

Want more info or ways
to take action?
Visit www.jubileeusa.org or
call at 202.783.3566

DROP THE DEBT

NEWS & ACTION FROM JUBILEE USA NETWORK, WASHINGTON, DC | FALL 2009



WHAT FUTURE? Young girl at the watertap in the DRC. Vulture funds take money that could be used for education and clean water.
Photo by Julien Harnais

VULTURE FUNDS SWEEP IN ON CONGO

NEW LEGISLATION WOULD OUTLAW VULTURE FUND PROFITEERING

By Melinda St. Louis

Thanks to efforts of the global Jubilee campaign, the Democratic Republic of Congo (formerly Zaire) began receiving debt relief from the World Bank and IMF as part of the Highly Indebted Poor Countries (HIPC) Initiative in 2003 and continues to work to meet the conditions for full cancellation. Now, **a lawsuit brought by FG Hemisphere, a known Vulture Fund, threatens to swoop in to profit off of this critical debt relief at the expense of the impoverished people of the DRC.**

In 1980, the brutal and corrupt Mobutu dictatorship took out a \$30 million loan with the Sarajevo-based company ENERGOINVEST to supposedly construct a hydroelectric facility and an electric power line. The debt remained in default for more than 20 years. After the DRC qualified for debt relief, FG Hemisphere bought ENERGOINVEST's claim for an undisclosed amount. FG Hemisphere pursued the claim in the Washington, DC court system, suing the DRC for \$105 million -- more than three times the original price of the debt. As partial payment, FG Hemisphere tried to seize the DRC's embassy properties in DC. The DC courts rejected this claim, but ordered the DRC to document all of its assets outside the country. The DRC failed to locate all of the documents, arguing that the court's demands were overly broad and burdensome, and now faces the threat of fines of an additional \$4 million per year.

The people of the DRC -- struggling to emerge from crushing poverty, colonial rule, brutal dictatorship, civil war and cold-war intervention -- should not be forced to prioritize repayment of this decades-old debt, taken on by a corrupt and unaccountable regime, plus fines, interest and legal fees. **Jubilee USA is leading a coalition working to stop this type of practice by vulture funds. Representatives Maxine Waters (D-CA) and Spencer Bachus (R-AL) introduced the Stop VULTURE Funds Act (HR 2932) in June.**

➔ **TAKE ACTION** to gain support for the **Stop VULTURE Funds Act** by calling your Member of Congress at 202-224-3121 and urging him/her to co sponsor HR 2932

➔ **LEARN MORE** about Vulture Funds at www.stopvultureculture.org



HELLO, HELLO! NEW FACES AT JUBILEE

Jubilee USA welcomes three new staff. **Melinda St. Louis**, Deputy Director, will lead Jubilee's policy and organizing work and comes to us after 7 years with Network Council member Witness for Peace. We wish **Mimi Lytje**, our '08-'09 Policy Fellow, a fond farewell and welcome **Julia Dowling**, a graduate of Smith College as our new Policy Fellow. Our new National Field Organizer **Brooke Harper** brings experience from MoveOn.org. Look forward to hearing from them soon!

THE POLICY INSIDER

⊙ What's
New on
the Debt
Radar



■ **Haiti** received long-overdue debt cancellation in June 2009 after a multi-year campaign by Jubilee USA and global partners. Haiti will save \$40 million/year in debt payments which can be devoted to urgent social needs. Haiti will receive \$1.2

billion in debt stock cancellation, mostly from the World Bank and InterAmerican Development Bank.

■ In June 2009, the **Central African Republic** became the 25th country to complete the Heavily Indebted Poor Countries program, receiving \$419 million in debt relief. CAR is one of the poorest countries in the world, ranking 171st out of 177 countries in the United Nation Human Development Index. Debt cancellation will help provide support in this country where the average life expectancy is 44 years.

■ Debt-ridden developing countries already struggling with the economic crisis will be particularly hard hit if they do not receive some form of debt relief in the immediate future, **United Nations Conference on Trade and Development (UNCTAD)** Secretary-General Supachai Panitchpakdi warned at a high-level UN meeting in New York in May.

A temporary moratorium on their official debt servicing would give them some breathing space, he said. "In the current global crisis situation," he added, "both debtor and creditor countries would probably be better served if scarcer foreign exchange earnings in the debtor economies were used for the purchase of imports rather than for debt servicing."

➔ **FOR MORE NEWS** visit www.jubileeusa.org/thepolicyinsider

A NEW IMF?

