

September 5, 2023

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

Janet Yellen
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

Dear President Biden and Secretary Yellen:

The people of the Caribbean are grappling with the twin crises of debt and climate change. In many of our nations, the burden of debt, which has long stymied our development, has grown too onerous to bear, imperiling our economies and undermining the ability of our governments to meet our peoples' basic needs. At the same time, a changing climate, for which our nations hold very little responsibility, endangers our very existence.

We, civil society organizations from across the Caribbean, write to you today to urge you to support global efforts underway to mobilize tools and resources that can allow our region to more effectively address the twin challenges of debt and climate change, including by:

- (1) Supporting a new issuance of at least \$650 billion in Special Drawing Rights (SDRs) at the International Monetary Fund (IMF);
- (2) Backing the elimination of the IMF's harmful surcharge policy; and
- (3) Committing to significant loss and damage funding.

In addition to these measures, which could be implemented immediately to provide tangible relief to our region, we also urge your administration to support wider efforts to achieve global debt relief, and to back ongoing initiatives for the large-scale reform of the global financial architecture.

The United States' support for these multilateral measures could allow Caribbean countries to surmount these daunting challenges. We hope that you will act, not only out of neighborly solidarity, but also out of a mutual interest for continued peace, prosperity and stability in our shared hemisphere.

The Caribbean is in Crisis

The Caribbean is one of the most indebted regions in the world. At the end of 2022, the Caribbean's average debt stock increased to 80% of GDP, well above the 50-60% of GDP threshold considered

detrimental to growth and development. Five Caribbean countries – Suriname, Barbados, Dominica, Antigua & Barbuda, and the Bahamas — rank in the top ten of the world’s most highly indebted Small Island Developing States (SIDS), with their public debt stock surpassing 90% of GDP, indicating solvency challenges. This unsustainable burden threatens our nations’ development and is likely to bring Caribbean countries to a point where they can only pay their debts through further austerity and foregone investment in the UN Sustainable Development Goals (SDGs). Because of the considerable portion of government revenue allocated to debt servicing, including increasing interest payments, our countries have much less fiscal space to provide key [public services](#) such as healthcare, education and social protection, as well as meet their climate commitments under the Paris Agreement. Latin America and the Caribbean collectively spend almost [10 times more](#) on debt payments than on healthcare, and [30 times more](#) than on climate mitigation and adaptation. Indebtedness is strongly associated with [hunger](#), [disease](#), and the [erosion](#) of [women’s rights](#), and top United Nations officials [warn](#) that the Caribbean faces an “impossible trade-off” between debt and development.

Caribbean countries are among those that bear the [least responsibility](#) for the climate crisis, yet face some of the greatest burdens of its impacts. The latest climate science report by the Intergovernmental Panel on Climate Change (IPCC) makes it clear that climate change poses the single greatest threat to vital sectors in the Caribbean – agriculture, fisheries and tourism – our very way of life. The Caribbean region is particularly vulnerable to tropical storms and hurricanes, which will continue to increase in intensity and frequency due to climate change; the [cost of these natural disasters](#) will increase in tandem. In the Caribbean, the top 10 climate extreme events in terms of losses as percent of GDP have been from tropical storms and hurricanes between 1998 and 2017; six of them were in 2015-2017. These losses may sometimes far exceed the size of the country’s economy, making it almost impossible for the country to fully recover after a hurricane or to protect itself from future ones. Hurricane Maria – a powerful Category 5 hurricane – caused destruction to Dominica estimated at [250% of GDP](#) of the country’s GDP in 2017. In Grenada and St. Kitts and Nevis, the damage was equivalent to more than one year of economic activity, after the passage of Hurricane Ivan in 2004 and Hurricane Georges in 1998, respectively. As the century progresses, the IPCC expects the Caribbean to become much warmer and drier, with higher sea level rise and prone to more intense storms. Climate change is likely to further worsen the precarious debt position of the Caribbean.

