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June 16, 2008

The Honorable Barney Frank
Chairman
House Committee on Financial Services
U.S. House of Representatives
2252 Rayburn Building
Washington, DC 20515-2104

Dear Mr. Chairman:

We are writing to express our strong support for the Congressional approval of the 15th replenishment of the International Development Association (IDA), the soft loan window of the World Bank. As the nation that first urged IDA's creation, the United States has maintained strong support for the institution and continuous leadership at the World Bank irrespective of whether Democrats or Republican controlled Congress and the White House. This is true in part because IDA is America's most important instrument for assisting the world's poorest countries.

Some question why we need to help low income countries. Senator Barack Obama recently pointed to one key reason: "...the danger of weak and failed states risks spreading poverty and refugees; genocide and disease." Senator John McCain also issued a call to action, "Wherever there is a hungry child, a great cause exists. Where there is an illiterate adult, a great cause exists. Wherever there are people who are denied the basic rights of Man, a great cause exists. Wherever there is suffering, a great cause exists."

Some ask why work through cumbersome multilateral institutions that the United States does not entirely control. First, they enable us to leverage our contribution and our impact. Each dollar contributed by the United States is matched by over \$15 from other sources. IDA also permits us to extend our reach beyond what we can do with bilateral assistance. IDA serves 80 of the world's poorest countries half of which are in Africa. Of the 2.5 billion people who benefit, more than half (1.5 billion) live on less than \$2 per day. Beyond this, IDA has proven unusually effective in assisting war ravaged countries and other fragile states where we have a huge stake in seeing a return to stability and growth.

IDA is working and has a proven track record. Real GDP per capita grew nearly 5% from 2002-2005. Life expectancy in IDA countries has increased by 15 years over the last forty years. In the last decade there have been marked improvements in governance and efforts to fight corruption are beginning to bear fruit. Elsewhere counter productive barriers to creating

businesses have been removed, opening the way for the developing private sector to stimulate future growth.

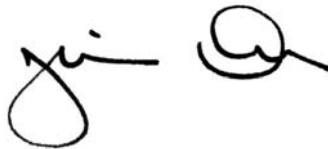
IDA is also a mechanism through which congressionally mandated debt relief takes place. About a third of IDA's total resources go toward carefully tailored debt relief packages that enable the poorest countries to begin investing again in programs to increase growth and fight poverty.

Over the years, IDA has benefited from American leadership and been highly responsive to U.S. policy objectives. The current IDA replenishment reflects some key priorities of Congress and Bank President Robert Zoellick, including working on global public goods like combating HIV/AIDS and climate change and laying the groundwork for trade liberalization. In countries of particular importance to the United States like Afghanistan and Liberia, IDA has been a big investor, helping restore essential services, building infrastructure and improving governance.

Of course much remains to be done. Eleven million Afghans remain illiterate, and half the country's school aged children do not attend schools (and these are disproportionately girls). In rural Africa, only 8% of households have electricity. Education remains a challenge and diseases like malaria and HIV/AIDS take a huge toll. In Pakistan the lack of access to basic services in remote areas has contributed to persistent poverty and has helped to create a breeding ground for hostile ideologies. Closer to home, people in Haiti, Guatemala, Nicaragua and other countries in America's backyard still struggle just to survive.

We are mindful of the Committee's tradition of strong support the multilateral development institutions and urge Congress to authorize the full 3-year renewal of IDA.

Sincerely,

A handwritten signature in black ink, appearing to read 'James C. Orr', with a large, stylized initial 'J' and a circular flourish at the end.

James C. Orr

On behalf of

The Members of the Bretton Woods Committee