By Hayley Hathaway



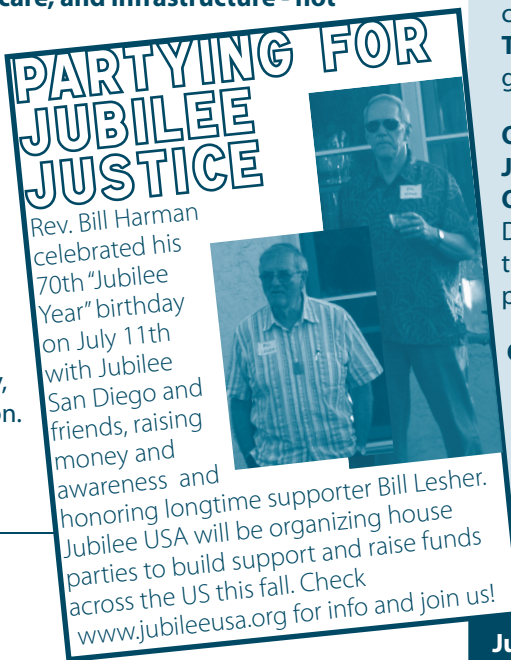
The International Monetary Fund says it has reformed. Messages from the Managing Director, press releases, and news reports say it no longer prescribes the harsh economic loan conditions for which it is known. Yet **recent reports from civil society experts show that while the IMF has loosened up on some of its conditionality, it continues to dole out harsh doses of economic medicine around the world.**

A recent report by Eurodad found that out of ten low and middle-income countries assessed, five loan programs required wage bill freezes or cuts, including in Cote d'Ivoire, Ethiopia and Malawi, and all had to make spending cuts. This inhibits these impoverished countries from pursuing policies that stimulate their economies like the US and wealthy countries have – spending extra money to create jobs and provide services. **In a recession, the world's poorest countries should be allowed to invest more in education, healthcare, and infrastructure - not less.**

Thanks to the work of a coalition of NGOs and grassroots activists, Congress included language to improve IMF transparency and protect poor countries' health and spending budgets in their bill to approve \$108 billion in new money for the IMF. Still, the legislators failed to include crucial reforms that would have ensured that the funding achieve its stated goal of global stimulus.

Jubilee USA will continue to push for further reforms, including increased transparency, accountability, and democracy in the institution.

➔ **READ** Eurodad's report at www.eurodad.org



CIVIL SOCIETY CALLS FOR RESPONSIBLE FINANCE

By Hayley Hathaway

As the global economic crisis devastates the world's poorest nations, the urgent need for financial re-regulation that protects and benefits the poor becomes even more critical. A major global civil society strategy meeting held from June 12-14 outside Rome produced a new wide-ranging platform that offers recommendations for governments and international institutions to create a new framework for lending and borrowing. The charter, called *Transforming the International Financial System: Sovereign, Democratic and Responsible Financing* would "prevent further build up of illegitimate debt, and move us forward in building a new international financial system."

Jubilee Zambia's Privilege Hang'andu participated in the meeting and spoke of the vision: **"We must address socio-economic issues and human realities in the economic architecture if we are to ensure equity and sustainability in the future," say Hang'andu.**

The charter will be used to ensure that the voices of those most affected by the crisis are heard. The Jubilee Act for Responsible Lending & Expanded Debt Cancellation would urge the US to support the development of a framework for responsible lending and borrowing.

➔ **READ** the interview with Privilege Hang'andu at www.jubileeusa.typepad.com
 ➔ **LEARN MORE** about responsible finance at www.jubileeusa.org

2009 CALENDAR

🕒 Save the date for these key Jubilee events!



EVERY 2ND TUESDAY OF THE MONTH 8:00 PM EST

Join our **Monthly Grassroots Call** to connect with Jubilee activists across the country and get the latest updates.

Call: 866-704-7500.
 Access Code: 560506#

SEPTEMBER 24 - 25
G20 Summit in Pittsburgh, PA

OCTOBER 17 - 18
Jubilee Sabbath/ Sunday in conjunction with **STAND UP and TAKE ACTION** days against debt and global poverty.

OCTOBER 24
Jubilee USA Conference, Oklahoma City
 Day long grassroots education and training conference for Jubilee supporters in Oklahoma.

OCTOBER 26 - 27
Annual Network Council membership meeting, Washington, DC.

➔ For more events, **VISIT** www.jubileeusa.org/calendar

Jubilee USA Network is an alliance of 75 religious denominations and faith communities, human rights, environmental, labor, and community groups working for the definitive cancellation of crushing debts to fight poverty and injustice in Asia, Africa, and Latin America.

You can give online at www.jubileeusa.org/support-us

JUBILEE USA NETWORK
 212 East Capitol Street NE
 Washington, DC 20003

tel 202.783.3566
 fax 202.546.4468
 web www.jubileeusa.org
 blog jubileeusa.typepad.com
 email coord@jubileeusa.org



Design & Editor: Hayley Hathaway