

Illegitimate Debt Campaign Bulletin

Issue 2, May 2007

English version (Version française/español disponible)

About this bulletin

This is a new publication that will come out every two months to summarise recent and forthcoming actions in the illegitimate debt campaign, carried out by activists across the world. It aims to publicise the actions and give opportunities for more people to get involved to challenge illegitimate debts and the structures which lead to them.

The bulletin is produced by CADTM, Eurodad, Jubilee South and Jubilee USA. More details, page 11.

Please circulate widely to people you know who will be interested.

Please send your feedback and input to debtbulletin@eurodad.org.

The next issue will come out in July. The deadline to submit articles will be 10th July.

A. International

Rostock, Germany: Networking meeting on illegitimate debt

Debt is not an issue for the summit this year say the G8. HIPC and MDRI took enough steam out of the poorest countries' kettles, middle income countries sit on huge reserves, and the IMF/WB's Debt Sustainability Framework (DSF) will look after the rest. Those of us, who work on sovereign debt issues in South and North, know that this scenario is less than accurate (and in some instances a bloody lie): HIPC/MDRI's impact has been limited, the schemes' fine prints have served to have countries pay for their own debt relief, and the DSF rather serves to put pressure on debtors than to put the right questions to old and new creditors.

So we need to do whatever we can to publicly challenge the G8's rosy world view, and to internally strategize and network among ourselves in order to make the call for fair, transparent and just solutions to the sovereign debt problem heard. Therefore Erlassjahr.de, EURODAD, Jubilee South, CADTM and Jubilee USA invite you all to the Debt Campaigners Networking/strategy Meeting in Rostock (Germany) on Sunday, June 3rd 2007, 10 a.m. - 6 p.m. For more information about the programme please write us to: mruiz@eurodad.org

Meetings on Global Citizens Audit of the IFIs

A brainstorming/conceptualization meeting on the proposed Global Audit of the IFIs was held last April 12, 2007 in Washington DC during the week of the Spring Meetings of the World Bank and IMF. More than 10 organizations and networks participated in the discussion.* A draft general concept note was presented and served as starting point for the discussion. Participants expressed interest in co-organizing the Audit. There was general agreement to do the Audit on both IMF and the WB, and on ECAs of countries where there are groups who will offer to take the lead. A committee was formed to work on the concept, coverage, mechanics and methodologies further and present the proposals to the larger group of co-organizers. The committee is composed of Lidy, Neil Watkins of Jubilee USA, Eric Gutierrez of Action Aid International, and Elaine Zuckerman of Gender Action.

Another meeting on the Global Audit of the IFIs will be held on May 31 in Amsterdam, organized by Friends of the Earth International and Jubilee South.

Those interested to join this initiative please send an email to IFI_AUDIT@illegitimatedebt.org

* Jubilee South, Jubilee USA, 50 Years is Enough, Latindad, INFID Indonesia, Action Aid International, Food and Water Watch, Oil Change International, Oxfam Novib, Development Gap, Gender Action, Bretton Woods Project, Networkers South-North and others

B. Africa

CONGO BRAZZAVILLE

Devastating effects of debt, the IFIs, HIPC's and vulture funds on the television in Congo-Brazzaville

CADTM Brazzaville (APASH) made a television programme of one hour on the occasion of the visit of O. Bonfond of CADTM Belgium. The programme explored the historic composition of the debt of developing countries, the effects of the policies pursued by the IFIs including through the HIPC Initiative, vulture funds (a problem very relevant to Congo at the present time and which the government has launched a campaign with the support of the people), international reserves and the Bank of the South and Latin American alternatives. The television channel will cover five other reports on life and debt in the coming days, provided by CADTM Brazzaville.

Contact: cadtmbrazza@yahoo.fr

DRC: Seminar on Congolese debt and petition to the president calling for a debt audit

On 8 and 9 May, the plateforme dette et développement organised a seminar in Kinshasa on "popular involvement in debt management and the external debt of DRC. The fight against corruption and impunity". Over two days, over a hundred people from unions, NGOs, experts, and activists gathered together to discuss the issue of a debt audit, corruption and the IFIs. The advisor of the Minister of Justice was present. The seminar helped mobilise and raise awareness among a large number of people around the idea of a debt audit. The government advisor was also questioned on external debt management. He justified debt repayments on the grounds that they were commitments undertaken by state officials and out of state continuity. Social movements replied that that the debt contracted by the Mobutu regime was odious. In addition, the Congolese constitution, laws against corruption and international legal instruments justify a refusal to pay the debt. A declaration was adopted which constitutes a petition addressed to the president calling for a debt audit. Between 21-24 November another seminar will take place on natural resources in Central Africa.

