

## FAQ Haiti and HIPC

### Haiti Facts:

- Haiti is the poorest country in the Western Hemisphere.
- Haiti's 8.5 million people owe an external debt of an estimated \$1.3 billion to the World Bank, International Monetary Fund, and the Inter-American Development Bank.<sup>1</sup>
- If Haiti completes HIPC, it will be eligible for cancellation of around \$586 million.<sup>2</sup>
- In 2006, Haiti paid around \$56 million in debt payments<sup>3</sup>, while 80% of its population lived on less than \$2 a day.<sup>4</sup>
- An estimated 40% of Haiti's debts were incurred during the oppressive Duvalier dictatorship, which used the funding to support excessively wealthy habits and finance a brutally violent regime. Creditors were well aware of this but continued to loan money to the Duvaliers, so long as they remained a puppet of the United States.<sup>5</sup>
- For more Haiti facts and figures, see the [Jubilee Debt Campaign's](#) information on Haiti, as well as the [Institute for Justice and Democracy's](#) information on debt relief.



### What must Haiti do to get relief?<sup>6</sup>

In order to qualify for debt relief under the World Bank's Heavily Indebted Poor Countries Initiative (HIPC), Haiti must:

- 1) Repay loans granted to the government, including monies that went to the unelected Duvalier dictatorship (1957-1986) and the Interim Government of Haiti (2004-1005), as well as to democratic governments such as those of Presidents Aristide (1991-1996, 2001-2004) and Preval (1996-2001, 2006-present). [*There is no system in place to differentiate between loans incurred and used to benefit the Haitian public, and loans that were negligently used or siphoned away to private bank accounts.*]
- 2) Demonstrate the ways in which savings from debt relief will be used to alleviate poverty by submitting an Interim-Poverty Reduction Strategy Paper (I-PRSP) to the World Bank and the IMF. [*In theory, this process should include input from wide sectors of civil society. In reality, in Haiti very few people and organizations participate in the drafting.*]
- 3) Adhere to a set of institutional reforms or "conditions" meant to "modernize" governmental agencies, as well as establish greater transparency in government finances.

### **Where is Haiti now?**

In November 2006, Haiti reached “Decision Point” under HIPC, meaning that it has satisfied Step 1, and has submitted its I-PRSP as required for Step 2. Once Haiti implements the requisite conditions and reforms of Step 3 and reaches Completion Point under HIPC, it will be eligible for cancellation of roughly \$586 million of its total \$1.3 billion debt. For a full list of these “triggers” see Haiti’s [Decision Point Document](#).

### **What’s wrong with the Conditions attached to Haiti’s Relief?**

- It will take Haiti too long to complete HIPC under these conditions. [*Even if the Haitian government manages to create a PRSP that takes into account meaningful contributions from the Haitian people and it is approved by the World Bank and IMF, an optimistic estimate of Haiti’s Completion Point is the end of fiscal year 2009. Because this process is already behind schedule, a more likely Completion Point date is the end of fiscal year 2010, by which time Haiti will already have paid another \$270 million to the World Bank, IMF, and the IDB in debt payment.*] For more information, see this article by Tom Ricker from [HaitiAnalysis](#).
  - These conditions severely restrict the Haitian government’s ability to deal with issues like poverty, health, education, or any other demands brought up by the Haitian public. [*Ideally, the PRSP would be drafted by the Haitian government and would include meaningful participation and consultation with the Haitian public. In reality, few outside of the government and elite NGOs contribute to the creation of the PRSP; the public has no say and a World Bank/IMF-approved PRSP strays very little from the previously accepted “market dogma” of these institutions. Ironically, solutions to Haiti’s problems, such as dealing with the structural problems of poverty – by subsidizing agricultural production, making public investments, etc – are not allowed under this new Poverty Reduction Strategy.*<sup>7</sup>]
  - Reaching the goal of a “sustainable debt” will not alleviate as many problems as it may seem, and may actually prove to cause more problems for Haiti in the long run. [*This is not good enough. Debt sustainability simply means bringing Haiti to a point where it can repay the un-cancelled debt consistently and on-time. Under these conditions, Haiti will suffer a loss of sovereignty and independent decision making in its government, economy, and civil society, in order to ensure that Haiti’s creditors will continue to receive steady debt payments from Haiti in the long run. Haiti needs cancellation of all its debt, without conditions attached.*<sup>8</sup>]
  - Though the exact language in Haiti’s Decision Point Document is intentionally left vague, many believe that privatization can be expected under the conditions of HIPC.<sup>9</sup> [*According to Jubilee Debt Campaign, “privatization is frequently forced through by debt conditions, often with disastrous consequences. Of the countries going through HIPC now, Burundi, Chad, Gambia, Sao Tome and Principe and Sierra Leone have all been told to privatize as a condition of debt cancellation.*<sup>10</sup>]
- For more information on other countries undergoing HIPC, see IJDH’s [“HIPC and Other Countries”](#) fact sheet.
- For more information on the Conditions attached to Haiti’s debt, see the Jubilee Debt Campaign’s 2006 report entitled [“Cut the Strings!”](#)

