

October 1, 2007

Mr. Dominique Strauss-Kahn
Managing Director, International Monetary Fund
700 19th St. NW,
Washington, DC 20431

Dear Mr. Strauss-Kahn,

In the context of the significant global campaign to increase foreign aid to achieve the Millennium Development Goals (MDGs), and achieve universal access to HIV treatment, care and prevention, the undersigned civil society organizations were alarmed to find that the April 2007 report by the International Monetary Fund's Independent Evaluation Office (IEO), "The IMF and Aid to Sub-Saharan Africa," confirms the long standing claims that IMF policies undermine developing nations' ability to increase health and education spending. To date the IMF's response to this finding has not been satisfactory.

During the first 100 days of your leadership at the IMF, we call on you to take the following steps to enable impoverished nations to direct sufficient resources to meet pressing human needs.

1. The IEO report finds as much as 74% of additional foreign aid to 29 countries in sub-Saharan Africa between 1999-2005 has been diverted from its intended purposes and allocated to domestic debt payment and international currency reserves because of IMF policies regulating macroeconomic and monetary policies. Citizens in donor and recipient countries never meant for so much of the annual aid increases to go unspent. **The IMF must change these policies and must not stand in the way of increased spending on health, HIV/AIDS and education.**
2. The IEO report concluded that aid spending was curtailed due to IMF insistence on specific deficit-reduction and inflation-reduction targets which impact the size of the overall national budget. These IMF policies are unnecessarily restrictive and prevent increased public spending, particularly for health and education. **The IMF must not stand in the way of policy makers in borrowing countries exploring and adopting more expansive fiscal and monetary policy options.**
3. Budget and wage bill ceilings undermine impoverished countries' ability to provide adequate salaries for health and education workers, hire additional needed health workers and teachers and scale up and improve the quality of the health and education sectors. **The IMF must publicly state that it will cease and desist with its demands for wage bill ceilings.**
4. Impoverished countries that have benefited from initial debt cancellation are challenged to make use of the savings because restrictive IMF policies limit spending. Further, countries that continue to strive towards debt cancellation are compelled to implement these harmful policies in order to complete the Heavily Indebted Poor Country (HIPC) initiative. **The IMF must provide immediate debt cancellation for all impoverished nations without harmful and unnecessarily restrictive policy conditions attached.**

We note that IMF staff have responded to some of these concerns in two policy papers from June 2007 (available at <http://www.imf.org/external/np/pp/2007/eng/071907.htm>), and that the IMF Executive Board has responded to these papers. In these documents, the IMF commits to some changes, including increased fiscal and monetary flexibility with an overarching purpose of maintaining macroeconomic stability. However, this response is unsatisfactory; the IMF does not address either the parameters of alternative policies or how "stability" will be defined.

In the preparation, presentation, and democratic discussion of alternative pro-health, pro-education, and pro-development scenarios, the IMF must ensure that there is broad consultation and public debate among all stakeholders, including key legislative committees, civil society, health and education officials, and independent economists, in which the short and long term impacts of more expansionary fiscal and monetary options are weighed *before* official decisions are taken.

We look forward to your reply to this request, and to further discussion on these issues.

Sincerely,

Act Up-Paris, France
ActionAid International
Advocates for Youth, United States
Africa Action, United States
African Forum on Alternatives, Senegal
African Services Committee, United States
AGAGES MANAGEMENT CONSULTANTS/CAMEROUN
Agency for Cooperation and Research in Development (ACORD), Kenya
Aids Fonds the Netherlands
AIDS Project Los Angeles, United States
American Friends Service Committee, United States
American Jewish World Service, United States
American Medical Student Association, United States
Asia Pacific Network of People Living with HIV/AIDS (APN+), Thailand
Association Camerounaise pour L'enfance et la Femme en Détresse, Cameroon
Association des Conseillers en Economie Sociale et Familiale du Camerou, Cameroon
Bharatiya Krishak Samaj, India
Board of Church and Society-Philippines Central Conference, Philippines
Board of Church and Society-Southwest Philippines Annual Conference, Philippines
Bretton Woods Project, UK
Cellules Associatives des Femmes Actives Pour le Bien Etre;CAFAB, Cameroon
Cameroon Education For All Network, Cameroon
Campagna per la Riforma della Banca Mondiale, Italy
Caribbean Association for Feminist Research and Action/Trinidad and Tobago (CAFRA T&T)
Caucus Philippines, Philippines
Center of Concern, United States
Centre for Civil Society Economic Justice Project (University of KwaZulu-Natal, Durban), South Africa
Centre for Economic Governance and AIDS in Africa (CEGAA), South Africa
Centre for Human Rights and Rehabilitation (CHRR), Lilongwe, MALAWI
Christ Soldiers Foundation, Ghana
Church World Service, United States
CIVICUS: World Alliance for Citizen Participation
Coalition for Health Promotion and Social Development (HEPS-Uganda), Kampala, Uganda.
Coalition of HIV Infected and Affected Community Service Organization (CHIACSOK)
Columban Justice, Peace, and Integrity of Creation Office, United States
Community Working Group On Health (CWGH), Zimbabwe
Congregation of Our Lady of Charity of the Good Shepherd. German Province