When combined, these two great challenges — soaring debt burdens and climate change — are a recipe for disaster in our region. With desperately needed resources siphoned off to service ballooning debts, little remains to prepare our nations for the continuous threat of climate catastrophes, much less to invest in long-term, sustainable and inclusive green development. When climate disasters do strike, as they have, and inevitably will — and with increasing frequency and ferocity — the substantial resources required to respond and rebuild add to our nations’ mounting debts. It’s clear that climate finance is needed now more than ever. However, huge gaps exist between our substantial climate finance needs and financial flows consistent with a 1.5 °C world. Moreover, much-needed [climate finance](#) typically comes in the form of additional loans and other non-grant instruments, which further aggravates the already unsustainable debt burden of Caribbean countries, while climate vulnerability and debt distress lead to [higher borrowing costs](#). In addition, many Caribbean nations are not eligible to access even the modest amounts of grant-based climate finance available due to their higher middle-income status. Higher debt levels in turn undermine our ability to adequately address both climate and socioeconomic issues, thereby [weakening](#)

[our capacity](#) to provide adequate responses to affected communities in the wake of natural disasters and other shocks. This increasing debt burden and insufficient institutional response mean that, without action, climate-vulnerable developing countries like ours may be forced to implement [austerity measures](#) on an “unprecedented scale”, possibly sowing the seeds for civil unrest in some Caribbean countries, as we have recently witnessed.

These challenges are not new. But they have intensified to alarming levels as a result of an unprecedented combination of global economic shockwaves: the COVID-19 pandemic and its scarring legacy, the economic spillovers of Russia’s war with Ukraine, including soaring global food and energy costs, and a drastic monetary tightening in advanced economies that threatens to ignite a wave of debt defaults across the developing world. Today, the World Bank [warns](#) of a potential global recession, and a “sharp, long-lasting slowdown” that will “hit developing countries hard.” The Caribbean is [no exception](#).

The governments of our nations are not always without fault for our economic challenges. But particularly in the context of a global polycrisis that has devastated economies far larger and stronger than our own, our region has had little recourse. The crises of debt and climate are [structural](#), built into the very architecture of the global economy. It will take global action to solve them.

Solutions are Available

Significant weaknesses in the global financial architecture is of critical concern to Caribbean nations caught in a middle-income country debt trap. The existing international financial system offers very few options to undertake an orderly, predictable and equitable restructuring of sovereign debt for emerging markets and developing countries, much less to link debt to climate change. Even with debt distress imploding in many developing countries, recent efforts by the influential G20 to address debt problems through the Debt Service Suspension Initiative (DSSI) and the Common Framework (CF) have proven to be insufficient and inadequate.

While the challenges that our region faces are profound, they are not intractable. Caribbean leaders have, in fact, put forth visionary proposals to solve them. The [Bridgetown Initiative](#), led by Barbadian Prime Minister Mia Mottley, outlines an ambitious agenda to address the current crises and reform the global financial architecture, including through the provision of immediate emergency liquidity, the expansion of multilateral lending, and the activation of private sector savings for climate resilience.

In tandem with these longer-term efforts, and as they continue to unfold, there are a number of actions that the United States could take today, together with global partners, to provide immediate, tangible relief. We, organizations from across the Caribbean, urge you to take the following steps to better enable our region to confront the dual crises of debt and climate, to provide immediate fiscal space for urgent social spending and critical imports, and to build resilient, sustainable, net-zero economies that benefit all of our people:

- **Support a new issuance of Special Drawing Rights** — The August 2021 issuance of \$650 billion in [SDRs](#) by the IMF, which was rolled out with the US’s indispensable support, was the single most important action taken at the global level to support developing nations during the pandemic downturn. [Over 100](#) developing countries used some or all of their allocations to repay