## What Will Haiti Debt Cancellation Cost the U.S.?<sup>11</sup>

Instead of requiring Haiti to implement controversial conditions in order receive their much-needed debt relief, concerned citizens of the U.S. are supporting [House Resolution 241](#), also known as the Haiti Debt Cancellation Bill. This bill would direct the U.S. Executive Directors at the World Bank, the IMF, and the Inter-American Development Bank to use the voice, vote, and influence of the U.S. to immediately cancel Haiti's debts to those institutions.

*But how much will it cost U.S. citizens to cancel Haiti's debt? According to Jubilee USA, it will not cost very much.*

<b>Institution</b>	<b>Debt Claimed<sup>12</sup></b>	<b>% of U.S. voting shares<sup>13</sup></b>	<b>Amount claimed by U.S.</b>
<b>World Bank – IDA</b>	507,100,000	13.39	\$67,900,690.00
<b>Inter-American Development Bank</b>	533,900,000	30.0008	\$160,174,271.20
<b>International Monetary Fund</b>	21,400,000	16.79	\$3,593,060.00
<b>TOTAL HIPC parties</b>	1,062,400,000		<b>\$231,668,021.20</b>

*Given the U.S. Census Bureau's current estimates, each U.S citizen would be donating a mere 76 cents toward Haitian debt relief. We can afford that!*

<sup>1</sup> Jubilee Debt Campaign, "Haiti Country Information," <http://www.jubileedebtcampaign.org.uk/?lid=3113>.

<sup>2</sup> Id.

<sup>3</sup> Institute for Justice and Democracy in Haiti, Press Release, "Congresswoman Waters Introduces Resolution to Cancel Haiti's Debts," March 13, 2007, [http://www.ijdh.org/articles/article\\_recent\\_news\\_3-13-07b.html](http://www.ijdh.org/articles/article_recent_news_3-13-07b.html).

<sup>4</sup> Id.

<sup>5</sup> Id.

<sup>6</sup> Email correspondence with Tom Ricker, Haiti Reborn, July 31, 2007.

<sup>7</sup> Id.

<sup>8</sup> Email correspondence with Marcelle Strazer, Institute for Justice and Democracy in Haiti, Aug. 15, 2007.

<sup>9</sup> Email correspondence with Tom Ricker, Haiti Reborn, July 31, 2007.

<sup>10</sup> Jubilee Debt Campaign, "Cut the Strings!" Report, p 1, 2006.

<sup>11</sup> Schuller, Mark. Jubilee USA, Sept. 4, 2007.

<sup>12</sup> International Monetary Fund, "Haiti: Enhanced Initiative for Heavily Indebted Poor Countries – Decision Point Document: IMF Country Report No. 06/440," p 34, Dec. 14, 2006.

<sup>13</sup> Websites for World Bank, International Monetary Fund, Inter-American Development Bank. Last consulted Sept. 4, 2007.