Daughters of Mumbi Global Resource Center, Kenya
Department of Development Studies, SOAS, University of London, UK
Diakonia, Sweden
Essential Action, United States
European AIDS Treatment Group (EATG), Brussels, Belgium
European Network on Debt and Development
Foreign Policy In Focus, United States
Franciscan (OFM) General Office for Justice, Peace and the Integrity of Creation; Rome, Italy
Gender Action, United States
Ghana Trade and Livelihoods Coalition (GTLC)
Global Action for Children, United States
Global AIDS Alliance, United States
Globalization Watch Hiroshima, Japan
Good Shepherd Sisters, Ethiopia
Halifax Initiative Coalition, Canada
Health Alliance International
Health and Rights Education Programme (HREP), Malawi
Health GAP, United States
Health Society, Pakistan
Health Unlimited
Housing Works, Inc., United States
IBON Foundation, Inc. Philippines
Independent Social Scientists' Alliance of Turkey
Indonesian Christian Association for Health Service, (PELKESI)
Institute for Social Development and Policy Research (ISDPR)
Interagency Coalition on AIDS and Development (ICAD) Canada
International Network for Justice, Peace, and Integrity of Creation, School Sisters of Notre Dame, Rome, Italy
International Rights Advocates
Jubilee Debt Campaign, UK
Jubilee USA Network, United States
Kenya Treatment Access Movement-KETAM
Labour, Health and Human Rights Development Centre, Nigeria
Law & Society Trust, Colombo, Sri Lanka
Manila Episcopal Area Innovative Ministries Partnership Program-(Migrant and Indigenous People), Philippines
Maryknoll Office for Global Concerns, United States
McGill Global AIDS Coalition, Canada

Médecins Sans Frontières, Belgium
Medical Mission Sisters
Medical Mission Sisters, Alliance for Justice
Mission Effectiveness Office, School Sisters of Notre Dame, St. Louis, MO, United States
Missionaries of Africa (White Fathers), Rome (Italy)
Missionary Oblates of Mary Immaculate, Justice, Peace/Integrity of Creation Office, United States
National Association of People with AIDS, United States
National Organization of Physical and Sport Education Teachers (N.O.P.S.E.T), Cameroon
National Union of Students of the Philippines (NUSP)
NETWORK: A National Catholic Social Justice Lobby, United States
Networkers SouthNorth, Norway
New Rules for Global Finance Coalition, United States
Pan Africanist Congress of Azania, South Africa
Pan African Treatment Access Movement (PATAM)
Partners In Health, Boston MA, United States
Pax Christi International
People's Health Movement (PHM) Global Secretariat office in Cairo, Egypt
Physicians for Human Rights, United States
Polish Province of School Sisters of Notre Dame
Presbyterian Church, USA, Washington Office
Priority Africa Network, Oakland, CA, United States
Rencontre Africaine pour la Défense des Droits de l'Homme (RADDHO), Senegal
RESULTS Australia
RESULTS Canada
RESULTS, United States
School Sisters of Notre Dame North American Major Area Coordinating Center
Sisters of the German Province, Congregation of Our Lady of Charity of the Good Shepherd (Good Shepherd Sisters), Germany
Sisters of the Good Shepherd in Italy and Malta
Sisters of the Good Shepherd, Geneva, Switzerland
Sisters of the Holy Cross, Notre Dame, Indiana, United States
Sisters of the Presentation of Mary, Italy
Social Enterprise Development Foundation of West Africa (SEND)
Soeur du Bon Pasteur, Madagascar
Solidarity Africa Network, Kenya
Southern and Eastern African Trade, Information and Negotiations Institute (SEATINI)
STOP AIDS NOW!, The Netherlands
Stop AIDS Alliance Belgium

Student Global AIDS Campaign, United States

Sugar Workers Solidarity Network, Philippines

The Leadership Council, Sisters, Servants of the Immaculate Heart of Mary, Monroe, Michigan, United States

The Regional Network for Equity in Health in East and Southern Africa (EQUINET)

The Sexuality Information and Education Council of the United States (SIECUS)

The Sisters of Notre Dame of Chardon, Ohio, United States

TransAfrica Forum, United States

Uganda Fisheries and Fish Conservation Association (UFFCA)

Uganda Treatment Access Movement

United Methodist Church, General Board of Church and Society, United States

Victoria International Development Education Association (VIDEA)

VSO international

World Economy, Ecology & Development (WEED), Germany

Youth Action Volunteers, Tanzania