Jubilee
USA NETWORK

Briefing Paper

First Step on A Long Journey: Putting the G-8 Deal on Debt into Perspective

June 2005

Jubilee USA Network is the US arm of the international movement working for impoverished country debt cancellation and right relationships between nations. Jubilee USA is a network of more 70 religious denominations, diverse faith communities, environmental organizations, community groups, research institutes, and solidarity organizations. Jubilee USA engages in public education and mobilization, research and policy analysis, and advocacy.

"First Step on a Long Journey" was written by Debayani Kar and Neil Watkins of Jubilee USA Network. Thanks to Soren Ambrose, David Bryden, Jakeya Caruthers, Ann-Louise Colgan, Cheryl Duckworth, Kennji Kizuka, Morrigan Phillips, Rick Rowden, Adam Taylor, and Rob Weissman for contributions and input.

For more information, contact:
Jubilee USA Network
222 E. Capitol St., NE
Washington, DC 20003

Phone: (202) 783-3566
Fax: (202) 546-4468
E-mail: coord@jubileeusa.org
Web: www.jubileeusa.org

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Executive Summary

With considerable fanfare, the Group of 8 (G-8) Finance Ministers announced a plan for multilateral debt cancellation on June 11. The deal promises 100% cancellation of debts held by some multilateral creditors – the IMF, World Bank, and African Development Fund – for 18 of the most impoverished countries that have completed a program of controversial economic reforms mandated by the institutions. Up to 20 other countries are now in the process of completing steps in the HIPC Initiative, and would, according to the G-8 statement, be accorded the same cancellation when they do.

The deal has elicited a wide range of responses: while some have reacted with unqualified praise, others, especially Southern-based movements and organizations have rejected the agreement as insufficient. Jubilee USA Network believes that the agreement represents a first step – which we will work to build upon in the years ahead – which will allow countries to retain their own resources for development and which sets a potentially very important precedent. But there are also serious limitations and shortcomings of the initiative. This briefing paper is an effort to provide perspective on the agreement which will inform policymakers, the media, and grassroots supporters.

What Was Achieved

The G-8 deal on debt announced on June 11 is a significant first step. It is a testament to the efforts of people of faith and conscience across the US and globally as well as their allies in governments, for it is clear that the G-8 would not have taken up this issue without pressure and public attention. In the case of the 18 chosen countries, a central demand of Jubilee USA's campaigns of recent years – 100% cancellation of debts to the IMF, World Bank, and African Development Fund – has been achieved.

- The agreement means that beneficiary nations will be relieved of more than $1 billion in annual debt service payments and these resources may be spent on health care, education, clean water, and HIV/AIDS prevention and treatment. Already, the Zambian government has indicated that funds released from debt cancellation will be used to provide life-saving AIDS drugs to 100,000 Zambians living with HIV/AIDS;
- The deal represents the first time the G-8 has approved 100% debt stock cancellation of multilateral debts, including those held by the IMF, an important precedent that campaigners can use in future advocacy.

Limits and Shortcomings of the Agreement

The deal suffers from several flaws. The agreement remains rooted in the failed, condition-laden HIPC Initiative, suggesting no end to the requirement that countries implement harmful economic policy conditions in order to qualify for debt cancellation. Beneficiaries are limited to countries that are currently part of this Initiative (18 countries with the potential to rise to an additional 9-20 HIPCs). The agreement does not cancel debt to other significant creditors such as the Inter-American Development Bank. Jubilee USA will work to build on the G-8 agreement to include more countries and creditors in the months and years ahead This report finds that some limits of the agreement include:

- The deal immediately applies to only 18 countries, less than a third of countries that need full cancellation to meet the Millennium Development Goals, and well short of the countries which require cancellation of odious/illegitimate debts;

- It has taken 18 nations 9 years to qualify for debt cancellation; at current rates of progress it could take a decade for the 20 potentially eligible HIPC nations to benefit from 100% cancellation and this must be avoided;
- The amount of debt stock to be cancelled by the agreement – $56 billion – represents only 10% of the amount of debt stock cancellation required for nations to meet the MDGs, goals which themselves are only a first step towards poverty eradication;
- Because the Inter-American Development Bank (IDB) has been excluded from the deal, 4 of the 18 nations – Bolivia, Guyana, Honduras, and Nicaragua – are scheduled to pay $1.4 billion in debt service over the next five years to the IDB.
- The significant burden of odious/illegitimate debt held by nations across the South remains completely unaddressed in this agreement.