debts to the IMF, finance critical imports like food and vaccines, or avert balance of payments crises, all without additional debt, and at zero cost to US taxpayers. Guyana, for example, [used](#) its allocation to combat COVID-19 and invest in the nation's infrastructure. Jamaica, Barbados, Dominica and Grenada [used](#) portions of their allocations to partially pay off their IMF debts. But while the 2021 SDR issuance was critical, the scale was insufficient to meet the enormity of the challenges that we face. That is why we urge you to commit the United States to supporting a new SDR issuance of equal or greater size — which your administration can do alone — echoing a growing global call by world leaders like [Prime Minister Mia Mottley](#) and [African Union Chair Macky Sall](#); [African finance ministers](#); [leading economists](#); the [UN Global Crisis Response Group on Food, Energy, and Finance](#); dozens of [US lawmakers](#); nearly [150 civil society organizations](#) including Oxfam International, the AFL-CIO, the International Chamber of Commerce, Partners In Health, and the International Trade Union Confederation. Additional SDR issuances are also an integral part of the Bridgetown Initiative.

- **Eliminate the IMF's harmful surcharge policy** — The IMF's [surcharge](#) policy, which punishes heavily indebted middle and high-income countries that have borrowed from the IMF through the imposition of opaque, costly fees, on top of the regular interest rate cost of a loan, has been widely criticized as [counterproductive and unjust](#). Particularly in the context of deep exogenous shocks, this pro-cyclical policy only exacerbates the challenge of indebtedness, while drawing valuable resources away from other priorities such as climate preparedness, pandemic response, healthcare, education, and development. Currently, Barbados is one of sixteen countries with large IMF loans as a share of their IMF quota paying these surcharges which represent more than 33% of its total IMF borrowing costs. Other Caribbean nations are at risk of having to pay these exorbitant fees in the near future if they are required to rely on the IMF for additional financial support. We join a growing global movement — including [dozens of former heads of state and government](#); [UN special rapporteurs and human rights experts](#); [leading economists](#), including from affected countries like [Ukraine](#); [UN Secretary General Guterres](#); and over [150 civil society organizations](#) from around the world — in urging the United States to use its voice and vote at the IMF to suspend or finally end this punitive practice of surcharges. Like support for a new SDR issuance, this is a measure on which your administration can take prompt executive action.

- **Commit to significant loss and damage funding** — As a climate-vulnerable region that has contributed little to global greenhouse gas emissions, loss and damage funding has long been a [top priority](#) of the Caribbean. The decision to establish a new loss and damage fund at COP27 was therefore a [welcome](#) step forward. Yet while we are grateful for the United States' support for this initiative, the fund itself remains an “[empty bucket](#).” The loss and damage fund is only as good as the commitments made to it. We urge the United States to demonstrate global leadership by committing to financing the loss and damage fund at a scale commensurate with the needs and priorities of climate-vulnerable developing countries, and to ensure that this form of climate finance is delivered in the form of grants or unconditional cash transfers, as opposed to loans or project-based finance.

In addition to the above, immediate steps, we also urge you to back broader measures for relief and reform. In particular, we hope that you will support Prime Minister Mottley's efforts to realize the Bridgetown Initiative, as well as ongoing efforts for comprehensive bilateral, multilateral, and private debt relief, [global debt architecture reform](#), and the long-sought establishment of a permanent [multilateral debt workout mechanism](#) under United Nations auspices.

A Stable, Prosperous Caribbean Benefits Us All

US support for these measures would help to ensure that our region has the resources it needs to confront our twin crises, and to provide for our peoples' needs in the face of a perfect storm of global challenges that are not of our making. But we do not ask you to support these efforts solely as a good neighbor; the United States would also continue to benefit from a stable, prosperous Caribbean.

Between 1980 and 2010, the Caribbean-born population of the United States [tripled](#) in size, with the number of Caribbean immigrants now [exceeding](#) those from either Central or South America. [Climate disasters](#) and debt-fueled economic deprivation are likely to drive a drastic acceleration of this displacement and migration. As the Biden administration has rightfully pointed out, addressing migration means confronting the [root causes](#) of displacement — promoting economic stability and climate preparedness through the above policies would do exactly that.

