

Cancel Haiti's Debt, Now!

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IN APRIL THE WORLD BANK ANNOUNCED that Haiti – the poorest country in the Americas – would be added to the International Monetary Fund (IMF) and World Bank's Heavily Indebted Poor Country (HIPC) Initiative debt relief program. Haiti's qualification for debt relief is long overdue, as the country clearly requires debt cancellation to fight poverty and because it resulted from years of international pressure by many individuals and organizations, including Jubilee South and Haitian group PAPDA, among others. But the problem is under the current arrangement, and even after qualifying, Haiti faces delays of three or more years before it will benefit from 100% debt cancellation. This is unacceptable – Haiti needs debt cancellation immediately.

Currently, Haiti's debt is estimated at \$1.4 billion U.S. dollars and rising. Scheduled debt service for 2005 was \$56.3 million dollars. To put this figure in perspective, in 1999 Haiti spent \$4 per person on health and \$5 per person on education, while spending \$5 per person to service its debt, draining resources away from important social needs. This is extremely serious given the level of poverty and suffering in Haiti: Life expectancy is 53 years, 23% of children under 5 are chronically malnourished, 6% of the adult population is infected with HIV, and there are only 2 doctors for every 10,000 people. It is clearly important that world leaders have begun to acknowledge the importance of canceling Haiti's debt to fight poverty. But it is also clear that Haiti's inclusion in this deal is not enough.

Even now that Haiti has qualified for HIPC, it will have to undertake several more years of controversial neo-liberal economic reforms that will hurt the poor to qualify for the limited cancellation promised by it. These economic policy strings will continue to drain Haiti's productive capabilities and reduce its already minimal social safety net, and they will cause deadly delays to debt cancellation at the same time. Such measures often include restricting health and education budgets; unreasonable in Haiti where severe shortages in the health and education systems exist. Haiti has already undergone years of similar harmful reforms, such as privatization of the sugar and cement industries and trade liberalization, which decimated domestic rice production. Haiti should not have to implement any more harmful economic reforms and see even further deadly delays to debt cancellation.

Moreover, Haiti's debt to the Inter-American Development Bank (IDB) debt must be addressed. Negotiations are currently underway at the IDB to potentially cancel this debt, but subject to the economic conditions mandated by the IMF and World Bank. The IDB is Haiti's largest creditor and holds almost 40% of Haiti's debt.

Finally, it is important to recognize the illegitimate origins of much of Haiti's debt, which raises clear questions of justice. In particular, an estimated 45% of Haiti's \$1.4 billion debt was accrued by the notorious regime of former Haitian dictators François and Jean-Claude Duvalier. Exploiting Cold War tensions, the Duvaliers successfully secured \$900 million in international loans during their 29- year tenure even though lenders knew that these funds were used to enrich the Duvalier family and to feed their brutal military regime. Rather than seizing their assets after the Duvaliers fell from grace, the international community has forced the Haitian people to take responsibility for these odious Duvalier debts, debts which were used to oppress them and enrich their brutal dictator.

Given the crisis of poverty in Haiti today and the "odious" origins of the debt, the people of Haiti can no longer afford to service these debts. We must heed the call of Haitian civil society groups and work towards cancellation of Haiti's debt, especially at the IMF, World Bank, and Inter-American Development Bank, immediately and without harmful economic conditions attached. As a Haitian activist explained: "To annul Haiti's debt, that is already the biggest aid you can give Haiti... This puts power in our hands for us to begin anew." As the IDB finalizes its debt cancellation proposal ahead of a September meeting, we will continue to work to pressure policymakers to cancel Haiti's debt, now, without further delay.

For more information on Haiti's debt, please see the website of Haiti debt group PAPDA at www.papda.org, or contact Camille Chalmers at info@papda.org. For information on current efforts in the US Congress for Haiti's debt cancellation and a longer report on Haiti's debt by Mark Schuller, see www.jubileeusa.org or call 202-783-0215.