The Challenge Ahead: Expand the List; Cut the Conditions

For civil society in the 18 countries, the task now will be to monitor the cancellation to ensure it happens, that no new economic conditions are introduced in the process, and then to hold their governments accountable for how they make use of the savings – to ensure that proceeds benefit the people who need it most. For Jubilee USA Network, the challenge now is to build on the precedents set by the June 11 agreement to win debt cancellation for countries excluded from this deal, as well as work to eliminate harmful economic conditions.

In the short-term, we call on the G-8 to:

(1) Avoid delays in providing cancellation to those countries who qualify for the cancellation;
(2) Expand the list of countries to include all impoverished nations and countries in crisis – at least 62 nations require full cancellation to meet the MDGs and 50 nations are in the JUBILEE Act, for instance;
(3) Cut all economic conditions countries must meet to qualify, as these policies have failed to increase growth and reduce poverty; and
(4) Include all creditors – begin by canceling 100% of debt of impoverished nations to the Inter-American Development Bank and Asian Development Bank.

In the medium to long-term, Jubilee USA Network will redouble its efforts to work with global South partners to highlight and advocate for the cancellation of odious and illegitimate debts and debts to other creditors. It is also clear that cancellation of debt is only one of many necessary steps to eradicate poverty and reverse economic injustice. Jubilee USA Network will also work with partner organizations and campaigns towards our broad Jubilee vision which includes both freedom from debt as well as the establishment of right economic relations between nations. It is clear that the G-8 agreement is an important first step on a long journey towards freedom from debt.

I. The G-8 Deal on Debt

G-8 Finance Ministers announced their first major agreement on debt cancellation for impoverished countries since 1999 at the conclusion of their meetings on June 11 in London.

Key elements of the G-8 deal[1] include:

- 100% cancellation of World Bank, International Monetary Fund (IMF), and African Development Fund debt for 18 countries[2] (14 in Africa) within the Heavily Indebted Poor Countries (HIPC) Initiative;
- 20 additional countries[3] that are currently part of the HIPC Initiative would be eligible for debt cancellation after having reached "completion point" in the Initiative. Doing so requires them to undertake economic policy reforms that Jubilee USA and others have been highly critical of;
- A shift to grants for HIPC nations to break the current "lend and forgive" cycle; and
- The agreement would be financed through new donor resources to the World Bank's International Development Association (IDA) arm and the African Development Fund (AfDF), though payments will be disbursed among all IDA countries rather than just HIPCs. The IMF cancellation will be financed through use of existing IMF resources, including the "corpus" of IMF gold which was revalued in 1999.

For the 18 completion point countries, the agreement will result in $40 billion in debt stock cancellation over the life of the loans. It will result in just over $1 billion per year in cancelled debt service payments which can be used for poverty eradication. If all 38 countries eventually qualify, the initiative will provide up to $56 billion in debt stock cancellation and an average of $1.5 billion in cancelled debt service payments per year.

II. What Was Achieved

The deal announced by the G-8 represents a significant first step towards the broad Jubilee vision of freedom from debt for impoverished nations.

First, the deal means that resources will be freed up for investment for social needs, including education, health care, HIV/AIDS prevention and treatment, and clean water. The agreement for 18 countries would free up more than $11 billion from 2005-2015 for investments in social services needed for nations to meet the Millennium Development Goals. Given the U.N.'s estimates that more

[1] "G8 Finance Ministers' Conclusions on Development," Communiqué of the G-8 Finance Ministers, June 10-11, 2005, London. http://www.g8.utoronto.ca/finance/fm050611_dev.htm.

[2] The 18 countries that have reached completion point and are thus eligible for cancellation following formal approval by the IMF/World Bank boards include: Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Senegal, Tanzania, Uganda and Zambia.