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[Déclaration: www.cadtm.org](http://www.cadtm.org)

Mali: towards a citizens' debt audit

CAD (Coalition des Alternatives Africaines Dette et Développement), which is part of the CADTM international network is working towards setting-up a citizens' debt audit of Mali's debt. After having produced a detailed study of Mali's debt in 2004, CAD Mali has decided to intensify this work. It appeared from the research that it was necessary to conduct a more in depth study of the debt of the three regimes – I, II and III Republics – to ascertain the illegitimacy of the debt and demand its repudiation. A working group will be established of lawyers, economic consultants, activists and social movements.

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Illegitimate Debt Cases in Africa

Africa Jubilee South has started its own compilation of illegitimate debt case studies. The Southern Africa Peoples Solidarity Network (SAPSN) is working with Zimbabwe Coalition on Debt and Development, Jubilee Zambia and Malawi Economic Justice Network on case briefs from Southern African countries.

Training Courses on Debt and Debt Audits in Africa and Asia

Three (3) Training Courses on Debt and Debt Audits are scheduled in the third quarter of this year. **Africa Jubilee South** is organizing two of the courses in August -- the course to be conducted in French will be held in Senegal and the course to be conducted in English will be held in Tanzania. Each session will run for 7 days.

The third course will be held in early September. Organized by **Jubilee South APMDD**, it will run for 8 days and will be held in the Philippines.

Dates and enrolment details will be circulated shortly.

C. Asia

A first: Japanese workshop on illegitimate debt

This was the first time ever that the term "Illegitimate Debt" was used in Japan in public. Doshisha University in Japan's ancient capital Kyoto was the venue for Lidy Nacpil from Jubilee South's astounding speech on illegitimate debt at the symposium of the Kyoto People's Forum, the counter event to the ADB-AGM on May 5th and 6th.

On day two there was a workshop on illegitimate debt co-organized by various Asian NGO's including Jubilee South APMDD, Jubilee Kyushu and ATTAC JAPAN. After an explanation by Lidy of the present situation vis-a-vis third world debt, the concept of illegitimate debt and the necessity of cancellation/repudiation of this debt, three presenters from the Philippines, Indonesia and India respectively cited concrete examples of illegitimate debt in each country. A number of newspapers covered the Forum and mentioned in particular Lidy's comments on illegitimate debt and ADB's responsibility for it. Some other meetings on debt and poverty were organized in other cities after the People's Forum by Jubilee Kyushu et al.. All venues were full of participants, which augurs well for the future of the illegitimate debt campaign in Japan, especially as we approach the G8 summit to be held in Japan next spring.

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Illegitimate Debt Forums Japan

Kyoto, Japan was the venue of the Asian Development Bank's Annual General Meeting during the first week of May and was the occasion for several events during which Illegitimate Debt was discussed.

Illegitimate Debt was one of five topics discussed at the Opening Session of the People Forum on the ADB held at Doshisha University on May 5. Lidy Nacpil spoke on this topic, joining other panel members – Yuki Tanabe of JACSES (Japan's role in the ADB), Hemantha Withanage of the NGO Forum on the ADB (the role of the ADB in the region), Bobet Coral of Public Sector International (water privatization and the ADB), and Anu Mohamed of Jahangirnagar University, Bangladesh (ADB and extractive industries).

A seminar on May 6, one of many held as part of the People Forum, provided the opportunity for presentation of specific illegitimate debt cases involving the ADB ----

India – ADB's violation of India's Constitution and its legal processes in pursuing the Kerala Urban Development Project - presented by Wilfred D' Costa of INSAF.

Indonesia - ADB's culpability in the failed Tree Crop Small –Holder Sector project that brought misery and indebtedness to thousands of poor farmers in five provinces of Indonesia – presented by Nadia Hadad of

INFID

Philippines –how ADB and JBIC used loans and conditionalities to pushed the privatization of the Philippine electricity industry which resulted in the soaring of electricity rates – presented by Ana Maria Nemenzo of FDC.

