



Drop the Debt, Cut the Strings!

IN 2005, people of faith and conscience worked together to win a promise from the Bush administration, other world leaders, the International Monetary Fund, and the World Bank to cancel \$40 billion worth of debt for 18 of the world's most impoverished countries. Up to 42 countries are "eligible" to receive cancellation under the 2005 debt agreement. But many nations – such as Cameroon, Guinea, Haiti, Malawi, and Sierra Leone -- are currently facing deadly delays and are tied up in harmful economic policy strings imposed by the World Bank and IMF.

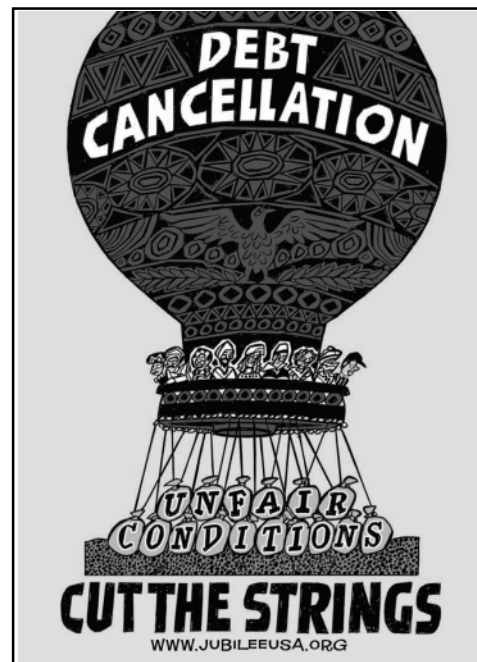
Join with Jubilee USA Network and send a postcard today to your Congressperson, Senators, and Treasury Secretary John Snow. Call on them to support transparency and accountability but to eliminate harmful economic conditions that increase poverty around the world. Grassroots action made debt cancellation possible for 18 countries in 2005. Let's keep up the momentum and work to "cut the strings" of harmful economic policy conditions that are currently preventing additional countries from receiving desperately needed cancellation in 2006.

Why Drop the Debt?

Debt costs lives. In the world's most impoverished countries, majorities do not have access to clean water, adequate housing or basic health care. Impoverished countries around the world currently pay debt service to wealthy nations and institutions at the expense of providing these basic services to their citizens. Every day 8,000 people die from HIV/AIDS, 70 percent of them in African countries. At the same time, most African countries spend more on debt payments than on health care. The G-8 debt deal agreed in 2005 is an important step, but only 1 in 10 people in impoverished countries will see any benefit from debt cancellation promised last year. Broader debt cancellation is needed to meet the Millennium Development Goals, targets agreed by world leaders to halve extreme poverty by 2015.

What are the Strings Attached?

In order for impoverished nations to receive debt cancellation from the IMF, World Bank, and other international financial institutions under the G-8 debt deal, they must first qualify by reaching what is called "completion point" in the IMF/World Bank's Heavily Indebted Poor Country (HIPC) Initiative. In order to reach completion point, countries must comply with harmful economic policies dictated by the IMF and World Bank, including the privatization of basic utilities such as water and electricity and the imposition of user fees on health care. These harmful economic policy "strings" delay desperately needed debt cancellation and once they are implemented raise the cost of basic needs beyond the reach of the poorest people in impoverished countries. For example:



- **Cameroon** reached “decision point” in HIPC six years ago. Since that time, Cameroon has remained at decision point because of the government’s failure to comply with the full slate of conditions mandated by the IMF and World Bank. One of these key conditions is the privatization of the country’s water system which would restrict poor people’s access to clean water by pricing it beyond their reach.
- **Malawi** also reached HIPC’s decision point in 2000. Harmful economic policies imposed through the HIPC program have severely undermined Malawi’s capacity to respond to food crises. In order to meet IMF conditions, Malawi was required to eliminate its state subsidies for fertilizer and seeds, a program which had stabilized prices and distributed a steady supply of corn seeds and fertilizer deep into the Malawian countryside. When the resulting food shortage led Malawi to reinstate food subsidies, the IMF temporarily disqualified the country from receiving debt relief. The IMF currently categorizes Malawi’s economic policies as “off track,” preventing the country from receiving debt cancellation under the G-8 deal.

Does Debt Relief work?

Debt relief is a tested and effective tool for releasing resources to fight poverty and injustice. Under pressure from the global Jubilee movement, most debt owed to the US and other G-7 governments for the poorest nations was cancelled in 1999 and some debt owed to the IMF and World Bank has been relieved under the Heavily Indebted Poor Countries (HIPC) Initiative. This debt relief has been used to fight poverty and savings from debt relief have:

- More than doubled school enrollment in Uganda; and
- Provided 3 extra years of school for Honduran children.

While the initial record of debt relief is good, Jubilee USA continues to work to ensure that resources released by this debt cancellation reach those who need it most, by demanding accountability and transparency from creditors and impoverished countries.

What is the JUBILEE Act?

The JUBILEE Act (HR 1130) expresses a much broader vision for debt cancellation than the deal reached last summer at the G8 summit. Unlike the G8 agreement, the JUBILEE Act would commit the US to work for debt cancellation for 50 impoverished nations without without harmful economic policy “strings” attached.

Get Involved!

Join with Jubilee USA today and work for global justice and freedom from debt. You can:

- Send a CUT THE STRINGS postcard to Treasury, your Congressperson, and your Senators, and ask your friends and colleagues to do so as well.
- Ask your church to become a Jubilee Congregation.
- Call, visit, or write your Member of Congress and ask him/her to co-sponsor the JUBILEE ACT (HR 1130)
- Visit our website at www.jubileeusa.org or call 202-783-3566, and sign up for our monthly update e-list.

For more information, or to discuss more ways you can be involved in the global movement for debt cancellation, contact Jubilee USA Network at 202-783-3566 or e-mail coord@jubileeusa.org.