[3] The additional 20 countries that may qualify only if they reach completion point include 9 that have reached decision point in the HIPC Initiative (Cameroon, Chad, Democratic Republic of Congo, The Gambia, Guinea, Guinea-Bissau, Malawi, Sao-Tome & Principe and Sierra Leone) and an additional 11 that have not yet reached decision point (Burundi, Central African Republic, Comoros, Republic of Congo, Cote d'Ivoire, Lao PDR, Liberia, Myanmar, Somalia, Sudan and Togo.)

than $50 billion is needed in additional resources through debt cancellation and aid,[4] however, it is clear that this deal is far from sufficient.

Debt relief provided under the HIPC Initiative to date has had important social outcomes. The U.K.'s Commission for Africa[5] report finds that for example:

- In Benin, 54% of the money saved through debt relief has been spent on health including rural primary health care and HIV programs;
- In Tanzania, debt relief enabled the government to abolish primary school fees, leading to a 66% increase in attendance;
- After Mozambique was granted debt relief, it was able to offer all children free immunization; and
- In Uganda, debt relief led to 2.2 million people gaining access to clean water.

Countries that received limited debt relief under existing programs have doubled poverty-reducing expenditures from 1999-2004, and saw no net increase in military spending.[6] Given the promising record to date we are optimistic that funds released will be used for desperately needed social services.

Since the G-8 deal was announced, Zambia's cabinet has already announced its plans to use proceeds from debt relief to provide anti-retroviral drugs to 100,000 Zambians living with HIV/AIDS.[7]

However, we must remain vigilant that proceeds from debt cancellation benefit those who need it most. Jubilee campaigns and civil society organizations in affected countries are already working to ensure funds released from cancellation will go to social needs.

> *Some of the money saved from debt relief will be used to provide free AIDS drugs. We want to raise the number of people receiving free drugs to 100,000 by the end of the year.*
> -- Ng'andu Magande, Zambian Finance Minister, June 20, 2005

Important Precedents Set

Several important precedents were set by the G-8 agreement. First, the principle of 100% multilateral debt cancellation was established. Up until this point, the HIPC Initiative allowed only partial relief – on average 33% reductions in debt service payments for eligible nations.

Second, the debt stock cancellation approach won out over a more limited approach put forward by the U.K. government for debt service relief. The U.K. proposal would have meant 100% debt service relief rather than full stock cancellation, and only for the next 10 years. The U.K. government would have paid debt service on behalf of the impoverished nations, and then revisited the situation in 2015. But the debt stock cancellation approach favored by the U.S. government carried the day.

Another important step was inclusion of debt of the qualifying countries to the IMF, which had been in danger of not being included. In April, the U.S. government had taken IMF debt cancellation off the table at the G-8 negotiations due to their opposition to utilizing IMF gold sales to finance that

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[4] UN Millennium Project, "Investing in Development: A Practical Plan to Achieve the Millennium Development Goals," Chapter 17, January 2005.
[5] Commission for Africa, *In Our Common Interest*, March 11, 2005.
[6] HIPC Status of Implementation Report, August 2004, IDA / IMF.
[7] Shapi Shacinda, "Zambia to put debt relief into AIDS fight," Reuters, June 20, 2005.

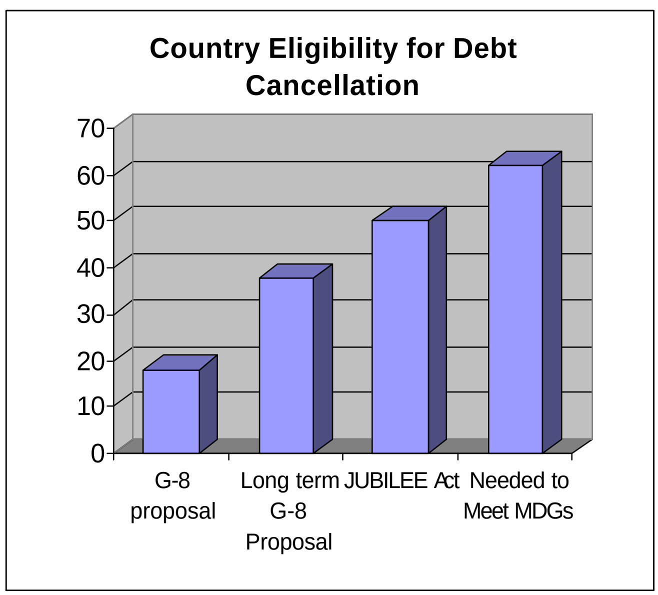
cancellation. Campaigners mobilized to insist that any deal include IMF debt and won the day on that demand.

