

September 13, 2005

Attention: Office of the Executive Director
Re: World Bank Conditionality Review and HIPC Conditions

We are writing to urge you to continue to critically assess the World Bank's policies on conditionality at the upcoming Annual Meetings of the International Monetary Fund (IMF) and World Bank, specifically at the Development Committee meeting. This is especially important in light of the commitments to debt cancellation and increased aid announced at the July G-8 summit. Such commitments will not genuinely benefit impoverished countries without a re-evaluation of the economic policy conditions that are attached to debt cancellation and aid programs.

While we are encouraged that the World Bank has undertaken a review of its conditions-based lending, Bank officials must be more critical in scrutinizing the policy conditions attached to its debt relief and aid programs. The recent 2005 World Bank Conditionality Review must be taken seriously and strengthened, with more attention paid to specific harmful economic conditions such as mandated trade liberalization that exposes small-holder farmers to unfair competition, including subsidized imports from rich countries, and the privatization of essential services, such as water and electricity. We look forward to a report back on progress towards implementing findings from the Conditionality Review by the 2006 Annual Meetings.

The economic conditions mandated by the current debt relief and aid programs have not been shown to increase per capita income growth or reduce poverty in impoverished countries. Other examples of these economic conditions include harmful budgetary spending restrictions that undermine essential government services and the elimination of necessary assistance for small-scale agriculture and domestic manufacturing. We thus call for the World Bank to stop attaching economic policy conditions to aid and debt relief. The right of developing countries to determine their own economic policies must be respected.

Any non-economic policy conditions should be used only to ensure that monies released through debt cancellation or aid are used for health care, education, or other social needs. A broad range of the public in the recipient country including parliamentarians and civil society must participate in the development, review, and implementation of any such conditions.

We therefore call on you to exercise your leadership to ensure that at this year's Annual Meeting of the IMF and World Bank, substantive evaluation of World Bank conditionality takes place, especially in the context of the World Bank Conditionality Review. We hope to work with you in the months ahead to ensure that debt cancellation and aid programs are de-linked from harmful economic conditions.

Sincerely,

American Friends Service Committee (Philadelphia, PA)
American Jewish World Service (Washington, DC)
Church of the Brethren Witness (Washington, DC)
Church World Service (Washington, DC)
Columban Justice, Peace and Integrity of Creation Office (Washington, DC)
Holy Cross International Justice Office (Notre Dame, IN)
Jubilee Missoula Network (Missoula, MN)
Jubilee USA Network
Jubilee Virginia (Arlington, VA)
Kentucky Interfaith Taskforce on Latin America and the Caribbean,
(Louisville, KY)
Leadership Conference of Women Religious (Silver Spring, MD)
Lutheran World Relief (Washington, DC)
Maryknoll Office for Global Concerns (Washington, DC)
Medical Mission Sisters, Alliance for Justice (Washington, DC)

Mennonite Central Committee, US (Washington, DC)
Missionary Oblates, Justice/Peace & Integrity of Creation (Washington, DC)
NETWORK; A national Catholic social justice lobby (Washington, DC)
Nicaragua Network (Washington, DC)
Presbyterian Church, USA (Washington, DC)
Robert F. Kennedy Memorial Center for Human Rights (Washington, DC)
Sisters of the Holy Cross, Congregation Committee (Notre Dame, IN)
United Church of Christ Network for Environmental & Economic Responsibility
(Garret Park, MD)
United Methodist Church, General Board of Church and Society (Washington, DC)