The role of the ADB and the Japanese finance capital in the accumulation and perpetuation of illegitimate debts in the region was presented by Junko Okura of Jubilee Kyushu.

After the ADB AGM related activities, on May 9, Jubilee Kyushu organized a very well attended Public Forum in Fukuoka on Illegitimate Debt. Lidy Nacpil explained the history of debt accumulation and what is illegitimate debt, Malou Tabios shared concrete examples involving Japanese loans, and Junko Okura discussed the role of Japan as one of the biggest lender not only in the Asia region but globally as well. A number of the participants were university students, hearing about the issue for the first time.

On May 11, Lidy, Malou, Ana Maria Nemenzo of FDC and Yoko Akimoto of Attac Japan met with some members of the Japanese parliament to discuss current campaigning work on Illegitimate Debt and urge them to be involved in various initiatives including the Parliamentarians Declaration on Shared Responsibility on Sovereign Lending. The Japanese translation of the Declaration, c/o Jubilee Kyushu, will be posted at the Declaration website shortly.

Japan will be the site of the 2008 G8 Summit. The venue will be in a small town in the northernmost island of Japan – Hokkaido.

Illegitimate Debt Cases Involving the Asian Development Bank

Jubilee South APMD, working together with its member organizations, has started compiling briefs on Illegitimate Debt cases involving the Asian Development Bank. Three have already been completed: 1) Philippine case involving Power Sector Loans c/o the Freedom from Debt Coalition, 2) Indonesian Case Involving Tree Crop Small Holder loan c/o INFID and) Indian Case involving the Kerala Urban Development project loan c/o INSAF. Rural Reconstruction Nepal is working on the Melamchi Water Supply loan case. The Illegitimate Debt Case Briefs Asia will be posted on the Jubilee South Website. www.jubileesouth.org

D. Latin America

Ecuador: Opportunities to Advance the Illegitimate Debt Campaign and Role of European NGOs

In Ecuador, the new leftist government of Rafael Correa has announced that it has set up an official debt audit commission. The aim of the commission is to build on the work undertaken last year by an investigative commission into the many irregularities connected to various bond sales, Paris Club debt restructuring agreements and multilateral loans. The commission aims to establish creditor co-responsibility for some loans and to provide strong arguments for the Ecuadorian Government that some of these debts should be refuted. At a general level, the government has stated that it supports proposals for some form of “fair and transparent arbitration procedure” to be implemented at the international level. It has also stated that Ecuador wishes to be at the forefront of international efforts to develop a consensus around (and definition of) illegitimate debt. It is currently developing its external debt policy and is in regular dialogue with a number of academic and civil society experts including Eurodad and CADTM.

In Belgium a civil society audit commission is being set up between CNCD and CADTM to analyse Belgian credits between it and Ecuador. Eurodad, CNCD and CADTM would like other European countries to become involved in similar investigative work at national levels in particular in the following important creditor countries: Spain; Italy; Japan; Brazil; France; Israel; Denmark; USA; UK; Germany; Belgium; Argentina; South Korea; China and Colombia. Eurodad is able to obtain important documentation relating to many bilateral loan agreements to help national organisations start their investigations.

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Another financing is possible: Towards a new international multilateral financing

An important expression of the new political dynamic taking shape in Latin America is a joint initiative for the creation of new and independent financial institutions, such as the Bank of the South.

This initiative, which is being pursued by the governments of Venezuela, Ecuador, Bolivia, Argentina and Brazil includes the creation of a monetary stabilisation fund (which could be based at the Latin American Reserve Fund); a development bank (which could be based at the Corporación Andina de Fomento and the Fondo Financiero para el Desarrollo de la Cuenca del Plata); and a single currency unit. A central aim of the fund will be the creation of an international financial code and an international arbitration tribunal on sovereign debt.

In this way, our countries are constructing a new multilateral financial system oriented towards development, financial and monetary stability. With this step, our region is hoping to move towards closing a sad chapter of being subject to the policies of the IMF which have increased poverty and inequality. This new development paves the way for a new type of finance which is not based on asymmetric economic relations and dependency on conditionalities.

In its recent event in Quito Ecuador, the Latindadd network agreed that it should bring its own proposals forward as a contribution to these new developments with the aim that any new instruments for the region really do represent a real Bolivarian alternative for the Americas, and that these institutions should involve social movements to guarantee the legitimacy for their actions.