Moreover, over the past several years there has been a shift in the World Bank's International Development Association (IDA) approach – promoted by the US Treasury -- such that future assistance from IDA to many poor nations will now be provided in the form of grants rather than loans, so that future debt crises – at least to the World Bank – will be avoided.

One reason Jubilee has long insisted on the necessity of 100% rather than partial relief is because 100% cancellation provides more policy space to impoverished nations to determine their own development path. Without obligations on accumulated debt to the IMF, World Bank, and African Development Bank, countries that receive 100% cancellation will, at least in principle, have greater freedom to chart their own development path outside of the mandates of the international financial institutions. But this policy space may be threatened by disturbing recent announcements about a policy monitoring arrangement at the IMF that would have poor countries receive IMF "advice" without a loan program. In statements by G-8 Finance Ministers in October 2004 and April 2005, this new IMF program was linked to the negotiations on debt cancellation by U.S. Treasury Secretary John Snow and Canadian Finance Minister Ralph Goodale, with the apparent implication that countries could be pressured to submit themselves to IMF dictates even after they have little or no outstanding multilateral debt.

III. Putting the Debt Deal in Perspective: Limits and Shortcomings

A. Country Eligibility



Under the plan endorsed by the G-8, 18 countries will be eligible for 100% cancellation by the end of the year. The plan allows the list to eventually expand to include 38 countries.[8]

However:

- The JUBILEE Act, a bill with bi-partisan support in the U.S. Congress calls for full debt cancellation for 50 nations.[9]
- Christian Aid, ActionAid, and Jubilee Debt Campaign in the U.K. have calculated that 62 nations require 100% debt cancellation as a

[8] Eligible countries are determined by the IMF/World Bank's Heavily Indebted Poor Countries (HIPC) Initiative that classifies countries as "heavily indebted" in a somewhat arbitrary manner.

[9] HR 1130, the ''Justice and Understanding By International Loan Elimination and Equity Act of 2005'' or the ''JUBILEE Act of 2005'' was introduced into the House of Representatives in March 2005 and as of June 2005 has 74 co-sponsors. Initial co-sponsors of the bill include Maxine Waters (D-CA), James Leach (R-IA), Barney Frank (D-MA), Spencer Bachus (R-AL), Barbara Lee (D-CA), and Carolyn Maloney (D-NY).

first step towards meeting the Millennium Development Goals (MDGs).[10]

- Many other countries have odious or illegitimate debts that are not addressed in any way by the G-8 agreement.

Nations that won't be eligible for debt cancellation under the G-8 plan:

- Heavily indebted and impoverished nations such as Kenya and Nigeria in Africa;
- Nations devastated by the December 2004 Tsunami such as Sri Lanka and Indonesia; and
- The most impoverished nation in the Americas, Haiti; and
- Middle income, heavily indebted nations with a high level of human need and/or clearly odious debts such as the Philippines, South Africa, and Argentina.

> *Those faithful in servicing their debt like Kenya are being ignored while HIPC (Highly Indebted Poor Countries)…are getting more attention. This is not good for Africa.*
> - Kenyan Planning and National Development Minister Peter Anyang Nyong'o, June 11, 2005

B. Harmful Conditions Will Remain in Place

One of the most significant concerns that Jubilee USA Network has about the G-8 proposal for debt cancellation is that the proposal would maintain the eligibility framework in the Heavily Indebted Poor Country (HIPC) Initiative. Under this framework, in order for countries to receive debt cancellation, they must first reach "decision point" and then "completion point" in the Initiative. In order to progress to these points, nations must draft and have the IMF/World Bank approve Poverty Reduction Strategy papers (PRSPs) and be in compliance with conditions on other World Bank and IMF loan agreements, including those with the Poverty Reduction and Growth Facility (PRGF) of the IMF. PRSPs and PRGF loans contain hundreds of policy conditions that nations must, under HIPC's terms, enact in order to qualify for debt cancellation.

