



United States House of Representatives
One Hundred Eighteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

March 14, 2024

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

Re: New Leadership at the International Monetary Fund

Dear Secretary Yellen:

The International Monetary Fund (IMF) is designed to support global financial stability, rigorous macroeconomic analysis, and technical assistance to government institutions. IMF member countries should expect the Fund's management to serve as an honest broker, which requires an unquestioned commitment to the highest ethical standards. As the IMF's largest shareholder, the United States must ensure that management fulfills these criteria, be it through the Treasury Department's participation on the Fund's governing boards, or Congress's consideration of relevant legislation.

As the term of Managing Director Kristalina Georgieva ends, we urge you to identify new leadership that will enable the Fund to pursue its mission with integrity and with the full confidence of Congress. As you are aware, Ms. Georgieva's tenure at both the World Bank and IMF has been plagued by ethical lapses. These management failures, which are outlined below, cast doubt on her leadership qualities and ability to head the Fund.

Data Manipulation

A 2021 investigation by law firm WilmerHale implicated Ms. Georgieva in a data rigging scandal involving the World Bank's Doing Business Report. According to the investigators' findings, as CEO of the World Bank, Ms. Georgieva "became directly involved in efforts to improve China's ranking" through changes to the report's methodology.¹ WilmerHale found that "undue pressure" exerted by Ms. Georgieva was designed to "make specific changes to China's data points in an effort to increase its ranking at precisely the same time the country was expected to play a key role in the Bank's capital increase campaign."

The WilmerHale investigation described how, during Ms. Georgieva's tenure at the Bank, staff felt they had nowhere to turn if they wanted to flag ethical concerns. According to

¹ <https://thedocs.worldbank.org/en/doc/84a922cc9273b7b120d49ad3b9e9d3f9-0090012021/original/DB-Investigation-Findings-and-Report-to-the-Board-of-Executive-Directors-September-15-2021.pdf>

Bloomberg, such findings led some IMF staff to lose confidence in the Managing Director.² Rather than accept responsibility, Ms. Georgieva dismissed the findings, claiming that “the problem – it is on the other side of 19th Street,” meaning the World Bank.³ You, however, stated that the WilmerHale report “raised legitimate issues and concerns,”⁴ a sentiment shared by both Republican and Democratic members of the House Financial Services Committee and the Senate Foreign Relations Committee.⁵

In addition, *Bloomberg* reported in October 2021 that Ms. Georgieva intervened in an IMF Article IV Report on Brazil’s economy after complaints were made by the country’s board representative at the Fund.⁶ This board member later led the ethics committee examining the WilmerHale allegations against the Managing Director. The *Bloomberg* story revealed a double dose of cynicism by Ms. Georgieva, as it detailed both her indifference to the independence of IMF research as well as the cynicism of her environmental rhetoric.

Additional Management Failures

The Managing Director’s ethical lapses extend to other areas as well. For example, despite Ms. Georgieva’s rhetoric on gender issues, the *Wall Street Journal* reported that she failed to protect junior female staff when she was CEO at the World Bank, turning a blind eye to sexual harassment of employees. As the *Journal* wrote, Ms. Georgieva “knew about a top official’s sexual misconduct but failed to take any action despite publicly saying she was a strong defender of female victims of sexual harassment, according to current and former Bank staff.”⁷ Rather than discipline the official, Ms. Georgieva extended his position as a World Bank country director.

At the IMF itself, Ms. Georgieva has presided over a period where the Fund has been missing in action when it comes to holding China accountable to international norms on debt transparency and exchange rate management. Since the opacity of China’s economic governance represents the most acute threat to the work of the Fund, Ms. Georgieva’s record of intervening in research on China’s behalf makes her unsuitable to safeguard the institution.

It defies belief that the IMF’s member countries, and even just the subset of its European board members, are incapable of proposing a more qualified candidate. We trust you will find that maintaining the status quo at the Fund is equally unacceptable.

² <https://www.bloomberg.com/news/articles/2021-10-06/biden-team-debates-fate-of-imf-chief-as-board-reviews-actions?sref=qvWfRb7l>

³ <https://www.ft.com/content/c3a41c24-9a53-4264-82ac-30ccf27a585e>

⁴ <https://home.treasury.gov/news/press-releases/jy0399>

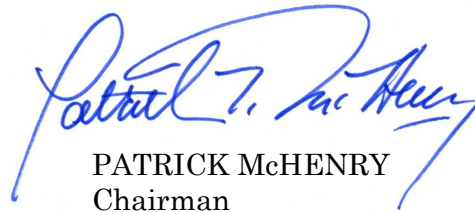
⁵ <https://www.bloomberg.com/news/articles/2021-09-27/yellen-gives-imf-chief-silent-treatment-after-scandal-breaks-out?sref=qvWfRb7l>

⁶ <https://www.bloomberg.com/news/articles/2021-10-08/georgieva-led-imf-bowed-to-brazil-by-softening-climate-warning?sref=qvWfRb7l>

⁷ <https://www.wsj.com/articles/former-world-bank-chief-didnt-act-on-warnings-of-sexual-harassment-11648476001>

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Sincerely,



PATRICK McHENRY
Chairman



FRENCH HILL
Vice Chairman



BLAINE LUETKEMEYER
Chairman
Subcommittee on National Security,
Illicit Finance, and International
Financial Institutions

cc: Representative Maxine Waters, Ranking Member