Administration of Joseph R. Biden, Jr., 2024

Joint Statement by President Biden and President William Ruto of Kenya—The Nairobi-Washington Vision
May 23, 2024

We, the leaders of the United States and Kenya, are determined to lead a global transition to the economies of the future. We share a common vision for sustainable development and prosperity. We are determined to lead a global coalition to accelerate investments toward clean and resilient economies and supply chains and to provide a better future for our people. Investment is critical for the United States and other advanced economies, and it is equally critical for Kenya and countries around the world to succeed in achieving the Sustainable Development Goals, bringing benefits to the entire world.

Mounting debt burdens, exacerbated by the COVID–19 pandemic and the food insecurity crisis fueled by Russia's war against Ukraine, have put these critical investments out of reach for too many developing countries. More than half of low-income countries are now at high risk of or in debt distress. In fact, a growing number of developing countries' debt payments to the rest of the world are greater than what they are receiving in new financing. As a result, many countries are facing difficult choices between paying back creditors and making critical investments in their economy and people—like vaccinating children, building more resilient and sustainable food systems, and addressing the damaging effects of climate change.

Even countries like Kenya which are showing strong signs of economic recovery and investor confidence are allocating a large share of tax revenues on external debt service payments. In cases like Kenya's, the macroeconomic outlook is encouraging, but access to international financial markets has been limited, with funding too expensive which worsens the public debt burden. It is important that the world use all tools in the international financial architecture to create fiscal space and enhance the ability for countries to make critical investments.

Today, we are jointly calling for bold action from the international community to expand support for developing countries to invest in their futures. Countries willing to commit to ambitious reforms and high-quality plans for investments in sustainable development and in addressing global challenges like climate change, pandemics and health threats, and fragility and conflict should be buoyed not abandoned by the international community to meet these ambitions. Our shared vision not only looks to offer a better deal for such countries today but also to help build for more resilient and inclusive economies going forward.

Specifically, the *Nairobi-Washington Vision* brings together the following elements:

- *High-ambition countries receive high-ambition financial support*. Countries with high ambition with respect to investments in their own development, addressing cross-border challenges like the clean energy transition and strengthening health systems to be better prepared to respond to the next pandemic, and undertaking economic reforms to make these investments sustainable are met by high ambition from international financial institutions, including the IMF and World Bank, and from official bilateral creditors.

- *International financial institutions step up with coordinated packages of support so high ambition countries don't have to choose between servicing their debts and making necessary investments in their futures*. International financial institutions ensure their programs account for the fiscal space high-ambition countries require for needed investment. Together, the IMF and MDBs deliver enhanced, coordinated support packages that capitalize on new and expanded resources, including by maximizing the right mix of financing; scaling up concessional financing with stepped-up support from donors; and fully utilizing sustainability-focused funds, the broader climate finance architecture, and other pools of concessional finance.

- *Creditor countries provide reprieves for high-ambition developing countries*. Official bilateral creditors pledge to sustain positive net inflows by offering debt suspensions, reprofilings or restructurings, or new budget-support flows as necessitated by countries' debt sustainability and investment needs. Free-riding from individual creditors who get paid back from multilateral support should come to an end, and the IMF should enforce this norm as well as equitable treatment more broadly with its policies, including lending into official arrears. Creditor countries should also maximize their use of grant and development finance institution flows to support countries' development and climate needs.
- *New tools facilitate private sector finance on better terms*. MDBs and national development finance institutions (DFIs) provide incentives to private sector creditors to replace or refinance high-cost private sector sovereign loans and debt with lower-cost, longer-term, and more transparent and resilient debt. This includes by expanding access to debt guarantees and by creating safe harbors for countries that proactively and voluntarily manage debt burdens, such as through new concessional finance, debt swaps, and debt conversions.
- *Transparent, sustainable, and resilient financing replaces opaque and unsustainable lending*. For example, all creditors should adopt clauses to automatically provide sovereign debt service suspension when debtor countries experience climate-related disasters. Non-disclosure agreements that keep citizens and their creditors in the dark about the terms of sovereign lending should no longer be used.
- *Enhanced support crowds in private investment*. Private sector-focused MDBs and bilateral official creditors, including through DFIs, enhance support for private investments in sustainable finance by scaling up vehicles that help mobilize private capital and deepen local capital markets. Through these and other tools, the private sector is incentivized to expand their portfolio for climate-related development finance in emerging economies.

NOTE: An original was not available for verification of the content of this joint statement.

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