Conditions contained in PRSPs and PRGFs include requirements to:

- Meet targets for low budget deficits, which in turn force nations to cut spending on social needs such as education, health and clean water;
- Privatize public services or industries including power, electricity, telephone, water, and even health;
- Maintain a very low rate of inflation, a goal which has led the IMF to question whether impoverished countries can "afford" to accept grants to combat HIV/AIDS because of the risk of increasing inflation;
- Remove barriers to foreign investment;
- Shrink the public sector and make it harder for

> *The…$55 billion in multilateral debt cancellation will definitely not be enough to compensate for the devastating effects of these policies, which include privatization of services and utilities, indiscriminate trade and market liberalization, the further opening up of economies to foreign investment, and export-oriented policies at the expense of domestic needs. The impact of these policies includes the undermining of sovereignty and democracy, the intensification of repression and militarization, and war.* – Statement of Jubilee South, June 14, 2005

[10] Jubilee Debt Campaign, ActionAid, and Christian Aid, "In the Balance: Why Debts Must be Cancelled Now to Meet the Millennium Development Goals," May 2005.

unions to organize;

- Export commodities to generate hard currency, which puts pressure on natural resources;
- Indiscriminately liberalize trade and investment; and
- Remove subsidies for basic needs, to name just a few.

Jubilee USA Network opposes the linking of debt cancellation to countries' implementation of economic policies including those listed above. These policies have not been proven to increase per capita income growth[11] and have had devastating impacts on livelihoods, increased poverty, and fostered environmental degradation.[12]

Since the HIPC Initiative was launched 9 years ago in 1996, on average, 2 nations per year have reached completion point and qualified for debt relief (and now debt stock cancellation). The 18 nations that have reached completion will receive cancellation, with luck, by the end of 2005. But **if the delays that have characterized the HIPC Initiative so far are any indication, it would take 10 more years for the remaining 20 nations in the program to reach completion point, and thus be eligible for 100% debt stock cancellation. This must be avoided.**

The 20 countries that are currently part of the HIPC Initiative, but have not yet reached completion point, have been held up because of their failure to meet economic conditions. Some examples include:

- Guinea – Reached "decision point" in 2000 and has not reached completion point due to the IMF's insistence that "the government … pursue its reform efforts to eventually regain access to the HIPC Initiative relief it qualified for at the decision point in 2000."[13]
- Malawi – Reached "decision point" in 2000; in an end-2004 consultation, the IMF acknowledged the country's recent bout with famine while expressing concern about the country not meeting public sector budget targets and calling its performance "disappointing."[14]
- Cameroon – Reached "decision point" in 2000; a March 2005 IMF report cites lack of implementation of economic policies contained in the country's PRGF loan program as a reason for Cameroon not yet reaching "completion point"; privatization of Cameroon's urban water service is a policy condition, among others.[15]
- The Gambia – Reached "decision point" in 2000; its being "off track" with a PRGF loan program is cited by the IMF as the obstacle to reaching "completion point"; the country has already further liberalized trade under the PRGF program, though this has not resulted in benefits to The Gambia's economy either through growth or poverty reduction.[16]

If the G-8 claim that their plan will cancel $56 billion in debt, they must provide such cancellation immediately. Jubilee USA Network finds delays in providing debt cancellation due to countries' failure to meet economic conditions imposed by the IMF/World Bank to be unacceptable.

