



INTERNATIONAL MONETARY FUND
WASHINGTON, D. C. 20431

DOMINIQUE STRAUSS-KAHN
MANAGING DIRECTOR

CABLE ADDRESS
INTERFUND

April 27, 2009

Ms. Sue Perez
Policy Director
Treatment Action Group
611 Broadway, Suite 308
New York, N.Y.

Dear Ms. Perez:

I would like to thank you for forwarding the letter signed by civil society organizations containing recommendations related to the increased financial resources that the recent G20 summit determined should be made available to the IMF. Like you, we are extremely concerned that the worst global financial crisis since World War II is threatening to cast millions of people back into poverty.

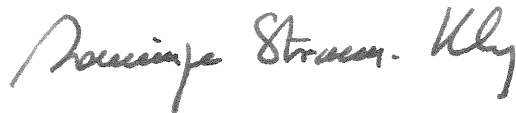
The IMF has been forthright in warning about the impact of the crisis on the developing world and in calling for increased resources so that countries can respond to the crisis themselves—especially to protect vulnerable groups and priority sectors such as health and education. I would like to point to the following actions that we have taken recently:

- ◆ The IMF has sharply increased its concessional financing to low-income countries over the past year, including to assist in dealing with the sharp increase of food and fuel prices. Many countries have received augmented financial assistance.
- ◆ We have clearly and publicly stated our objective to triple concessional financing over the next two years and are working closely with donors to mobilize additional support. We are also reforming our lending framework and external debt policies for low-income countries.
- ◆ The IMF Executive Board has just approved a doubling of access limits for low-income countries under both the Poverty Reduction and Growth Facility (PRGF) and the Exogenous Shocks Facility, which will make even more money available to individual countries.
- ◆ We are coupling this financial assistance with programs that, in a majority of low-income countries, include higher levels of government spending, larger budget deficits, and higher inflation targets. The key here, of course, is to meet the specific needs of each country.

- Conditionality in IMF-supported programs also has been significantly streamlined to focus on core objectives. This applies particularly to structural reforms.
- I would like to make it clear that we do not put conditions in programs that limit health and education spending. On the contrary, about one-third of Fund-supported programs in low-income countries have targets to preserve or increase social spending. In addition, subsidies and other safety net programs aimed at the poorest members of society are supported by the IMF in many countries.
- At the end of 2008, none of the 31 low-income programs supported by the IMF contained a wage bill ceiling as a performance criterion, and only 4 had indicative targets on the wage bill.

Again, I believe that we share the same commitment to help the poorest countries deal with the impact of the financial crisis, including through increased concessional resources. The IMF already has taken a number of significant steps in this direction, and we plan to do even more. We appreciate hearing the views of you and your colleagues in civil society—and we look forward to our continued engagement with you.

Sincerely yours,

A handwritten signature in black ink, reading "Rosalyn Stroman-Kly". The signature is written in a cursive, flowing style.