



# The CARES Act Leverages the United States' Leadership Role in our International Financial Institutions

March 25, 2020

- The U.S. is showing what true global leadership against COVID-19 means.
- In addition to working with other central banks, the U.S. is working with its international financial institution partners to ensure that they have the resources they need to support member countries who need assistance, particularly in the fight against COVID-19.
- The CARES Act expedites the Administration's requests to leverage more than \$250 billion in lending at the international financial institutions (IFIs) to stop COVID-19 from spreading abroad and to keep it from America's shores.
- The CARES Act authorizes the Administration's requests to:
  - o Increase the capital base of the International Finance Corporation (IFC), the World Bank's private-sector arm. This increase costs the U.S. nothing but requires Congress to approve it in order to trigger other countries' ability to pay in. Democrats have held up the IFC request for more than a year because of their opposition to private-sector solutions in poorer countries. The Democrats' delay has put our allies' confidence in the U.S. at risk. Republicans are saying enough is enough.
  - o Expand a U.S.-led supplemental lending facility at the International Monetary Fund (IMF), where the U.S. wields a veto over major decisions. The reforms secured by the Administration for the increase require a drastic reduction of bilateral funding for the IMF that comes from countries like China. Moreover, this expansion prevents an increase in China's IMF shareholding.
  - o Strengthen resources at the African Development Bank so that a coronavirus outbreak or economic instability in Africa do not jeopardize America's interests on the continent.
- Inclusion of these provisions demonstrates the United States' leadership in the world in confronting COVID-19 and in restoring private-sector led growth.