C. How Much Debt Will Really Be Cancelled?

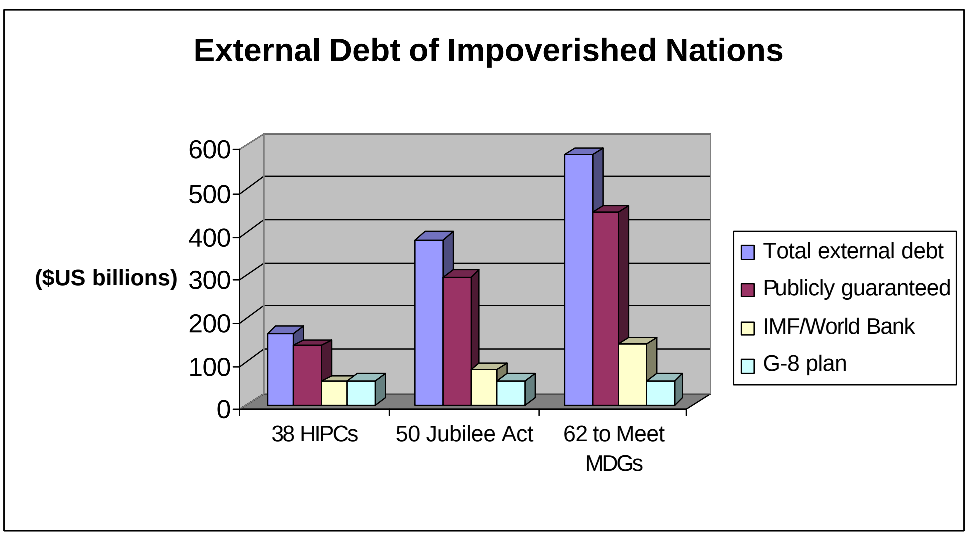
[11] See Center for Economic and Policy Research, "The Scorecard on Globalization 1980-2000: Twenty Years of Diminished Progress," http://cepr.net/globalization/Scorecard.pdf, July 2001.
[12] See Report of the Structural Adjustment Participatory Review Initiative Network, www.saprin.org.
[13] See IMF's Public Information Notice, http://www.imf.org/external/np/sec/pn/2004/pn04115.htm, October 2004.
[14] See IMF's Public Information Notice, http://www.imf.org/external/np/sec/pn/2004/pn04132.htm, November 2004.
[15] See IMF's Cameroon Staff Report, http://www.imf.org/external/pubs/ft/scr/2005/cr05164.pdf, March 2005.
[16] See IMF's The Gambia Staff Report, http://www.imf.org/external/pubs/ft/scr/2004/cr04143.pdf, May 2004.

Assuming all 38 nations in the G-8's plan eventually qualify, the plan outlined by the G-8 would at most cancel $56 billion in debt stock owed to the IMF, World Bank, and African Development Fund. Some numbers to help put this figure in context:

Existing Debt

- For these 38 nations, the total external debt stock is currently $167 billion, of which $137 billion is debt to official creditors. Much of this remaining publicly held debt (or debt to official creditors as opposed to the private sector) is to other regional development banks (such as the Inter-American Development Bank) and to bilateral creditors.
- The 50 nations identified as in need of 100% multilateral debt cancellation by the JUBILEE Act have a total external debt of $383 billion, of which $295 billion is to official creditors (including other multilateral development banks and bilateral creditors), and $82 billion is debt to the IMF/World Bank alone.
- The 62 low-income countries which U.K. charities have identified as needing debt cancellation as a first step towards meeting the MDGs have a total external debt of more than $500 billion, of which $446 billion is to official creditors, and $140 is to the IMF/World Bank alone.[17]
- The total external debt of sub-Saharan Africa is $208 billion.[18]
- Total debt for all developing countries stands at $2.4 trillion.[19]

The $56 billion on offer from the G-8 represents just over 10% of the external debt of nations that require debt cancellation to meet the MDGs.



D. Debt Service Payments Still More than Social Spending

[17] Sources for all figures in this section from IMF, World Bank, and InterAmerican Development Bank.
[18] UNCTAD, "Debt Sustainability: Oasis or Mirage?" United Nations, September 2004. (Figure is average from 2000-2002).
[19] OECD DAC figures.

