

Congress of the United States
Washington, DC 20515

November 2, 2023

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

Subject: Combating Corruption in Sri Lanka and Safeguarding US Foreign Aid

Dear Secretary Yellen:

We write to express our concerns regarding the ongoing economic turmoil in Sri Lanka, and the impending vote by the IMF Board of Directors to release the second tranche of a \$2.9 billion loan package to the government. We believe it is crucial that before the release of additional funds, robust anti-corruption requirements are added to the loan agreement.

Sri Lanka's economic crisis, which came to a head in 2021, was exacerbated by high-level government corruption, including conflicts of interest, cronyism, and elite capture. Corruption played a significant role in the genesis of the economic crisis, jeopardizing the nation's long-term financial stability. The Sri Lankan population has consistently voiced concerns about government corruption, with over 75% perceiving it as a serious problem.¹

Sri Lankan anti-corruption experts recently released a report² detailing the country's serious corruption challenges, and included 36 reform recommendations to the IMF to consider as preconditions to the disbursement of further funds to the government. Without strong anti-corruption safeguards, there is a substantial risk that funds designated for recovery and development may be diverted for improper purposes, exacerbating economic problems and impeding progress in poverty reduction. In fact, the IMF recently released a governance diagnostic which painted a stark picture of the country's corruption landscape and offered a series of recommendations to address it. While the IMF's recommendations demonstrate progress on anti-corruption issues, sweeping reforms, like those recommended by anti-corruption activists in Sri Lanka, are necessary to meet the call of the Sri Lankan people for accountable government.

Not only is addressing corruption paramount to preventing future economic crises in Sri Lanka, combating corruption is also a critical US foreign policy objective and vital to national security. Furthermore, safeguarding US foreign aid is necessary to uphold public trust and ensure that

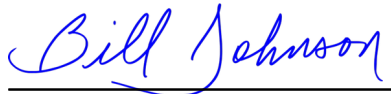
¹ <https://www.transparency.org/en/countries/sri-lanka>

² <https://www.tisirilanka.org/civil-society-governance-diagnostic-report-on-sri-lanka-2023/>

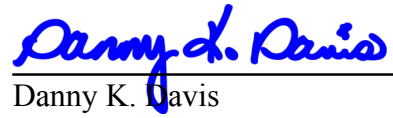
American taxpayer resources are used to foster positive change in recipient countries, rather than lining the pockets of corrupt individuals.

Right now, there is a critical opportunity to uphold the will of the Sri Lankan people and secure strong anti-corruption requirements as a precondition to the Sri Lankan government receiving additional loan funds. We urge the Department of the Treasury to use its diplomatic influence to ensure that robust requirements are a part of the next agreement. Thank you for your consideration of our request.

Sincerely,



Bill Johnson
Member of Congress



Danny K. Davis
Member of Congress



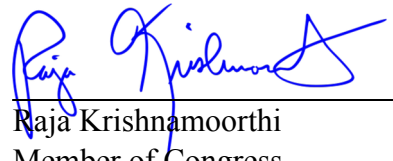
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