In this context and in order to support the decision of the Ecuadorian government to challenge illegitimate debt, the network met with Ricardo Patiño, Minister of economy and Finances of Ecuador

Latindadd: www.latindadd.org

Bank of the South: Quito Declaration

On 3 May 2007, in Quito Ecuador, President of the Republic of Ecuador, Rafael Correa and Ministers of Finance of Argentina, Bolivia, Brazil, Paraguay, Venezuela and Ecuador outlined their intentions for a new regional financial architecture. Ministers highlighted the historic opportunity that Latin American countries were being offered. The people had mandated their governments to create new mechanisms for regional integration and development. These instruments should be based on democratic, transparent, participatory and responsible models.

All ministers present agreed on the need for a new regional financial architecture which could strengthen the role of the continent in the financial and business world as well as putting productive resources to use for the benefit of the people. Taking advantage of excellent relations and a spirit of cooperation between South American countries as well as the need to define the new architecture, different points were made in the declaration.

http://www.cadtm.org/article.php3?id_article=2633

E. Europe

Swiss International Odious Debts Conference 2007

Aktion Finanzplatz Schweiz is organising a Swiss International Conference on Odious Debts 3rd and 4th of October in Bern. The two day conference will bring together European, US and other experts and will hopefully lead to the creation of one or several international work groups that work out a concrete proposal for the implementation of the concept of odious debts in international and national law until the end of 2008.

While professional legal work in workshops is our central aim, there will be parallel workshops of NGOs that work on debt audits, debt arbitration and debt cancellation. The participation of NGOs should encourage the legal experts to include current case material and conceptual thinking of campaigners in their considerations and in their following work.

The aims of the conference are a logical consequence of the several ongoing debates and of certain differences in Anglo-Saxon and European continental codified law. During the last years, the question has been discussed both among legal experts and NGOs how the concept of odious debts can be implemented in international law, national law, or institutionalised multi- or bilateral arrangements.

For more information, contact Max Mader or André Rothenbühler at afp@aktionfinanzplatz.ch. The detailed conference program will be available soon at www.aktionfinanzplatz.ch.

Multiple actions in Ireland on IFIs, vultures and G8

Campaigning on illegitimate debts is a strategic priority for Debt and Development Coalition Ireland (DDCI).

* In advance of the World Bank / IMF Spring meetings, Irish campaigners wrote to the minister for Finance asking him to recognise the concept of illegitimate debts; to raise the issue at the Spring meeting with a view to carrying out a public inquiry into illegitimate debts owed to the World Bank and IMF.

* We also had an email campaign against the actions of Donegal International, calling on Donegal International not to take any money from Zambia and for regulation of Vulture Funds.

* Future plans include campaigning visits to the G8 embassies in Dublin raising the issue of illegitimate debts (using the recent 'Skeletons in the Closet' report); post-elections campaign on getting signature to the parliamentarians declaration on illegitimate debts; and preparations for the October Week of Action.

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Barcelona: Observatorio de la Deuda en la Globalización organises a seminar on illegitimate debt in Barcelona, the 15 and 16th of June.

Nowadays there is a great consensus between social movements and organizations working for the foreign debt cancellation with regard to its illegitimacy. With this seminar we want to make a step ahead in the debate about the indebtedness processes of the poor countries, dealing with the analysis of the mechanisms and power relations which have led to the current situation of illegitimate overindebtedness and the discussion about proposals to avoid this situation to keep on going in the future.

With representatives of organizations and networks working for the debt abolition in Belgium, Norway, Haiti and Angola we want to go more deeply in the process which has provoked the accumulation of illegitimate debt in the South; we are going to discuss the options the Southern countries have to get out of the circle of illegitimate indebtedness; and we are going to take under consideration some of the existing proposals for the construction of a new international financial architecture which breaks with the overindebtedness and illegitimate debt creation cycles, and guarantees, as far as possible, responsible financial flows to the South, contributing to a truly human and sustainable development.