Too many impoverished nations in Africa, Asia, and Latin America left out of the G-8 deal on debt will continue to pay more in debt service than they spend on critical social needs. For instance:

- Haiti, devastated by hurricanes and flooding in 2004 and the most impoverished nation in the Western Hemisphere with a debt of more than $1.4 billion pays upwards of $70 million in debt service each year.
- Kenya, with a total debt of over $7 billion to the World Bank and rich nations, pays hundreds of millions each year in debt service – money that could go to health or education.[20]
- Sri Lanka, severely impacted by the Tsunami, has a debt of more than $8 billion, and an annual debt service bill of $493 million. Though payments have been deferred on some debts by the Paris Club after the Tsunami, Sri Lanka must continue to service its multilateral debt.[21]
- Indonesia, also hit hard by the Tsunami, has debt of more than $132 billion (much contracted under the dictator Suharto), of which $28.4 billion is to multilateral creditors. Debt service payments to the World Bank amounted to $1.9 billion last year.[22]
- Nigeria, with a debt of $34 billion, spends $1.7 billion a year on debt service payments. Last year, this amount devoted to debt service payments was five times what Nigeria spent on education and 13 times that spent on health.[23]

E. Other Significant Creditors Are Not Part of the Deal

Debt to other regional development banks is not included in the G-8 deal. This includes debt to the InterAmerican Development Bank and the Asian Development Bank.

The four Latin American nations included among the 18 beneficiaries – Bolivia, Guyana. Honduras, and Nicaragua – will still pay a total of almost $1.4 billion in debt service over the next five years to the Inter-American Development Bank (IDB).The President of Guyana urged the cancellation of his country's IDB debt in their response to the G-8 agreement.[24]

Lao PDR is the only Asian country in the HIPC Initiative, although the World Bank classifies Bhutan, Indonesia, and Lao PDR all as being "severely indebted" countries in its Global Development Finance report, and Vietnam was at one time a HIPC. Between 1998-2002 (latest data publicly available), Indonesia paid $85 billion to the Asian Development Bank (ADB) in debt service.[25] Other countries that are paying substantial debt service to the ADB include the Philippines and Sri Lanka.

F. Odious and Illegitimate Nature of Debt Ignored

[20] AFRODAD, http://www.afrodad.org/debt/kenya.htm, 2003.
[21] See World Bank, www.worldbank.org.
[22] ibid.
[23] New Start Nigeria, "Why Campaign for Debt Cancellation for Nigeria?" www.newstartnigeria.org, March 2005.
[24] Stabroek News, "Guyana eyes IDB debt write-off - World Bank, IMF relief totals US$336M," Tuesday, June 14, 2005.
[25] Asian Development Bank
[28] "Criminal Debt," Jeffrey A. Winters, in *Reinventing the World Bank*, Jonathan R. Pincus and Jeffrey A. Winters, eds. Ithaca, N.Y. and London: Cornell University Press, 2002, pp. 101-130.

Finally, the G-8 deal does not recognize the substantial odious and illegitimate debt burdens plaguing impoverished countries. “Illegitimate debt” refers to debts that cannot be reasonably or morally ascribed to a country. This includes debts arising from failed projects, projects which were never completed or were not implemented due to corrupt practices, and projects whose primary purpose was channeling funds to external actors (such as consultants and multinational corporations). It is also an expansive category that considers the environmental and social damage done to indebted countries over the last 550 years for the benefit of foreign interests.

“Odious debt” is an established legal principle. Legally, debt is to be considered odious if the debts were contracted without the knowledge or consent of the population and the government used the money for personal purposes or to oppress the people. Debt campaigners in Norway have termed these claims “dictator debt.” In cases where borrowed money was used in ways contrary to the peoples’ interest, with the knowledge of the creditors, the creditors may be said to have committed a hostile act against the people. Creditors cannot legitimately expect repayment of such debts. A similar argument was made by the U.S. government in arguing for the cancellation of Iraq’s debt.

