



HOUSE OF COMMONS

LONDON SW1A 0AA

Boris Johnson
Prime Minister
10 Downing Street
London
SW1A 2AA

Our Ref: LB29965

4 June 2021

Dear Prime Minister

ACT TO STOP A PANDEMIC OF DISEASE TRIGGERING A PANDEMIC OF POVERTY

As members of the Parliamentary Network on the World Bank and International Monetary Fund, we write to urge you as the leaders of the G7 to agree a radical action plan with the IMF and World Bank to stop the Covid pandemic now triggering a deep and dangerous pandemic of poverty.

Crucially, we believe it is vital you agree three key steps:

- Immediate action to accelerate world-wide Covid-19 vaccinations
- Immediate action to agree both a fresh allocation of \$650 billion in IMF Special Drawing Rights and a radical redistribution of surplus SDR's from richer to poor countries.
- Immediate action to agree an expansion of grant support for poorer countries along with urgent agreement on IDA20 replenishment.

The global community has moved quickly to tackle the catastrophe of Covid.

However; By the so-called "first anniversary," on 15 December 2020, 1.64 million people were believed to have died due to Covid

- In the economic shock that has ensued the numbers living in extreme poverty has risen for the first time this century and the pandemic has cost the world's poorest over 120 million additional years spent in poverty.
- The IMF believes the citizens of 33 developing countries will, on average, still be poorer in five years time than they were in 2019.
- The World Bank estimates the external debt stock of 120 low and middle-income countries has now risen to \$8.4 trillion at end-2020, a rise of \$220 billion during the course of 2020.
- While one in four citizens of high-income countries have received a Covid-19 vaccine, only one in more than 500 citizens in Low Income Countries have been given the same protection.

Bluntly, this crisis is far from over.

We believe therefore it is vital that G7 leaders now agree with the leadership of the IMF and the World Bank, a three-step plan.

1. Vaccinate the world - faster.

- In a global pandemic we know that none of us are safe until everyone is safe. Crucially, there is now no trade off between health policy and economic policy.
- Today, WHO and its COVAX partners aim to vaccinate 30% of the world's population this year. With additional agreements and investments this could be doubled by the first half of 2022. But this demands upfront financing, upfront vaccine donations, and upfront precautionary investments and planning. The World Bank's \$12 billion vaccine program is highly welcome. But, IDA countries should not have to go deeper into debt to purchase vaccines.
- The IMF estimates this will require grants and concessional financing of around \$50 billion, a huge surge in donated doses, cooperation on free trade of raw materials and finished vaccines, additional vaccine production capacity of at least one billion doses - and crucially, a grand bargain on intellectual property.
- Alongside this, we must boost testing and tracing, oxygen supplies, therapeutic and public health measures delivered through existing infrastructure such as systems supported by WHO, UNICEF, the World Bank and Gavi.

2. Immediate action to agree an issue of new, and reallocation of existing IMF Special Drawing Rights structured to help maximise debt cancellation and minimise conditionality.

- The Managing Director confirmed in March 2021 that the IMF was exploring a fresh allocation of \$650 billion in SDR's, along with 'options for members with strong financial positions to reallocate SDRs to support vulnerable and low-income countries.' It is vital this is now agreed.
- If the new \$650 billion allocation is shared on similar lines to 2009, \$260 billion in SDR's could be offered to emerging markets and developing countries, of which \$45 billion might go to low-income countries.
- It is vital initiative is structured in a way which boosts debt-free financing for the world's poorest countries and that re-allocation supports bilateral and multilateral debt cancellation, minimises conditionality, and is additional to the contribution governments are already prepared to make.
- Where richer nations decide to donate unused SDR's to the Poverty Reduction and Growth Trust (PRGT), leaders should explore improving concessions by extending repayment terms.

3. We need immediate action to agree an expansion of grant support for poorer countries along with urgent agreement on IDA20 replenishment.

- The World Bank's work to frontload resources from IDA19 to respond to the crisis was very welcome. This means replenishment is now needed.
- A robust policy package must now be agreed for IDA20 aimed at supporting an end to this pandemic as quickly as possible and propelling IDA countries forward into a stable, more equal, and climate-just recovery.
- In particular, it is vital that donors and the Bank create a mechanism to allow all IDA countries to access debt-free financing for vaccine-related programmes, enhance

accountability and transparency around vaccine purchasing and rollouts, build more resilient public health systems which support universal health coverage and support countries in making robust investments in public, universal, quality and free education during the pandemic and the recovery period.

- This must sit alongside clear and ambitious targets for supporting IDA countries developing and implementing their Nationally Determined Contributions (NDCs) to cut carbon emissions, increase investments in renewable energy and green jobs, and expand access to affordable and sustainable energy.

As parliamentarians, we have battled day in, day out to protect the people we serve. We have watched in horror as lives were lost in our communities, and livelihoods destroyed. There is a global consensus that we must now build back better. But that requires an action plan to take us from the pandemic to the goals of the Paris agreement in which no-one is left behind.

Yours sincerely

A handwritten signature in black ink, reading "Liam Byrne". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

THE RT HON LIAM BYRNE MP
Birmingham Hodge Hill