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Mr Robert B. Zoellick, President
World Bank Group
1818 H Street, NW
Washington, D.C. 20433
USA

30 October 2008

Dear Mr. Zoellick,

We are writing to ask you to clarify some remarks about debt cancellation made on your visit to storm-ravaged Haiti last week. We are concerned that these may have been misleading as to Haiti's actual debt cancellation status.

According to an AFP report (cited for example by Yahoo News and Caribbean Net News) you stated on your visit to Port-au-Prince that Haiti's \$1.7 billion debt was "half-forgiven" and promised "the rest of the debt" could soon be cancelled. You were also reported to have stated that \$500 million of Haitian debt had already been cancelled.

As you are aware, Haiti is an interim HIPC, so while some of its debt service payments are being reduced, it will not receive any cancellation of its debt stocks until it meets Completion Point (CP). We believe it is unacceptable that the latest HIPC-MDRI Status of Implementation (SOI) report sets the expected date for Haiti's CP back from the 'last quarter 2008' to 'first half 2009'.

This comes as the UN's Under-Secretary-General for Humanitarian Affairs, John Holmes described the four hurricanes that have devastated the country as the "worst disaster in the last 100 years" to strike Haiti. We are particularly shocked that these disasters are not being taken into account in waiving the conditions attached to Haiti's debt relief, when the World Bank and IMF acknowledged themselves in the SOI report that the "commodity price shock has diverted attention from PRSP implementation" (p57).

We would also underline the following points:

- o According to figures from the IMF and Haiti's Finance Ministry, collated in a report by the Center for Economic and Policy Research¹, Haiti's total external debt stands at \$1.7 billion, compared to \$1.36 billion in 2005, when it was told it was potentially eligible for the Heavily Indebted Poor Countries debt relief initiative.
- o Under HIPC and the Multilateral Debt Relief Initiative, as well as the associated agreement by the Inter-American Development Bank, Haiti stands to receive approximately \$1.2 billion of debt cancellation, but only when it reaches Completion Point.

¹ CEPR, *Update: Debt Cancellation for Haiti: No Reason for Further Delays*, Mark Weisbrot and Luis Sandoval, forthcoming, p.6 quoting figures from IMF and Haiti's Ministry of Economy and Finance.

- The only debt relief Haiti received under the HIPC scheme until it meets CP is a projected \$19.8 million relief on its debt service payments in FY2007 and FY2008. However, no debt stock is actually cancelled under HIPC until a country reaches CP. Haiti's budgeted debt service payments in 2008 have continued to be more than \$1 million every week.
- Some \$400 million to \$500 million of Haiti's debt will not be cancelled under HIPC and MDRI even when the country reaches Completion Point because they are not covered by the cut-off dates for the schemes. World Bank debts are only cancelled up to the end of 2003 and IMF debts up to the end of 2004.

We would ask you to clarify your statements about Haiti's debt cancellation status. We would also ask you to do everything in your power to arrange a waiver of HIPC conditions, which are impossible for Haiti to meet in the current context, so as to enable immediate cancellation of Haiti's debts. Haiti urgently needs the funds that would be released by debt cancellation, and as you pointed out on your trip, the country is at a tipping point.

Yours sincerely,

Nick Dearden, Director, Jubilee Debt Campaign UK
 Charles Arthur, Co-ordinator, Haiti Support Group
 Donna Barry, Advocacy Director, Partners in Health
 Brian Concannon Jr., Esq., Director, Institute for Justice & Democracy in Haiti
 Anne McConnell, Co-ordinator, Haiti Advocacy Platform Ireland-UK
 Neil Watkins, National Co-ordinator, Jubilee USA
 Mark Weisbrot, Co-Director, Center for Economic and Policy Research