In Indonesia, careful analysis of World Bank and other documents has found that nearly a third of the $30 billion in loans from the World Bank to Indonesia under former dictator Suharto were diverted towards corrupt uses.[28] This odious debt argument also applies to debts contracted by the apartheid regime in South Africa, by Mobutu Sese Seko in what is now the Democratic Republic of Congo, Ferdinand Marcos in the Philippines, the military junta in Argentina, and many more.

The House of Representatives in the Philippines passed a resolution in 2004 to engage in a public audit to determine the origins of their debt, especially under dictator Ferdinand Marcos.[29] A Jubilee Research study found that in Argentina, more than 20 percent of its debt (as of 2001) was taken out during military rule.[30]

Creditors must take responsibility for their share of odious and illegitimate debts. It is unjust for people in the global South to continue paying these debts while the majority of their populations cannot meet even their most basic needs.

IV. Recommendations: The Challenge Ahead

The challenge ahead rests in building on the important precedents established by the G-8 Finance Ministers’ agreement, while going beyond it to address fundamental issues of justice.

Jubilee USA Network issues the following calls on the US government, and G-8 nations building on the deal agreed upon in June 2005:

- Avoid delays in providing cancellation to those countries who qualify for the cancellation;
- Expand the list of countries to include all impoverished nations and countries in crisis – at least 62 nations require full cancellation as a first step towards meeting the MDGs, for instance;

[29] Philippines’ House Joint Resolution No. 002, 2004, for full text see: http://www.freedomfromdebtcoalition.org/main/pages/lagman.pdf.
[30] “It Takes Two to Tango,” Jubilee Research (U.K.), http://www.jubilee2000uk.org/analysis/reports/tango_exec.htm, September 2001.

- Cut all economic conditions countries must meet to qualify, as these policies have failed to increase growth and reduce poverty; and
- Include all creditors – begin by canceling 100% of debt held by impoverished nations to the Inter-American Development Bank and Asian Development Bank.

Moreover, Jubilee USA Network will work with global South partners to highlight and advocate the cancellation of odious and illegitimate debts, as well as bilateral and private debt. Creditors should acknowledge their responsibility for flawed lending practices. Jubilee USA Network will also work with partner organizations and campaigns towards our broad Jubilee vision which includes both freedom from debt for nations across the global South as well as the establishment of right economic relations between nations. We will support campaigns for additional development assistance and trade justice for all nations.

As Archbishop Njongonkulu Ndungane of South Africa noted: “Our objective is a clean slate - a total cancellation of odious and unpayable debts owed by African countries.”

While we celebrate life-saving debt cancellation and an important precedent, it is clear that the G-8 deal announced in June 2005 is a significant first step on a long journey. We will redouble our efforts to break the chains of debt in the global South in the months and years ahead.

Appendix I – Country Eligibility

HIPC 18 - *Post-Completion Point* - Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Guyana, Madagascar, Honduras, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Senegal, Tanzania, Uganda, Zambia

HIPC 9 - *Close to Completion Point* - Cameroon, Chad, Democratic Republic of Congo, Gambia, Guinea, Guinea Bissau, Malawi, Sao Tome, Sierra Leone

HIPC 11 - *Other Possibly Eligible Countries* - Burundi, Central African Republic, Cote D'Ivoire, Comoros, Republic of Congo, Lao PDR, Liberia, Myanmar, Somalia, Sudan, Togo

25 Additional Countries in Need of Debt Cancellation to Meet MDGs as defined by UK Charities - Angola, Azerbaijan, Bangladesh, Cambodia, Equatorial Guinea, Eritrea, Georgia, Haiti, India, Indonesia, Kenya, Korea, Kyrgyz Republic, Lesotho, Moldova, Nepal, Nigeria, Pakistan, Sri Lanka, Tajikistan, Uzbekistan, Vanuatu, Vietnam, Yemen, Zimbabwe

JUBILEE ACT 50 = **HIPC 18 + HIPC 9 +** Angola, Bangladesh, Botswana, Burundi, Cambodia, Central African Republic, Cote d'Ivoire, Haiti, Jamaica, Kenya, Lao PDR, Liberia, Morocco, Namibia, Nepal, Nigeria, Peru, Philippines, Republic of Congo, South Africa, Togo, Vietnam, Yemen