In addition, the United States is by far the [largest trading partner](#) of most Caribbean nations. A growing, prosperous region would mean stronger demand for US exports, helping to create export-related jobs at a time when the threat of a [global recession](#) could put [millions](#) of US workers at risk of unemployment.

Furthermore, debt crises, and their attendant economic hardships, are [common](#) drivers of social and political [unrest](#). It is in the interest of US national security to proactively prevent such instability so near to its shores, rather than to wait and confront its consequences.

Finally, support for the above policies would reduce the need for our nations to seek financing from other sources, while demonstrating to our people that the United States remains responsive to their needs at a time of growing competition for influence in the developing world.

The Caribbean People Urge Action

The people of the Caribbean face a unique combination of challenges. But we are not alone in our need. In a world that is one – “one Earth, one Family, one Future” - similar calls for a new issuance of SDRs, the elimination of surcharges, commitments to Loss and Damage Funding, and broad debt relief have been raised around the global community. The United States has unparalleled ability to ensure that developing countries are able to confront the grave challenges that face us in the coming decades.

For the people of the Caribbean, the people of the developing world, and the people of the United States alike, we hope that you will act. Thank you.

CC:

Members of the Congressional Caribbean Caucus

Sincerely,

AKWATIX, Regional

Barbados Association of Non Governmental Organisations (BANGO), Barbados

BINI - Citizens Initiative for Participation & Good Governance Suriname, Suriname

The Breadfruit Collective, Guyana

Caribbean Centre for Human Rights, Trinidad and Tobago

Caribbean Natural Resources Institute, Regional

Caribbean Policy Development Centre, Regional

Civil Society Bahamas, The Bahamas

Confederación Nacional de Unidad Sindical (CNUS), Dominican Republic

Confédération des Travailleurs et Travailleuses des Secteurs Public et Privé (CTSP), Haiti

Dominica National Council of Women (DNCW), Dominica

East Dominica Children's Federation Inc., Dominica

Empower Youth International, Barbados

Foundation De Stem, Suriname

Foundation Double Positive, Suriname

Foundation for Research and Development in Caribbean Communities, Suriname

Fundacion Etnica Integral (LA FEI), Dominican Republic

Green Heritage Fund, Suriname

Grenada National Organisation of Women (GNOW), Grenada

GROOTS T&T, Trinidad and Tobago

IAMovement, Trinidad and Tobago

Institut Panos, Haiti

Inter Agency Group of Development Organisations (IAGDO), Grenada

Jamaica Environment Trust, Jamaica

Jamaica Network of Rural Women Producers (JNRWP), Jamaica

Jamaicans For Justice (JFJ), Jamaica

Jubilee Caribbean, Regional

Learning To Live Meaningfully Foundation, Trinidad and Tobago

The Legal Learners Group, Regional

Mayflower Bocawina Environmental & Development Group, Belize

Moravian Church Eastern West Indies Province, Regional

National Workers Union, Saint Lucia

Nationale Stichting voor Blinden en Slechtzienden, Suriname

The NGO Caribbean Development Foundation, Regional

Organisation Constellée pour le Développement Economique et Social de la Commune des Gonaïves
(OCDESCG), Haiti

Pater Ahlbrinck Stichting, Suriname

Perspectives pour la Santé et le Développement (PESADEV), Haiti

Plateforme des Organisations de Femmes Haitiennes pour le Developpement (POFHAD), Haiti

Rooms Katholiek Bijzonder Onderwijs (RKBO), Suriname

Sacred Sports Foundation Inc., Saint Lucia

Sophia Community Development Association, Guyana
Stichting Bureau voor de Dienstverlening aan NGOs, Suriname
Stichting Nafasi, Suriname
Stichting Projekta, Suriname
Stichting Ultimate Purpose, Suriname
University of the West Indies, Jamaica
Vereniging Jongeren van Commewijne, Suriname
Volunteers United, Antigua and Barbuda
Windward Islands Farmers Association (WINFA), St. Vincent and the Grenadines
Women Across Differences (WAD), Guyana
Women's Rights Centre, Suriname