More information on the event (only in Spanish) at:

http://www.debtwatch.org/es/inicio/formacio/32.php?id_pagina=32&id_noticia=&id_agenda=&publicacions=&id_publicacions=&categorialink=&id_butlleti=&any_but=&id_nota=&id=19

Belgium: Senate adopts an important resolution in support of debt cancellation

Belgium has adopted a resolution within the Senate on 29 March 2007 on "debt cancellation for the poorest countries" which was approved with a 34-29 vote majority. This resolution summarises various proposals put forward by the various political parties in Belgium from 2003 and represents an important step forward for Belgium with respect to debt. It points to the limitations of the HIPC Initiative, to which Belgium has traditionally subscribed, but which has not brought about a durable solution to the debt crisis.

This resolution attacks some of the key questions related to date, namely:

- Recognition of the controversial nature of conditions attached to debt relief by the international financial institutions
 - Debt sustainability must be defined in terms of social indicators and not just macroeconomic criteria
 - Request for a moratorium on debt repayments with a freezing of interest on credits claimed by Belgium until an agreement is reached between Belgium and each debtor country concerned
 - Requests the undertaking of a parliamentary audit of Belgian credits, including by the country's export credit agency "Ducroire" in order to determine the odious nature of debts
- The adoption of this resolution is the result of a lot of parliamentary work by Belgian NGOs CNCD-11.11.11 and member organizations coupled with real political will by parliamentarians to put the problem of debt beyond the HIPC Initiative on the table. This is why CNCD-11.11.11 is demanding it be taken fully into account by the next government.

http://www.cadtm.org/article.php3?id_article=2554

<http://www.cadtm.org/IMG/pdf/070327Senat.pdf>

<http://www.cadtm.org/IMG/pdf/061016CR.pdf>

F. North America

Jubilee Act to be introduced in US House of Representatives in early June

In June 2007, Reps. Maxine Waters (D-CA) and Spencer Bachus (R-CA) will join other Members of Congress to introduce the new Jubilee Act.

The new act is the centerpiece of Jubilee USA's 2007 Sabbath year campaign. The Act:

- Calls on the Bush administration, the IMF, and World Bank to address the problem of vulture funds and calls for an end to harmful strings;
- Calls for expanded debt cancellation for all impoverished countries to meet the MDGs;
- Urges new standards for responsible lending, beginning with a call for an audit of odious, onerous, and illegal debts from the past.

Check www.jubileeusa.org for the bill number and more details. Also, visit www.canceldebtfast.org to learn more about and sign up for the Cancel Debt Fast planned in support of the Jubilee Act beginning on September 6, 2007.

Parliamentary work in Canada

Testifying before the Canadian Parliamentary Committee on Foreign Affairs and International Development on April 26, 2007 on behalf of KAIROS: Canadian Ecumenical Justice Initiatives and the Halifax Initiative Coalition, I requested that the committee ask the Auditor General to conduct an audit of the bilateral credits that are owed to Canada from the global south. I noted that our colleagues in the south constantly remind us that much of the debt owed on paper is illegitimate because the loans were made to dictatorial regimes and were not spent on the purposes for which they were lent. I told the committee that Norway set a very important precedent when it did an audit of its overseas loans, decided that some of them were indeed not legitimate, and cancelled those loans. I said that any survey by the Auditor General should be submitted to Parliament for review and further action.

John Dillon, KAIROS Program Coordinator for Global Economic Justice

About this bulletin

The bulletin is an initiative of the International Facilitation Team on illegitimate debt that was established in Nairobi in January 2007. It comprises Jubilee South, CADTM, Jubilee USA and Eurodad which are helping ensure implementation of the objectives and actions from the September 2005 Global Debt Assembly in Havana, and subsequent planning meetings. Debt groups and movements have agreed to call for the immediate cancellation of illegitimate, unjust and unpayable debt of the South without externally imposed conditions. The agreed priority actions to achieve this are:

- generating official recognition of the issue of illegitimate debt;
- raising the profile of illegitimate debt issue among social movements, CSOs and the general public;
- conducting debt audits, and;
- developing definitions, perspectives, analytical tools, advocacy instruments on illegitimate debt and alternative/responsible financing.

This bulletin digests recent and planned actions from around the world. It complements existing lists and newsletters by containing only extremely short and action-oriented articles, with links or e-m addresses for follow-up. Coming out every 2 months it will help busy people in the campaign and in related campaigns who want to keep track of and join in with our work. It is available in English, French and Spanish.

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Please send your feedback and ideas on this bulletin to debtbulletin@eurodad.org. Feel free to use the articles in your lists and newsletters. Cite the source and include the links to the organisation concerned.

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