/

ANDY LEVIN
Member of Congress

/s/

GRACE MENG
Member of Congress

/s/

ALAN LOWENTHAL
Member of Congress

/s/

MARIE NEWMAN
Member of Congress

/s/

STEPHEN F. LYNCH
Member of Congress

/s/

ELEANOR HOLMES NORTON
Member of Congress

/s/

ALEXANDRIA OCASIO-CORTEZ
Member of Congress

/s/

RASHIDA TLAIB
Member of Congress

/s/

ILHAN OMAR
Member of Congress

/s/

JUAN VARGAS
Member of Congress

/s/

MARK POCAN
Member of Congress

/s/

ANDRÉ CARSON
Member of Congress

/s/

KATIE PORTER
Member of Congress

/s/

AYANNA PRESSLEY
Member of Congress

/s/

JAMIE RASKIN
Member of Congress

/s/

MICHAEL F.Q. SAN NICOLAS
Member of Congress

/s/

JAN SCHAKOWSKY
Member of Congress

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